

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 June 30, 2025

☐ 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**

(State or other jurisdiction of incorporation)

**74-2415696**

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

**405 Colorado Street, Suite 1800, Austin, Texas**

(Address of principal executive offices)

**78701**

(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 |
|----------------------------------------------------------------------|-------------------|-------------------------------------------|
| <b>Common Stock, \$0.01 par value</b>                                | <b>ASUR</b>       | <b>The Nasdaq Capital Market</b>          |
| <b>Series A Junior Participating Preferred Share Purchase Rights</b> |                   | <b>N/A</b>                                |

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

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

☐

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

☐ Yes ☒ No

As of July 30, 2025, 27,425,009 shares of the registrant's Common Stock, \$0.01 par value, were outstanding.

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## PART I

### ITEM 1. FINANCIAL STATEMENTS

#### ASURE SOFTWARE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)  
(Unaudited)

|                                                                                                                                                                                       | June 30, 2025     | December 31, 2024 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                                                                                                                                                                         |                   |                   |
| Current assets:                                                                                                                                                                       |                   |                   |
| Cash, cash equivalents, and restricted cash                                                                                                                                           | \$ 66,000         | \$ 21,425         |
| Accounts receivable, net of allowance for credit losses of \$7,279 and \$6,328 at June 30, 2025, and December 31, 2024, respectively                                                  | 13,623            | 18,154            |
| Inventory                                                                                                                                                                             | 142               | 195               |
| Prepaid expenses and other current assets                                                                                                                                             | 5,838             | 4,888             |
| Total current assets before funds held for clients                                                                                                                                    | 85,603            | 44,662            |
| Funds held for clients                                                                                                                                                                | 213,972           | 192,615           |
| Total current assets                                                                                                                                                                  | 299,575           | 237,277           |
| Property and equipment, net                                                                                                                                                           | 23,282            | 19,669            |
| Goodwill                                                                                                                                                                              | 94,724            | 94,724            |
| Intangible assets, net                                                                                                                                                                | 69,596            | 69,114            |
| Operating lease assets, net                                                                                                                                                           | 4,748             | 4,041             |
| Other assets, net                                                                                                                                                                     | 13,640            | 11,813            |
| Total assets                                                                                                                                                                          | <u>\$ 505,565</u> | <u>\$ 436,638</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                                           |                   |                   |
| Current liabilities:                                                                                                                                                                  |                   |                   |
| Current portion of notes payable                                                                                                                                                      | \$ 3,032          | \$ 7,008          |
| Accounts payable                                                                                                                                                                      | 1,595             | 1,364             |
| Accrued compensation and benefits                                                                                                                                                     | 2,881             | 4,485             |
| Operating lease liabilities, current                                                                                                                                                  | 1,452             | 1,438             |
| Other accrued liabilities                                                                                                                                                             | 7,784             | 6,600             |
| Deferred revenue                                                                                                                                                                      | 3,724             | 8,363             |
| Total current liabilities before client fund obligations                                                                                                                              | 20,468            | 29,258            |
| Client fund obligations                                                                                                                                                               | 214,839           | 194,378           |
| Total current liabilities                                                                                                                                                             | 235,307           | 223,636           |
| Long-term liabilities:                                                                                                                                                                |                   |                   |
| Deferred revenue                                                                                                                                                                      | 2,635             | 3,430             |
| Deferred tax liability                                                                                                                                                                | 3,746             | 2,612             |
| Notes payable, net of current portion                                                                                                                                                 | 64,350            | 5,709             |
| Operating lease liabilities, noncurrent                                                                                                                                               | 4,200             | 3,578             |
| Other liabilities                                                                                                                                                                     | 1,075             | 358               |
| Total long-term liabilities                                                                                                                                                           | 76,006            | 15,687            |
| Total liabilities                                                                                                                                                                     | 311,313           | 239,323           |
| Commitments and contingencies - Note 8                                                                                                                                                |                   |                   |
| 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; 27,365 and 26,671 shares issued, 27,365 and 26,671 shares outstanding at June 30, 2025, and December 31, 2024, respectively | 274               | 267               |
| Treasury stock at cost, zero <sup>(1)</sup> shares at June 30, 2025, and December 31, 2024                                                                                            | —                 | —                 |
| Additional paid-in capital                                                                                                                                                            | 509,630           | 504,849           |
| Accumulated deficit                                                                                                                                                                   | (315,747)         | (307,226)         |
| Accumulated other comprehensive income (loss)                                                                                                                                         | 95                | (575)             |
| Total stockholders' equity                                                                                                                                                            | 194,252           | 197,315           |
| Total liabilities and stockholders' equity                                                                                                                                            | <u>\$ 505,565</u> | <u>\$ 436,638</u> |

(1) The aggregate Treasury stock of prior repurchases of our own common stock was retired and subsequently issued effective January 1, 2024. See the Condensed Consolidated Statement of Changes in Stockholders' Equity for the impact of this transaction.

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)  
(Unaudited)

|                                                   | <b>Three Months Ended<br/>June 30,</b> |                   | <b>Six Months Ended<br/>June 30,</b> |                   |
|---------------------------------------------------|----------------------------------------|-------------------|--------------------------------------|-------------------|
|                                                   | <b>2025</b>                            | <b>2024</b>       | <b>2025</b>                          | <b>2024</b>       |
| Revenue:                                          |                                        |                   |                                      |                   |
| Recurring                                         | \$ 28,596                              | \$ 27,051         | \$ 61,783                            | \$ 57,324         |
| Professional services, hardware and other         | 1,528                                  | 993               | 3,195                                | 2,372             |
| Total revenue                                     | 30,124                                 | 28,044            | 64,978                               | 59,696            |
| Cost of Sales                                     | 10,213                                 | 9,176             | 20,459                               | 18,221            |
| Gross profit                                      | 19,911                                 | 18,868            | 44,519                               | 41,475            |
| Operating expenses:                               |                                        |                   |                                      |                   |
| Sales and marketing                               | 8,149                                  | 6,924             | 16,535                               | 14,691            |
| General and administrative                        | 10,968                                 | 10,118            | 22,868                               | 20,181            |
| Research and development                          | 1,273                                  | 1,962             | 3,302                                | 3,731             |
| Amortization of intangible assets                 | 4,173                                  | 4,046             | 8,481                                | 7,495             |
| Total operating expenses                          | 24,563                                 | 23,050            | 51,186                               | 46,098            |
| Loss from operations                              | (4,652)                                | (4,182)           | (6,667)                              | (4,623)           |
| Interest income                                   | 277                                    | 261               | 448                                  | 597               |
| Interest expense                                  | (809)                                  | (208)             | (1,260)                              | (388)             |
| Other (expense) income, net                       | (96)                                   | —                 | 92                                   | 10                |
| Loss from operations before income taxes          | (5,280)                                | (4,129)           | (7,387)                              | (4,404)           |
| Income tax expense                                | 843                                    | 231               | 1,134                                | 264               |
| Net loss                                          | (6,123)                                | (4,360)           | (8,521)                              | (4,668)           |
| Other comprehensive income (loss):                |                                        |                   |                                      |                   |
| Unrealized income (loss) on marketable securities | 228                                    | 9                 | 670                                  | (235)             |
| Comprehensive loss                                | <u>\$ (5,895)</u>                      | <u>\$ (4,351)</u> | <u>\$ (7,851)</u>                    | <u>\$ (4,903)</u> |
| Basic and diluted loss per share                  |                                        |                   |                                      |                   |
| Basic                                             | \$ (0.22)                              | \$ (0.17)         | \$ (0.31)                            | \$ (0.18)         |
| Diluted                                           | \$ (0.22)                              | \$ (0.17)         | \$ (0.31)                            | \$ (0.18)         |
| Weighted average basic and diluted shares         |                                        |                   |                                      |                   |
| Basic                                             | 27,237                                 | 25,840            | 27,100                               | 25,587            |
| Diluted                                           | 27,237                                 | 25,840            | 27,100                               | 25,587            |

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)

|                                                                                         | <b>Common<br/>Stock<br/>Outstanding</b> | <b>Common<br/>Stock<br/>Amount</b> | <b>Treasury<br/>Stock</b> | <b>Additional<br/>Paid-in<br/>Capital</b> | <b>Accumulated<br/>Deficit</b> | <b>Other<br/>Comprehensive<br/>Income (Loss)</b> | <b>Total<br/>Stockholders'<br/>Equity</b> |
|-----------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------|---------------------------|-------------------------------------------|--------------------------------|--------------------------------------------------|-------------------------------------------|
| Balance at December 31, 2024                                                            | 26,671                                  | \$ 267                             | \$ —                      | \$ 504,849                                | \$ (307,226)                   | \$ (575)                                         | \$ 197,315                                |
| Stock issued upon option exercise and vesting of restricted and performance stock units | 451                                     | 4                                  | —                         | 437                                       | —                              | —                                                | 441                                       |
| Share-based compensation                                                                | —                                       | —                                  | —                         | 1,863                                     | —                              | —                                                | 1,863                                     |
| Net loss                                                                                | —                                       | —                                  | —                         | —                                         | (2,398)                        | —                                                | (2,398)                                   |
| Other comprehensive income                                                              | —                                       | —                                  | —                         | —                                         | —                              | 442                                              | 442                                       |
| Balance at March 31, 2025                                                               | <u>27,122</u>                           | <u>\$ 271</u>                      | <u>\$ —</u>               | <u>\$ 507,149</u>                         | <u>\$ (309,624)</u>            | <u>\$ (133)</u>                                  | <u>\$ 197,663</u>                         |
| Stock issued upon option exercise and vesting of restricted and performance stock units | 189                                     | 2                                  | —                         | 239                                       | —                              | —                                                | 241                                       |
| Stock issued, ESPP                                                                      | 54                                      | 1                                  | —                         | 351                                       | —                              | —                                                | 352                                       |
| Share-based compensation                                                                | —                                       | —                                  | —                         | 1,891                                     | —                              | —                                                | 1,891                                     |
| Net loss                                                                                | —                                       | —                                  | —                         | —                                         | (6,123)                        | —                                                | (6,123)                                   |
| Other comprehensive income                                                              | —                                       | —                                  | —                         | —                                         | —                              | 228                                              | 228                                       |
| Balance at June 30, 2025                                                                | <u>27,365</u>                           | <u>\$ 274</u>                      | <u>\$ —</u>               | <u>\$ 509,630</u>                         | <u>\$ (315,747)</u>            | <u>\$ 95</u>                                     | <u>\$ 194,252</u>                         |

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)

|                                                                         | <b>Common<br/>Stock<br/>Outstanding</b> | <b>Common<br/>Stock<br/>Amount</b> | <b>Treasury<br/>Stock</b> | <b>Additional<br/>Paid-in<br/>Capital</b> | <b>Accumulated<br/>Deficit</b> | <b>Other<br/>Comprehensive<br/>Income (Loss)</b> | <b>Total<br/>Stockholders'<br/>Equity</b> |
|-------------------------------------------------------------------------|-----------------------------------------|------------------------------------|---------------------------|-------------------------------------------|--------------------------------|--------------------------------------------------|-------------------------------------------|
| Balance at December 31, 2023                                            | 24,998                                  | \$ 254                             | \$ (5,017)                | \$ 487,973                                | \$ (290,440)                   | \$ (1,115)                                       | \$ 191,655                                |
| Stock issued upon option exercise and vesting of restricted stock units | 301                                     | 3                                  | —                         | 173                                       | —                              | —                                                | 176                                       |
| Stock issued for acquisitions                                           | 450                                     | 5                                  | —                         | 4,489                                     | —                              | —                                                | 4,494                                     |
| Share-based compensation                                                | —                                       | —                                  | —                         | 1,902                                     | —                              | —                                                | 1,902                                     |
| Retirement and reissuance of treasury shares                            | —                                       | (4)                                | 5,017                     | —                                         | (5,013)                        | —                                                | —                                         |
| Net income                                                              | —                                       | —                                  | —                         | —                                         | (308)                          | —                                                | (308)                                     |
| Other comprehensive loss                                                | —                                       | —                                  | —                         | —                                         | —                              | (244)                                            | (244)                                     |
| Balance at March 31, 2024                                               | <u>25,749</u>                           | <u>\$ 258</u>                      | <u>\$ —</u>               | <u>\$ 494,537</u>                         | <u>\$ (295,761)</u>            | <u>\$ (1,359)</u>                                | <u>\$ 197,675</u>                         |
| Stock issued upon option exercise and vesting of restricted stock units | 58                                      | —                                  | —                         | 63                                        | —                              | —                                                | 63                                        |
| Stock issued, ESPP                                                      | 61                                      | 1                                  | —                         | 332                                       | —                              | —                                                | 333                                       |
| Stock issued for acquisitions                                           | 50                                      | —                                  | —                         | 323                                       | —                              | —                                                | 323                                       |
| Share-based compensation                                                | —                                       | —                                  | —                         | 1,488                                     | —                              | —                                                | 1,488                                     |
| Net loss                                                                | —                                       | —                                  | —                         | —                                         | (4,360)                        | —                                                | (4,360)                                   |
| Other comprehensive income                                              | —                                       | —                                  | \$ —                      | —                                         | —                              | 9                                                | 9                                         |
| Balance at June 30, 2024                                                | <u>25,918</u>                           | <u>\$ 259</u>                      | <u>\$ —</u>               | <u>\$ 496,743</u>                         | <u>\$ (300,121)</u>            | <u>\$ (1,350)</u>                                | <u>\$ 195,531</u>                         |

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

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

|                                                                                                     | <b>Six Months Ended June 30,</b> |                   |
|-----------------------------------------------------------------------------------------------------|----------------------------------|-------------------|
|                                                                                                     | <b>2025</b>                      | <b>2024</b>       |
| Cash flows from operating activities:                                                               |                                  |                   |
| Net loss                                                                                            | \$ (8,521)                       | \$ (4,668)        |
| Adjustments to reconcile loss to net cash provided by (used in) operations:                         |                                  |                   |
| Depreciation and amortization                                                                       | 12,155                           | 10,359            |
| Amortization of operating lease assets                                                              | 740                              | 677               |
| Amortization of debt financing costs and discount                                                   | 537                              | 302               |
| Non-cash interest expense                                                                           | 724                              | —                 |
| Net accretion of discounts on available-for-sale securities                                         | (236)                            | (170)             |
| Provision for expected losses                                                                       | 20                               | 107               |
| Provision for deferred income taxes                                                                 | 1,134                            | 255               |
| Loss on extinguishment of debt                                                                      | 103                              | —                 |
| Net realized gains on sales of available-for-sale securities                                        | (1,310)                          | (1,294)           |
| Share-based compensation                                                                            | 3,754                            | 3,390             |
| Gain on disposals of long-term assets                                                               | (7)                              | —                 |
| Changes in operating assets and liabilities:                                                        |                                  |                   |
| Accounts receivable                                                                                 | 4,512                            | (2,178)           |
| Inventory                                                                                           | 53                               | (108)             |
| Prepaid expenses and other assets                                                                   | (1,462)                          | (1,636)           |
| Operating lease right-of-use assets                                                                 | 21                               | 98                |
| Accounts payable                                                                                    | 232                              | (1,330)           |
| Accrued expenses and other long-term obligations                                                    | (1,039)                          | (1,858)           |
| Operating lease liabilities                                                                         | (825)                            | (374)             |
| Deferred revenue                                                                                    | (5,434)                          | (3,291)           |
| Net cash provided by (used in) operating activities                                                 | 5,151                            | (1,719)           |
| Cash flows from investing activities:                                                               |                                  |                   |
| Acquisition of intangible assets                                                                    | (6,346)                          | (4,097)           |
| Purchases of property and equipment                                                                 | (393)                            | (375)             |
| Software capitalization costs                                                                       | (6,470)                          | (5,042)           |
| Purchases of available-for-sale securities                                                          | (12,304)                         | (6,462)           |
| Proceeds from sales and maturities of available-for-sale securities                                 | 7,699                            | 8,617             |
| Net cash used in investing activities                                                               | (17,814)                         | (7,359)           |
| Cash flows from financing activities:                                                               |                                  |                   |
| Proceeds from notes payable, net of issuance costs                                                  | 57,982                           | —                 |
| Payments of notes payable                                                                           | (5,000)                          | —                 |
| Debt extinguishment costs                                                                           | (100)                            | —                 |
| Payments made on amounts due for the acquisition of intangible assets                               | (1,280)                          | (236)             |
| Net proceeds from issuance of common stock                                                          | 1,034                            | 572               |
| Capital raise fees                                                                                  | —                                | (46)              |
| Net change in client fund obligations                                                               | 20,461                           | (28,225)          |
| Net cash provided by (used in) financing activities                                                 | 73,097                           | (27,935)          |
| Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents | 60,434                           | (37,013)          |
| Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period        | 145,712                          | 177,622           |
| Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period              | <u>\$ 206,146</u>                | <u>\$ 140,609</u> |

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)  
(Unaudited)

|                                                                                                                                                    | <b>Six Months Ended June 30,</b> |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------|
|                                                                                                                                                    | <b>2025</b>                      | <b>2024</b>       |
| <b>Reconciliation of cash, cash equivalents, and restricted cash, and restricted cash equivalents to the Condensed Consolidated Balance Sheets</b> |                                  |                   |
| Cash, cash equivalents, and restricted cash                                                                                                        | \$ 66,000                        | \$ 20,736         |
| Restricted cash and restricted cash equivalents included in funds held for clients                                                                 | 140,146                          | 119,873           |
| Total cash, cash equivalents, restricted cash, and restricted cash equivalents                                                                     | <u>\$ 206,146</u>                | <u>\$ 140,609</u> |
| <b>Supplemental information:</b>                                                                                                                   |                                  |                   |
| Cash paid for interest                                                                                                                             | \$ 498                           | \$ —              |
| <b>Non-cash investing and financing activities:</b>                                                                                                |                                  |                   |
| Acquisition of intangible assets                                                                                                                   | \$ 1,884                         | \$ 5,450          |
| Notes payable issued for acquisitions                                                                                                              | \$ 1,150                         | \$ 1,423          |
| Shares issued for acquisitions                                                                                                                     | \$ —                             | \$ 4,863          |

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 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 cloud-based Human Capital Management (“HCM”) software solutions delivered as Software-as-a-Service (“SaaS”) to businesses of all sizes. We offer human resources (“HR”) tools necessary to build a thriving workforce, provide the resources to stay compliant with dynamic federal, state, and local tax jurisdictions and their respective labor laws, freeing cash flows so these businesses can spend their financial capital on growing their businesses rather than administrative overhead that can impede growth. Our solutions also provide new ways for employers to connect with their employees and strengthen relationships with their talent. At the core of our offering is the Asure HCM platform—a SaaS-based system that includes Payroll & Tax filing, Recruiting, Time & Attendance software, HR management tools, and Benefits Administration. This platform serves as the foundation for delivering both our core software and a range of complementary, technology-enabled services. These include AsureMarketplace™, which automates data exchange between our HCM system and third-party providers to increase efficiency, accuracy, and breadth of services. Our HR Compliance services combine expert guidance with scalable digital delivery. AsurePay™, our payroll card, provides employees with fast, secure access to earned wages. Additionally, through our licensed brokerage, we offer Insurance Services that help employers manage benefits and reduce administrative costs. We deliver our solutions directly and through a national network of Reseller Partners.

We strive to be the most trusted HCM resource. Our solutions solve three primary challenges that prevent businesses from growing: HR complexity, allocation of human and financial capital, and the ability to build great teams. We sell our solutions through both direct and partner channels. We supplement our direct sales efforts with partner programs that afford us access to opportunities in various geographic and industry niches. Asure has two types of partners: Reseller Partners that white label our products while providing value-added services to their clients (our indirect clients) and Referral Partners that provide us with client leads but do not resell our solutions. We have and will continue to invest in research and development to expand our solutions. Our solutions reduce the administrative burden on employers and increase employee productivity while managing the employment lifecycle. The Asure HCM suite includes eight product lines: Asure Payroll & Tax, Asure Tax Management Solutions, AsureRecruiting™, Asure Time & Attendance, Asure HR Compliance, Asure Insurance and Benefits Administration, AsureMarketplace™, and AsurePay™.

We develop, market, sell and support our offerings nationwide through our principal office in Austin, Texas and from our other office locations in Alabama, California, Florida, New Jersey, New York, North Carolina, Ohio, South Dakota, 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 June 30, 2025, comprehensive loss and changes in stockholders’ equity for the three and six months ended June 30, 2025, and 2024, and cash flows for the six months ended June 30, 2025, and 2024.

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, 2024 (our “2024 Annual Report on Form 10-K”). Our results for any interim period are not necessarily indicative of results for a full fiscal year.

## **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

### **REPORTABLE SEGMENTS**

Our chief operating decision maker is our Chairman and Chief Executive Officer, Patrick Goepel, who reviews financial information presented on a company-wide basis. Thus, in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 280, we determined that we have a single reportable segment that primarily derives our revenue in the United States by providing payroll services to customers.

### **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 our 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**

We consider all highly liquid investments with maturity of 90 days or less 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 their withdrawal or usage. As of June 30, 2025, we have \$40,000 of restricted cash. Pursuant to the terms of our Credit, Security and Guaranty Agreement (as amended to date, the “Loan Agreement”) with MidCap Financial Trust (“MidCap”) we may only use these funds for Permitted Acquisitions (as defined in the Loan Agreement). See Note 6 — *Notes Payable* for information about the Loan Agreement.

### **RECENT ACCOUNTING PRONOUNCEMENTS**

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740), which requires companies to disaggregate information about their effective tax rate reconciliation as well as information on income taxes paid. The standard applies to all entities subject to income taxes. The standard becomes effective for public entities for annual periods beginning after December 15, 2024. We are currently evaluating this standard and the potential effects of these changes to our consolidated financial statements.

### **ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

As of June 30, 2025, and December 31, 2024, accumulated other comprehensive income (loss) consisted of net unrealized gains and losses on available-for-sale securities.

## NOTE 3 - BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

### 2025

#### *Asset Acquisitions*

During the six months ended June 30, 2025, we completed four customer relationship asset acquisitions. The total purchase price of these acquisitions was 8,086, which consisted of 6,362 of cash paid during the six months ended June 30, 2025, \$574 of cash to be paid over the next 12 months, and the delivery of promissory notes in the amount of 1,150, net of discounts. The acquired customer relationships are recorded as intangible assets and are being amortized on a straight-line basis over eight years.

### 2024

#### *Business Combinations*

Effective July 11, 2024, we purchased substantially all the assets of an applicant tracking technology company based out of South Dakota for an innovative hiring solution designed to streamline the recruitment process for small and mid-sized businesses. This strategic acquisition reinforces Asure's commitment to delivering comprehensive, user-friendly tools that simplify people management. The aggregate purchase price paid for the business was \$15,162, consisting of \$7,900 paid in cash on hand, \$3,000 in the form of a promissory note (\$1,716 net of discount), and 525 shares of Asure common stock, which had a fair value of \$4,262 on the day of acquisition.

The purchase consideration was allocated among the acquired assets, which consist of a customer relationships intangible asset with fair value of \$2,700, and a developed technology intangible asset with a fair value of \$3,200. Additionally, we assumed \$237 of deferred revenue and \$498 of other accrued liabilities as part of the transaction. The intangible assets are being amortized on a straight-line basis over eight and five years, respectively.

The remaining \$8,713 of excess purchase consideration was allocated to goodwill, which is generally expected to be deductible for tax purposes. This represents the knowledge and experience of the employees retained as part of the transaction as well as the synergies and economies of scale expected from expanding the Midwest operating region to a national scale.

#### *Asset Acquisitions*

During the year ended December 31, 2024, we completed eleven customer relationship asset acquisitions. The total purchase price of these acquisitions was 15,202, which consisted of 5,842 of cash paid during the year ended December 31, 2024, 1,280 of cash paid during the six months ended June 30, 2025, 1,596 of cash to be paid over the next 12 months, 235 of cash to be paid thereafter, the delivery of promissory notes in the amount of 1,386, net of discounts, and the delivery of 500 shares of Asure common stock, which had an aggregate fair value of 4,863 at the acquisition dates. The purchase price for certain acquisitions is subject to adjustments for contingent events to be resolved primarily over the next one to three years, including revenue generated from the acquired assets. The acquired customer relationships are recorded as intangible assets and are being amortized on a straight-line basis over eight years.

See Note 6 — *Notes Payable* for information related to outstanding debt in connection with our business combinations and asset acquisitions.

#### 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 for the periods presented below (in thousands):

|                               | Total Carrying<br>Value | Level 1         | Level 2          | Level 3     |
|-------------------------------|-------------------------|-----------------|------------------|-------------|
| <b>June 30, 2025</b>          |                         |                 |                  |             |
| <b>Assets:</b>                |                         |                 |                  |             |
| Funds held for clients        |                         |                 |                  |             |
| Money market funds            | \$ 3,283                | \$ 3,283        | \$ —             | \$ —        |
| Available-for-sale securities | 73,826                  | —               | 73,826           | —           |
| Total                         | <u>\$ 77,109</u>        | <u>\$ 3,283</u> | <u>\$ 73,826</u> | <u>\$ —</u> |
| <b>December 31, 2024</b>      |                         |                 |                  |             |
| <b>Assets:</b>                |                         |                 |                  |             |
| Funds held for clients        |                         |                 |                  |             |
| Money market funds            | \$ 8,105                | \$ 8,105        | \$ —             | \$ —        |
| Available-for-sale securities | 68,328                  | —               | 68,328           | —           |
| Total                         | <u>\$ 76,433</u>        | <u>\$ 8,105</u> | <u>\$ 68,328</u> | <u>\$ —</u> |

Cash equivalents and investments classified as available-for-sale within funds held for clients consisted of the following for the periods presented below (in thousands):

|                                     | Amortized<br>Cost | Gross<br>Unrealized<br>Gains <sup>(1)</sup> | Gross<br>Unrealized<br>Losses <sup>(1)</sup> | Aggregate<br>Estimated<br>Fair Value |
|-------------------------------------|-------------------|---------------------------------------------|----------------------------------------------|--------------------------------------|
| <b>June 30, 2025</b>                |                   |                                             |                                              |                                      |
| Cash equivalents                    | \$ 3,291          | \$ —                                        | \$ (8)                                       | \$ 3,283                             |
| Available-for-sale securities:      |                   |                                             |                                              |                                      |
| Corporate debt securities           | 66,537            | 378                                         | (244)                                        | 66,671                               |
| Municipal bonds                     | 2,006             | —                                           | (49)                                         | 1,957                                |
| U.S. Government agency securities   | 5,180             | 24                                          | (6)                                          | 5,198                                |
| Total available-for-sale securities | 73,723            | 402                                         | (299)                                        | 73,826                               |
| Total <sup>(2)</sup>                | <u>\$ 77,014</u>  | <u>\$ 402</u>                               | <u>\$ (307)</u>                              | <u>\$ 77,109</u>                     |
| <b>December 31, 2024</b>            |                   |                                             |                                              |                                      |
| Cash equivalents                    | \$ 8,115          | \$ —                                        | \$ (10)                                      | \$ 8,105                             |
| Available-for-sale securities:      |                   |                                             |                                              |                                      |
| Corporate debt securities           | 63,253            | 164                                         | (619)                                        | 62,798                               |
| Municipal bonds                     | 3,194             | —                                           | (104)                                        | 3,090                                |
| U.S. Government agency securities   | 2,449             | 6                                           | (15)                                         | 2,440                                |
| Total available-for-sale securities | 68,896            | 170                                         | (738)                                        | 68,328                               |
| Total <sup>(2)</sup>                | <u>\$ 77,011</u>  | <u>\$ 170</u>                               | <u>\$ (748)</u>                              | <u>\$ 76,433</u>                     |

(1) Unrealized gains and losses on available-for-sale securities are included as a component of comprehensive loss. As of June 30, 2025, and December 31, 2024, there were 88 and 45 securities, respectively, in an unrealized gain position and there were 52 and 89 securities in an unrealized loss position, respectively. As of June 30, 2025, these unrealized losses were less than \$24 individually and \$299 in the aggregate. As of December 31, 2024, these unrealized losses were less than \$38 individually and \$738 in the aggregate. We invest in high quality securities with roughly 69% of our portfolio made up of A ratings and above with unrealized losses primarily attributable to macroeconomic factors rather than credit related. We have no material individual securities that have been in a continuous unrealized loss position greater than twelve 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 credit losses. Factors considered in determining whether a loss is a credit loss 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 June 30, 2025 and December 31, 2024, 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 we have classified for use solely for the purposes of satisfying the obligations to remit funds relating to our 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 for the periods presented below (in thousands):

|                                                                                      | June 30, 2025     | December 31, 2024 |
|--------------------------------------------------------------------------------------|-------------------|-------------------|
| Restricted cash and cash equivalents held to satisfy client funds obligations        | \$ 140,146        | \$ 124,287        |
| Restricted short-term marketable securities held to satisfy client funds obligations | 14,033            | 5,273             |
| Restricted long-term marketable securities held to satisfy client funds obligations  | 59,793            | 63,055            |
| Total funds held for clients                                                         | <u>\$ 213,972</u> | <u>\$ 192,615</u> |

Expected maturities of available-for-sale securities are as of June 30, 2025, are as follows (in thousands):

|                                   |    |               |
|-----------------------------------|----|---------------|
| One year or less                  | \$ | 14,033        |
| After one year through five years |    | 59,793        |
| Total                             | \$ | <u>73,826</u> |

#### NOTE 5 - GOODWILL AND OTHER INTANGIBLE ASSETS

|          | December 31, 2024 | Acquisitions | June 30, 2025 |
|----------|-------------------|--------------|---------------|
| Goodwill | \$ 94,724         | \$ —         | \$ 94,724     |

We believe significant synergies are expected to arise from our strategic acquisitions and their assembled work forces. 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 June 30, 2025, there has been no impairment of goodwill based on the qualitative assessments we have performed.

| Gross Intangible Assets | December 31, 2024 | Acquisitions    | June 30, 2025     |
|-------------------------|-------------------|-----------------|-------------------|
| Customer relationships  | \$ 148,097        | \$ 9,383        | \$ 157,480        |
| Developed technology    | 15,201            | —               | 15,201            |
| Trade names             | 880               | —               | 880               |
| Non-compete agreements  | 1,032             | —               | 1,032             |
| Total                   | <u>\$ 165,210</u> | <u>\$ 9,383</u> | <u>\$ 174,593</u> |

The gross carrying amount and accumulated amortization of our intangible assets are as follows for the periods presented below (in thousands, except weighted average periods):

|                          | Weighted Average<br>Amortization<br>Period<br>(in Years) | Gross             | Accumulated<br>Amortization | Net              |
|--------------------------|----------------------------------------------------------|-------------------|-----------------------------|------------------|
| <b>June 30, 2025</b>     |                                                          |                   |                             |                  |
| Customer relationships   | 8.5                                                      | \$ 157,480        | \$ (91,548)                 | \$ 65,932        |
| Developed technology     | 6.5                                                      | 15,201            | (11,621)                    | 3,580            |
| Trade names              | 4.3                                                      | 880               | (880)                       | —                |
| Non-compete agreements   | 5.2                                                      | 1,032             | (948)                       | 84               |
|                          | 8.3                                                      | <u>\$ 174,593</u> | <u>\$ (104,997)</u>         | <u>\$ 69,596</u> |
| <b>December 31, 2024</b> |                                                          |                   |                             |                  |
| Customer relationships   | 8.6                                                      | \$ 148,097        | \$ (83,074)                 | \$ 65,023        |
| Developed technology     | 6.5                                                      | 15,201            | (11,201)                    | 4,000            |
| Trade names              | 4.3                                                      | 880               | (880)                       | —                |
| Non-compete agreements   | 5.2                                                      | 1,032             | (941)                       | 91               |
|                          | 8.3                                                      | <u>\$ 165,210</u> | <u>\$ (96,096)</u>          | <u>\$ 69,114</u> |

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 \$8,481 and \$7,495 for the six months ended June 30, 2025 and 2024, respectively. Amortization expenses recorded in cost of sales were \$420 and \$100 for the six months ended June 30, 2025 and 2024, respectively. There was no impairment of intangibles during the six months ended June 30, 2025, based on the qualitative assessment we performed. 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 June 30, 2025 (in thousands):

|                  |    |               |
|------------------|----|---------------|
| 2025 (Remaining) | \$ | 9,024         |
| 2026             |    | 14,974        |
| 2027             |    | 12,780        |
| 2028             |    | 11,335        |
| 2029             |    | 9,172         |
| 2030             |    | 5,541         |
| Thereafter       |    | 6,770         |
|                  | \$ | <u>69,596</u> |

## NOTE 6 - NOTES PAYABLE

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

|                                             | <b>Maturity</b>     | <b>Cash Interest Rate</b> | <b>June 30, 2025</b> | <b>December 31, 2024</b> |
|---------------------------------------------|---------------------|---------------------------|----------------------|--------------------------|
| Notes Payable – Acquisitions <sup>(1)</sup> | 10/01/25 - 07/01/29 | 2.00% - 5.00%             | \$ 11,345            | \$ 9,943                 |
| Notes Payable – Other                       | 11/01/25            | 10.00%                    | —                    | 5,000                    |
| Notes Payable – MidCap                      | 04/01/30            | 9.33%                     | 60,000               | —                        |
| Gross Notes Payable                         |                     |                           | <u>\$ 71,345</u>     | <u>\$ 14,943</u>         |

- (1) See Note 3 — Business Combinations and Asset Acquisitions and Notes Payable - Acquisitions section below 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):

|                                       | <b>Gross Notes Payable</b> | <b>Debt Issuance Costs and Debt Discount</b> | <b>Net Notes Payable</b> |
|---------------------------------------|----------------------------|----------------------------------------------|--------------------------|
| <b>June 30, 2025</b>                  |                            |                                              |                          |
| Current portion of notes payable      | \$ 3,541                   | \$ (509)                                     | \$ 3,032                 |
| Notes payable, net of current portion | 67,804                     | (3,454)                                      | 64,350                   |
| Total                                 | <u>\$ 71,345</u>           | <u>\$ (3,963)</u>                            | <u>\$ 67,382</u>         |
| <b>December 31, 2024</b>              |                            |                                              |                          |
| Current portion of notes payable      | \$ 7,578                   | \$ (570)                                     | \$ 7,008                 |
| Notes payable, net of current portion | 7,365                      | (1,656)                                      | 5,709                    |
| Total                                 | <u>\$ 14,943</u>           | <u>\$ (2,226)</u>                            | <u>\$ 12,717</u>         |

The following table summarizes the future principal payments related to our outstanding debt as of June 30, 2025 (in thousands):

|                  |    |               |
|------------------|----|---------------|
| 2025 (Remaining) | \$ | 2,578         |
| 2026             |    | 5,767         |
| 2027             |    | —             |
| 2028             |    | —             |
| 2029             |    | 48,000        |
| 2030             |    | 15,000        |
| Total            | \$ | <u>71,345</u> |

*Notes Payable - Acquisitions*

As of June 30, 2025, we have seven promissory notes related to acquisitions that occurred during the six months ended June 30, 2025, and prior years with a combined outstanding of principal balance of 11,345 and maturity dates ranging from October 1, 2025, to July 1, 2029. All of our promissory notes related to acquisitions are subordinated to our Loan Agreement with MidCap (defined below). See Note 2 — *Business Combinations and Asset Acquisitions* for further discussion regarding the issuance of notes payable related to acquisitions.

*Notes Payable - Other*

In November 2024, we delivered a promissory note to an unrelated third party in exchange for cash. As of December 31, 2024, the promissory note had an outstanding principal balance of \$5,000 and would mature on November 1, 2025. On April 10, 2025, we opted to repay the outstanding balance on our unrelated third-party promissory note prior to its maturity using the proceeds of the Loan Agreement (described below). In connection with the extinguishment, we paid the lender an aggregate amount of \$5,197 (the “Payoff Amount”) in full payment of our outstanding obligations under the Note. The Payoff Amount represented \$5,097 of outstanding principal and interest on the unpaid principal balance and a \$100 prepayment fee.

*Notes Payable - MidCap*

On April 10, 2025, we entered into a Loan Agreement with MidCap and the lenders from time to time party thereto (such lenders collectively with MidCap, the “Lenders”).

Under the Loan Agreement, we may borrow up to \$60,000 from the Lenders, all of which has been funded as of June 30, 2025. The first \$20,000 was advanced on April 10, 2025, the closing date of the Loan Agreement. The remaining \$40,000 was advanced on June 30, 2025, which funds may only be used for Permitted Acquisitions (as defined in the Loan Agreement). The maturity date of the loan as provided under the Loan Agreement is April 1, 2030 (the “Maturity Date”). See Note 12 — *Subsequent Events* for information regarding our use of these restricted funds in connections with an acquisition.

Interest on the outstanding loan balance is payable monthly in arrears at an annual rate of Term SOFR plus 5.00%, subject to a Secured Overnight Financing Rate (“SOFR”) floor of 2.00%. This rate was 9.33% as of June 30, 2025. Prior to April 1, 2029 (the “Amortization Start Date”), we must make interest-only payments on the outstanding loan balance. Commencing on the Amortization Start Date and continuing on the first day of each calendar month thereafter, we will pay an amount equal to the total principal of the outstanding loan balance divided by twelve (12), for a twelve (12) month straight-line amortization of equal monthly principal payments. Also on a monthly basis, we must pay an administrative agency fee to MidCap equal to 0.25% of the average end-of-day principal balance outstanding during the immediately preceding month. At the time of final payment under the loan, we will provide a final payment fee of 1.00% of the amount advanced thereunder except in the case of a refinance of the loan with MidCap and the Lenders

We are subject to customary events of default as described in the Loan Agreement. In such event, and for so long as it continues, the outstanding loan balance will bear interest at 2.0% per annum in excess of the rate otherwise payable. Under the Loan Agreement, we covenant to maintain a (1) Total Leverage Ratio (as defined in the Loan Agreement), as tested quarterly, no greater than 5.50 to 1.00, and (2) minimum liquidity threshold of 10.00% of the outstanding principal amount of the Loans. As of June 30, 2025, we are in compliance with all covenants under the Loan Agreement.

In connection with the Loan Agreement and subsequent draw, we incurred \$2,025 of origination, legal, and other fees that represent debt financing costs to be deferred and amortized over the duration of the Loan Agreement, of which \$7 was unpaid as of June 30, 2025. As a result, net proceeds of all borrowings under the Loan Agreement were \$57,975.

See Note 12 — *Subsequent Events* for information related to amendments to our Loan Agreement.

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

Receivables from contracts with customers, net of allowance for credit losses of \$7,279, were \$13,623 at June 30, 2025. Receivables from contracts with customers, net of allowance for credit losses of \$6,328, were \$18,154 at December 31, 2024. We had a provision for expected losses of \$20, write-offs charged against the allowance for credit losses of \$69, and recoveries on previously written off receivables of \$1,000 during the six months ended June 30, 2025. We had a provision for expected losses of \$107, write-offs charges against the allowance for credit losses of \$5, and recoveries on previously written off receivables of \$580 during the six months ended June 30, 2024. No customer represented more than 10% of our net accounts receivable balance as of June 30, 2025, and December 31, 2024.

***Contract Assets******Costs to Fulfill Contracts***

Contract assets from contracts with customers were \$2,885 and \$1,712 at June 30, 2025 and December 31, 2024, respectively.

***Costs to Obtain Contracts***

Deferred commission costs from contracts with customers were \$13,317 and \$12,351 at June 30, 2025 and December 31, 2024, respectively. The amount of amortization recognized for the three and six months ended June 30, 2025 was \$878 and \$1,615, respectively, and for the three and six months ended June 30, 2024 was \$565 and \$1,191, respectively.

***Deferred Revenue***

During the three and six months ended June 30, 2025, revenue of \$2,567 and \$8,557, respectively, and during the three and six months ended June 30, 2024, revenue of \$888 and \$6,007, respectively, was recognized from the deferred revenue balance at the beginning of each period.

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

As of June 30, 2025, approximately \$82,390 of revenue is expected to be recognized from remaining performance obligations. We expect to recognize revenue on approximately 27% of these remaining performance obligations over the next twelve months, with the balance recognized thereafter. These amounts exclude remaining performance obligations related to contracts for professional services for tax and payroll offerings whose remaining contractual term is less than one year as of June 30, 2025.

***Revenue Concentration***

During the six months ended June 30, 2025 and 2024, there were no customers that individually represented 10% or more of consolidated revenue.

**NOTE 8 - COMMITMENTS AND CONTINGENCIES*****Lease Commitments***

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 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 are as follows for the periods presented below (in thousands):

|                      | Six Months Ended June 30, |        | Six Months Ended June 30, |        |
|----------------------|---------------------------|--------|---------------------------|--------|
|                      | 2025                      | 2024   | 2025                      | 2024   |
| Operating lease cost | \$ 520                    | \$ 507 | \$ 1,054                  | \$ 953 |
| Sublease income      | —                         | —      | —                         | (4)    |
| Net rent expense     | \$ 520                    | \$ 507 | \$ 1,054                  | \$ 949 |

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 10% as of June 30, 2025, and December 31, 2024. The weighted average remaining lease term is four years as of June 30, 2025 and December 31, 2024.

Supplemental cash flow information related to operating leases are as follows for the periods presented below (in thousands):

|                                                                                                                    | Six Months Ended June 30, |          |
|--------------------------------------------------------------------------------------------------------------------|---------------------------|----------|
|                                                                                                                    | 2025                      | 2024     |
| Cash paid for amounts included in the measurement of lease liabilities:                                            |                           |          |
| Operating cash outflows from operating leases                                                                      | \$ 1,075                  | \$ 1,022 |
| Non-cash operating activities:                                                                                     |                           |          |
| Operating lease assets obtained or removed in exchange for new, modified or terminated operating lease liabilities | \$ 1,447                  | \$ —     |

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

|                              |          |
|------------------------------|----------|
| 2025 (Remaining)             | \$ 992   |
| 2026                         | 1,801    |
| 2027                         | 1,588    |
| 2028                         | 1,417    |
| 2029                         | 879      |
| 2030                         | 208      |
| Thereafter                   | 27       |
| Total minimum lease payments | 6,912    |
| Less: imputed interest       | (1,260)  |
| Total lease liabilities      | \$ 5,652 |

### Contingencies

Although we have been, are, and in the future may be, the defendant or plaintiff in various actions arising in the normal course of business, as of June 30, 2025, we were not currently a party to any material legal proceedings.

## 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 stockholders, 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 reserved for issuance under the 2018 Plan is 6,998 shares. We have an aggregate of 2,428 options, restricted stock units (“RSUs”) and performance stock units (“PSUs”) granted and outstanding pursuant to the 2018 Plan as of June 30, 2025. As of June 30, 2025, the number of shares available for future grant under the 2018 Plan is 2,602.

Share-based compensation for our stock option plans for the three and six months ended June 30, 2025, was \$1,891 and \$3,754, respectively, and for the three and six months ended June 30, 2024, was \$1,488 and \$3,390, respectively. Issuance of common stock related to the exercise of stock options and the vesting of restricted stock units (including restricted stock units that converted from performance stock units) are as follows for the period presented below (in thousands):

|                                              | Three Months Ended June 30, |      | Six Months Ended June 30, |      |
|----------------------------------------------|-----------------------------|------|---------------------------|------|
|                                              | 2025                        | 2024 | 2025                      | 2024 |
| Common stock issued - options <sup>(1)</sup> | 296                         | 9    | 365                       | 35   |
| Common stock issued - RSU <sup>(1)(2)</sup>  | 73                          | 49   | 455                       | 324  |

(1) Included in these amounts are 180 shares withheld for taxes or for cashless exercise of options during the three and six months ended June 30, 2025.

(2) Included in these amounts are 0 and 159 restricted stock units during the three and six months ended June 30, 2025, respectively, and 0 and 109 restricted stock units during the three and six months ended June 30, 2024, respectively, that were converted from performance stock units which vested during those periods.

Effective January 1, 2025, the Compensation Committee approved the grant of PSUs pursuant to a PSU Award Grant Notice and PSU Award Agreement (the “2025 PSU Award Agreement”) under the 2018 Plan to our executive officers payable in the form of RSUs. The number of RSUs into which the PSUs convert for each executive officer is a sliding scale between 0% to 200% of the target amount based on our achievement of certain performance metrics tied to our recurring revenue and gross profit for 2025.

## NOTE 10 - NET LOSS PER SHARE

We compute net income or loss per share based on the weighted average number of common shares outstanding for the period. Diluted net income per share reflects the maximum dilution that would have resulted from incremental common shares issuable upon the exercise of stock options or vesting of RSUs and in some cases PSUs. In periods of net income, we compute the adjustment to the denominator of our dilutive net earnings per share calculation to include these stock options, RSUs, and PSUs, as applicable, using the treasury stock method. Regardless of the period resulting in net income or net loss, we exclude the adjustment to the denominator of our dilutive net loss per share calculation to the extent that they are anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per common share for the periods presented below (in thousands, except per share amounts):

|                                                     | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|-----------------------------------------------------|--------------------------------|------------------|------------------------------|------------------|
|                                                     | 2025                           | 2024             | 2025                         | 2024             |
| Basic:                                              |                                |                  |                              |                  |
| Net loss                                            | \$ (6,123)                     | \$ (4,360)       | \$ (8,521)                   | \$ (4,668)       |
| Weighted-average shares of common stock outstanding | 27,237                         | 25,840           | 27,100                       | 25,587           |
| Basic loss per share                                | <u>\$ (0.22)</u>               | <u>\$ (0.17)</u> | <u>\$ (0.31)</u>             | <u>\$ (0.18)</u> |
| Diluted:                                            |                                |                  |                              |                  |
| Net loss                                            | \$ (6,123)                     | \$ (4,360)       | \$ (8,521)                   | \$ (4,668)       |
| Weighted-average shares of common stock outstanding | 27,237                         | 25,840           | 27,100                       | 25,587           |
| Diluted loss per share                              | <u>\$ (0.22)</u>               | <u>\$ (0.17)</u> | <u>\$ (0.31)</u>             | <u>\$ (0.18)</u> |

## NOTE 11 - SEGMENT INFORMATION

We manage our business activities on a consolidated basis and operate as one reportable segment. Our chief operating decision maker (“CODM”) is the Chairman and Chief Executive Officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated net loss, as reported on our Consolidated Statements of Comprehensive Loss, to assess financial performance and allocate resources. These financial metrics are used by the CODM to make key operating decisions, such as the allocation of budget between cost of sales, sales and marketing, general and administrative, and research and development expenses. The CODM does not review assets in evaluating the results of the segment, and therefore, such information is not presented.

The operating financial results of our single reportable segment for three and six months ended June 30, 2025 and 2024, are as follows (in thousands):

|                                                        | Three Months Ended<br>June 30, |            | Six Months Ended<br>June 30, |            |
|--------------------------------------------------------|--------------------------------|------------|------------------------------|------------|
|                                                        | 2025                           | 2024       | 2025                         | 2024       |
| Total revenues                                         | \$ 30,124                      | \$ 28,044  | \$ 64,978                    | \$ 59,696  |
| Significant segment expenses                           |                                |            |                              |            |
| Compensation                                           | 22,180                         | 20,604     | 44,968                       | 40,602     |
| Non-compensation                                       | 8,560                          | 7,734      | 18,172                       | 15,968     |
| Deferred software and commission costs                 | (4,044)                        | (3,108)    | (7,416)                      | (6,024)    |
| Amortization, depreciation, and other noncash expenses | 8,920                          | 7,220      | 17,048                       | 14,015     |
| Other segment expenses <sup>(1)</sup>                  | 631                            | (46)       | 727                          | (197)      |
| Total expenses                                         | 36,247                         | 32,404     | 73,499                       | 64,364     |
| Net loss                                               | \$ (6,123)                     | \$ (4,360) | \$ (8,521)                   | \$ (4,668) |

(1) Other segment expenses include interest expense (income) and other business expense (income)

## NOTE 12 - SUBSEQUENT EVENTS

On July 1, 2025, we acquired 100% of the membership interests of Lathem Time 2025 LLC (f/k/a Lathem Time Corporation, “Lathem”), whose technology will be used to expand the capabilities of our broader suite of HR solutions, specifically in timekeeping systems. The aggregate purchase price that we paid for the membership interests was \$39,500, consisting of \$37,500 paid in restricted cash on hand drawn from the MidCap Loan Agreement and the remaining \$2,000 in the form of a promissory note (\$1,803 net of discount) with the principal balance due on July 1, 2029. In connection with the acquisition, we recognized \$733 of legal costs as General and Administrative expense.

Due to the close proximity of the acquisition date and our filing of this Quarterly Report on Form 10-Q for the six months ended June 30, 2025, the initial accounting for the business combination is incomplete. Accordingly, we are unable to disclose the allocation of purchase consideration among the assets acquired and liabilities assumed as well as pro forma revenue and earnings information of the consolidated entity at this time. We will include relevant disclosures as required in the third quarter of 2025.

During July 2025, we entered a Limited Consent, Amendment No. 1, and Joinder to the Loan Agreement and Amendment No. 2 of the Loan Agreement (the “Amendments”). The Amendments, collectively, resulted in an increase in our minimum liquidity threshold from \$6,000 (10.00% of the outstanding balance under the Loan Agreement) to \$10,000. In addition, we agreed with the Lenders to increase the final payment fee paid to the Lenders at the time of final payment under the loan from 1.00% to 2.00% of the amount advanced thereunder except in the case of a refinance of the loan with MidCap and the Lenders, in which case, the unaccrued portion of that fee would be waived. Furthermore, Lathem joined the Loan Agreement as Guarantor and the Lenders consented to the Lathem transaction.

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

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains certain statements made by management that may constitute “forward-looking” statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements about our financial results may include expected or projected U.S GAAP and other operating and non-operating results. The words “believe,” “may,” “will,” “estimate,” “projects,” “anticipate,” “intend,” “expect,” “should,” “plan,” and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include statements we make regarding our operating performance, future results of operations and financial position, revenue growth, earnings or other projections. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions, over many of which we have no control. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our 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 breaches of our security measures; risks related to material weaknesses; possible fluctuations in our financial and operating results; privacy concerns and laws and other regulations may limit the effectiveness of our applications; the financial and other impact of any previous and future acquisitions; domestic and international regulatory developments, including changes to or applicability to our business of privacy and data securities laws, money transmitter laws and anti-money laundering laws; 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; risk of our software and solutions not functioning adequately; interruptions, delays or changes in our services or our Web hosting; potential debt incurred to meet future capital requirements; volatility and weakness in bank and capital markets; access to additional capital; significant costs as a result of operating as a public company; the expiration of Employee Retention Tax Credits (“ERTC”) and the impact of the Internal Revenue Service recent measures regarding ERTC claims and the corresponding cash collections of existing receivables; the inability to continue to release timely updates for changes in laws; the inability to develop new and improved versions of our services and technological developments; customer’s nonrenewal of their agreements and other similar changes could negatively impact revenue, operating results and financial conditions; the exposure of market, interest, credit and liquidity risk on client funds held in trust; our operations in highly competitive markets; risk that our clients could have insufficient funds that could result in limitations in the ability to transmit ACH transactions; impairment of intangible assets; litigation and any related claims, negotiations and settlements, including with respect to intellectual property matters or industry-specific regulations; various financial aspects of our Software-as-a-Service model; adverse effects to our business a result of claims, lawsuits, and other proceedings; issues in the use of artificial intelligence in our HCM products and services; adverse changes to financial accounting standards to us; inability to maintain third-party licensed software; evolving regulation of the Internet, changes in the infrastructure underlying the Internet or interruptions in Internet; factors affecting our deferred tax assets and ability to value and utilize them; the nature of our business model; inability to adopt new or correctly interpret existing money service and money transmitter business status; our ability to hire, retain and motivate employees and manage our growth; interruptions to supply chains and extended shut down of businesses; potential enactment of adverse tax laws, regulation, political, economic and social factors; potential sales of a substantial number of shares of our common stock along with its volatility; risks associate with potential equity-related transactions including dividends, rights under the stockholder plan to discourage certain actions and other impacts as a result of actions of our stockholders.

Further information on these and other factors that could affect our financial results is included in the reports on Forms 10-K, 10-Q and 8-K, and in other filings we make with the Securities and Exchange Commission (the “SEC”) from time to time. These documents are available on the SEC Filings section of the Investor Information section of our website at [investor.asuresoftware.com](http://investor.asuresoftware.com). Asure assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

## OVERVIEW

The following review of Asure's financial position as of June 30, 2025 and December 31, 2024, and results of operations for the three and six months ended June 30, 2025 and 2024 should be read in conjunction with our 2024 Annual Report on Form 10-K filed with the SEC on March 6, 2025. 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, as amended (the "Exchange Act") 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's internet website address is [www.asuresoftware.com](http://www.asuresoftware.com).

## Our Business

We are a provider of cloud-based Human Capital Management ("HCM") software solutions delivered as Software-as-a-Service ("SaaS") to businesses of all sizes. We offer human resources ("HR") tools necessary to build a thriving workforce, provide the resources to stay compliant with dynamic federal, state, and local tax jurisdictions and their respective labor laws, freeing cash flows so these businesses can spend their financial capital on growing their businesses rather than administrative overhead that can impede growth. Our solutions also provide new ways for employers to connect with their employees and strengthen relationships with their talent. At the core of our offering is the Asure HCM platform—a SaaS-based system that includes Payroll & Tax filing, Recruiting, Time & Attendance software, HR management tools, and Benefits Administration. This platform serves as the foundation for delivering both our core software and a range of complementary, technology-enabled services. These include AsureMarketplace™, which automates data exchange between our HCM system and third-party providers to increase efficiency, accuracy, and breadth of services. Our HR Compliance services combine expert guidance with scalable digital delivery. AsurePay™, our payroll card, provides employees with fast, secure access to earned wages. Additionally, through our licensed brokerage, we offer Insurance Services that help employers manage benefits and reduce administrative costs. We deliver our solutions directly and through a national network of Reseller Partners.

We strive to be the most trusted HCM resource. Our solutions solve three primary challenges that prevent businesses from growing: HR complexity, allocation of human and financial capital, and the ability to build great teams. We sell our solutions through both direct and partner channels. We supplement our direct sales efforts with partner programs that afford us access to opportunities in various geographic and industry niches. Asure has two types of partners: Reseller Partners that white label our products while providing value-added services to their clients (our indirect clients) and Referral Partners that provide us with client leads but do not resell our solutions. We have and will continue to invest in research and development to expand our solutions. Our solutions reduce the administrative burden on employers and increase employee productivity while managing the employment lifecycle. The Asure HCM suite includes eight product lines: Asure Payroll & Tax, Asure Tax Management Solutions, AsureRecruiting™, Asure Time & Attendance, Asure HR Compliance, Asure Insurance and Benefits Administration, AsureMarketplace™, and AsurePay™.

From recruitment to retirement, our solutions help more than 100,000 clients across the United States. Approximately 20% of our clients are direct and the remaining clients are indirect, as they have contracts with reseller partners who white label our solutions.

On July 1, 2025, we acquired Lathem Time 2025, LLC, (f/k/a Lathem Time Corporation, "Lathem") a trusted name in employee time and attendance solutions. Lathem's existing cloud-based time and attendance solutions and customer base will add to the scale of our existing time and attendance business. The acquisition enables us to both improve our existing time and attendance offerings as well as allow us to cross-sell our full suite of HCM products to the new customer base.

## RESULTS OF OPERATIONS (in thousands)

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

|                                          | Six Months Ended June 30, |       |
|------------------------------------------|---------------------------|-------|
|                                          | 2025                      | 2024  |
| Revenue                                  | 100 %                     | 100 % |
| Gross profit                             | 69 %                      | 69 %  |
| Sales and marketing                      | 25 %                      | 25 %  |
| General and administrative               | 35 %                      | 34 %  |
| Research and development                 | 5 %                       | 6 %   |
| Amortization of intangible assets        | 13 %                      | 13 %  |
| Total operating expenses                 | 79 %                      | 77 %  |
| Interest income                          | 1 %                       | 1 %   |
| Interest expense                         | (2)%                      | (1)%  |
| Other income, net                        | — %                       | — %   |
| Loss from operations before income taxes | (11)%                     | (7)%  |
| Net loss                                 | (13)%                     | (8)%  |

### Revenue

Revenue is comprised of recurring revenue, professional services, hardware, and other revenue. We expect our revenue to increase as we introduce new applications, expand our client base and renew and expand relationships with existing clients. As a percentage of total revenue, we expect our mix of recurring revenue, and professional services, hardware and other revenue to remain relatively constant. While revenue mix varies by product, recurring revenue consistently represented over 95% of total revenue in the three and six months ended June 30, 2025, compared to 96% in the three and six months ended June 30, 2024.

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

|                                           | Three Months Ended<br>June 30, |           | Variance |      |
|-------------------------------------------|--------------------------------|-----------|----------|------|
|                                           | 2025                           | 2024      | \$       | %    |
| Recurring                                 | \$ 28,596                      | \$ 27,051 | \$ 1,545 | 6 %  |
| Professional services, hardware and other | 1,528                          | 993       | 535      | 54 % |
| Total                                     | \$ 30,124                      | \$ 28,044 | \$ 2,080 | 7 %  |

  

|                                           | Six Months Ended<br>June 30, |           | Variance |      |
|-------------------------------------------|------------------------------|-----------|----------|------|
|                                           | 2025                         | 2024      | \$       | %    |
| Recurring                                 | \$ 61,783                    | \$ 57,324 | \$ 4,459 | 8 %  |
| Professional services, hardware and other | 3,195                        | 2,372     | 823      | 35 % |
| Total                                     | \$ 64,978                    | \$ 59,696 | \$ 5,282 | 9 %  |

### *Recurring Revenue*

Recurring revenues include fees for our payroll and tax management, recruiting services, HR compliance, time and labor management, insurance and benefits administration, AsureMarketplace™ 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 revenues 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 Affordable Care Act (“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. 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. Interest earned is generated from funds we collect 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.

Recurring revenue for the three months ended June 30, 2025 was \$28,596, an increase of \$1,545, or 6%, from \$27,051 for the three months ended June 30, 2024. The increase is primarily due to an increase in tax management solutions.

Recurring revenue for the six months ended June 30, 2025 was \$61,783, an increase of \$4,459, or 8%, from \$57,324 for the six months ended June 30, 2024. The increase is primarily due to an increase in tax management solutions.

### *Professional Services, Hardware and Other Revenue*

Professional Services, Hardware and Other Revenues represents implementation fees, one-time consulting projects, on-premise maintenance, hardware devices to enhance our software products as well as ERTC revenues that are transactional in nature.

Professional services, hardware and other revenue increased \$535, or 54%, for the three months ended June 30, 2025 from the similar period in 2024, primarily due to an increase in professional services, offset with a decrease in non-recurring ERTC revenue. Refer to “Risk Factors” previously disclosed in our Annual Report on Form 10-K, filed with the SEC on March 6, 2025, for more information about risks related to our ERTC business.

Professional services, hardware, and other revenue increased \$823, or 35%, for the six months ended June 30, 2025 from the similar period in 2024, primarily due to an increase in professional services.

Our total customer base is widely spread across industries and sizes. 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 June 30, 2025, was \$19,911, an increase of \$1,043, or 6%, from \$18,868 for the three months ended June 30, 2024. Gross profit as a percentage of revenue decreased to 66% for the three months ended June 30, 2025 from 67% for the same period in 2024.

Consolidated gross profit for the six months ended June 30, 2025, was \$44,519, an increase of \$3,044, or 7%, from \$41,475 for the six months ended June 30, 2024. Gross profit as a percentage of revenue remained flat at 69% for the six months ended June 30, 2025 and 2024.

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.

Sales and marketing expenses for the three months ended June 30, 2025 were \$8,149, an increase of \$1,225, or 18%, from \$6,924 for the three months ended June 30, 2024. The increase is primarily due to an increase in headcount resulting in an increase in salaries and wages. Sales and marketing expenses as a percentage of revenue increased to 27% for the three months ended June 30, 2025 from 25% for the same period in 2024.

Sales and marketing expenses for the six months ended June 30, 2025 were \$16,535, an increase of \$1,844, or 13%, from \$14,691 for the six months ended June 30, 2024. The increase is primarily due to an increase in referral fees associated with non-recurring ERTC revenue arrangements. Sales and marketing expenses as a percentage of revenue remained flat at 25% for the six months ended June 30, 2025 and 2024.

We expect to 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 June 30, 2025 were \$10,968, an increase of \$850, or 8%, from \$10,118 for the three months ended June 30, 2024. The increase is primarily attributable to increased personnel compensation expenses along with higher service costs associated with regulatory compliance and customer relationship acquisitions. General and administrative expenses as a percentage of revenue remained flat at 36% for the three months ended June 30, 2025 and 2024.

General and administrative expenses for the six months ended June 30, 2025 were \$22,868, an increase of \$2,687, or 13%, from \$20,181 for the six months ended June 30, 2024. The increase is primarily attributable to an increased personnel compensation expenses along with higher service costs associated with regulatory compliance and customer relationship acquisitions. General and administrative expenses as a percentage of revenue increased to 35% for the six months ended June 30, 2025 compared to 34% for the same period in 2024.

## **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 June 30, 2025 were \$1,273, a decrease of \$689, or 35%, from \$1,962 for the three months ended June 30, 2024. The decrease is primarily attributable to an increase in capitalization of software development expenses driven by continued investments in the development of our products, partially offset by an increase in personnel compensation expenses. R&D expenses as a percentage of revenue decreased to 4% for the three months ended June 30, 2025 from 7% for the same period in 2024.

R&D expenses for the six months ended June 30, 2025 were \$3,302, a decrease of \$429, or 11%, from \$3,731 for the six months ended June 30, 2024. The decrease is primarily attributable to an increase in capitalization of software development expenses driven by continued investments in the development of our products, partially offset by an increase in personnel compensation expenses. R&D expenses as a percentage of revenue decreased to 5% for the six months ended June 30, 2025 from 6% for the same period in 2024.

### **Amortization of Intangible Assets**

Amortization expense for the three months ended June 30, 2025 was \$4,173, an increase of \$127, or 3%, from \$4,046 for the three months ended June 30, 2024. The increase is primarily attributable to our continuing acquisitions strategy, with additional acquisitions occurring each quarter. Amortization expense as a percentage of revenue remained flat at 14% for the three months ended June 30, 2025 from 14% for the same period in 2024.

Amortization expense for the six months ended June 30, 2025 was \$8,481, an increase of \$986, or 13%, from \$7,495 for the six months ended June 30, 2024. The increase is primarily attributable to our continuing acquisitions strategy, with additional acquisitions occurring each quarter. Amortization expense as a percentage of revenue remained flat at 13% for the six months ended June 30, 2025 from 13% for the same period in 2024.

### **Interest Income and Expense**

Interest income for the three months ended June 30, 2025 was \$277 compared to interest income of \$261 for the three months ended June 30, 2024. Interest income as a percentage of revenue was 1% for the three months ended June 30, 2025 and 2024. Interest expense for the three months ended June 30, 2025 was \$809 compared to interest expense of \$208 for the three months ended June 30, 2024. Interest expense as a percentage of revenue was 3% for the three months ended June 30, 2025 compared to 1% for the three months ended June 30, 2024. The increase in Interest expense in the three months ended June 30, 2025 is primarily due to our new Loan Agreement (defined below) with MidCap Financial Trust ("MidCap") during the quarter.

Interest income for the six months ended June 30, 2025 was \$448 compared to interest income of \$597 for the six months ended June 30, 2024. Interest income as a percentage of revenue was 1% for the three months ended June 30, 2025 and 2024. Interest expense for the six months ended June 30, 2025 was \$1,260 compared to interest expense of \$388 for the six months ended June 30, 2024. Interest expense as a percentage of revenue was 2% for the six months ended June 30, 2025 compared to 1% for the six months ended June 30, 2024. The increase in interest expense in the six months ended June 30, 2025 is primarily due to our new Loan Agreement with MidCap during the period.

### **Other (Expense) Income, Net**

Other (expense) income, net for the three months ended June 30, 2025 was \$96 of expense compared to \$0 for the three months ended June 30, 2024. Other (expense) income, net as a percentage of revenue was negligible for the three months ended June 30, 2025 and 2024.

Other (expense) income, net for the six months ended June 30, 2025 was \$92 of income compared to \$10 of income for the six months ended June 30, 2024. Other (expense) income, net as a percentage of revenue was negligible for the six months ended June 30, 2025 and 2024.

### **Income Taxes**

For the three months ended June 30, 2025 and 2024, we recorded income tax expense attributable to continuing operations of \$843 and \$231, respectively, an increase of \$612.

For the six months ended June 30, 2025 and 2024, we recorded income tax expense attributable to continuing operations of \$1,134 and \$264, respectively, an increase of \$870.

## Net Loss

We incurred a loss of \$6,123, or \$0.22 per share, during the three months ended June 30, 2025, compared to a loss of \$4,360, or \$0.17 per share, during the three months ended June 30, 2024. Loss as a percentage of total revenue was 20% and 16% for the three months ended June 30, 2025 and 2024, respectively.

We incurred a loss of \$8,521, or \$0.31 per share, during the six months ended June 30, 2025, compared to a loss of \$4,668, or \$0.18 per share, during the six months ended June 30, 2024. Loss as a percentage of total revenue was 13% and 8% for the six months ended June 30, 2025 and 2024, respectively.

## LIQUIDITY AND CAPITAL RESOURCES (in thousands)

|                                          | June 30, 2025 | December 31, 2024 |
|------------------------------------------|---------------|-------------------|
| Cash and cash equivalents <sup>(1)</sup> | \$ 66,000     | \$ 21,425         |

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

**Working Capital.** We had working capital of \$64,268 at June 30, 2025, an increase of \$50,627 from working capital of \$13,641 at December 31, 2024. Working capital as of June 30, 2025 and December 31, 2024 includes \$3,724 and \$8,363 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 \$5,151 for the six months ended June 30, 2025 was primarily driven by non-cash adjustments to our net loss of approximately \$17,614, primarily due to depreciation, amortization, and share-based compensation. This was offset by changes in operating assets and liabilities, which resulted in a use of \$3,942 in cash. Net cash used in operating activities of \$1,719 for the six months ended June 30, 2024 was primarily driven by changes in operating assets and liabilities, which results in a use of \$10,677 in cash. This was offset by non-cash adjustments to our net loss of approximately \$13,626, primarily due to depreciation, amortization, and share-based compensation.

**Investing Activities.** Net cash used in investing activities of \$17,814 for the six months ended June 30, 2025 is primarily due to acquisitions of intangible assets in business combinations or asset acquisitions of \$6,346, purchases of available-for-sale securities and maturities of \$12,304, and software capitalization costs of \$6,470, partially offset by proceeds from sales and maturities of available-for-sale securities of \$7,699. Net cash used in investing activities of \$7,359 for the six months ended June 30, 2024 is primarily due to purchases of available-for-sale securities and maturities of \$6,462 and software capitalization costs of \$5,042, partially offset by proceeds from sales and maturities of available-for-sale securities of \$8,617.

**Financing Activities.** Net cash provided by financing activities was \$73,097 for the six months ended June 30, 2025, which primarily consisted of net proceeds of \$57,982 from the Loan Agreement (defined below) with MidCap and net increase in client fund obligations of \$20,461. Net cash used in financing activities was \$27,935 for the six months ended June 30, 2024, which primarily consisted of a net decrease in client fund obligations of \$28,225.

As of June 30, 2025, we have seven subordinated promissory notes related to acquisitions that occurred during the six months ended June 30, 2025 and prior years with a combined outstanding principal balance of 11,345 and maturity dates ranging from October 1, 2025 to July 1, 2029.

On April 10, 2025, we entered into a Credit, Security and Guaranty Agreement (as amended, the “Loan Agreement”) with MidCap and the lenders from time to time party thereto (such lenders collectively with MidCap, the “Lenders”).

Under the Loan Agreement, we may borrow up to \$60,000 from the Lenders, all of which has been funded as of June 30, 2025. The first \$20,000 was advanced on April 10, 2024, the closing date of the Loan Agreement. The remaining \$40,000 was advanced on June 30, 2025, which funds may only be used for Permitted Acquisitions (as defined in the Loan Agreement). The maturity date of the loan as provided under the Loan Agreement is April 1, 2030 (the “Maturity Date”).

Interest on the outstanding loan balance is payable monthly in arrears at an annual rate of Term SOFR plus 5.00%, subject to a Secured Overnight Financing Rate (“SOFR”) floor of 2.00%. Prior to April 1, 2029 (the “Amortization Start Date”), we must make interest-only payments on the outstanding loan balance. Commencing on the Amortization Start Date and continuing on the first day of each calendar month thereafter, we will pay an amount equal to the total principal of the outstanding loan balance divided by twelve (12), for a twelve (12) month straight-line amortization of equal monthly principal payments. Also on a monthly basis, we must pay an administrative agency fee to MidCap equal to 0.25% of the average end-of-day principal balance outstanding during the immediately preceding month. At the time of the final payment of the loan, we will provide a final payment fee of 1.00% of the amount advanced thereunder except in the case of a refinance of the loan with MidCap and the Lenders.

We are subject to customary events of default as described in the Loan Agreement. In such event, and for so long as it continues, the outstanding loan balance will bear interest at 2.0% per annum in excess of the rate otherwise payable. Under the Loan Agreement, we covenant to maintain (1) Total Leverage Ratio (as defined in the Loan Agreement), as tested quarterly, no greater than 5.50 to 1.00, and (2) minimum liquidity threshold of 10.00% of the outstanding principal amount of the Loans. As of June 30, 2025, we are in compliance with all covenants under the Loan Agreement.

During July 2025, we entered a Limited Consent, Amendment No. 1, and Joinder to the Loan Agreement and Amendment No. 2 of the Loan Agreement (the “Amendments”). The Amendments, collectively, resulted in an increase in our minimum liquidity threshold from \$6,000 (10.00% of the outstanding balance under the Loan Agreement) to \$10,000. In addition, we agreed with the Lenders to increase the final payment fee paid to the Lenders at the time of final payment under the loan from 1.00% to 2.00% of the amount advanced thereunder except in the case of a refinance of the loan with MidCap and the Lenders, in which case, the unaccrued portion of that fee would be waived. Furthermore, Lathem joined the Loan Agreement as Guarantor and the Lenders consented to the Lathem transaction.

Sources of Liquidity. As of June 30, 2025, our principal sources of liquidity consisted of \$66,000 of cash and cash equivalents from proceeds of the MidCap Loan Agreement and cash generated from operations of our business over the next twelve months. Additionally, we have access to an “at the market offering” program entered in October 31, 2024, under which we may offer and sell up to \$25,000 of newly issued common stock. As of June 30, 2025, there are \$25,000 of shares of common stock available for issuance under this program.

We cannot ensure 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; however, we do believe that we have sufficient liquidity to support our business operations for at least the next twelve months. Future business demands may lead to cash utilization at levels greater than recently experienced or expected. 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 ensure that we will be able to raise additional capital on acceptable terms, or at all, or at the time we need it.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The 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 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 amounts reported. The Condensed Consolidated Financial Statements and the Notes to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q, and the Notes to the Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2024, describe the significant accounting policies and methods used in the preparation of our consolidated financial statements. There have been no material changes to our critical accounting estimates included in our Annual Report on Form 10-K for the year ended December 31, 2024.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to our exposure from market risks from those disclosed in our 2024 Annual Report on Form 10-K.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Control and Procedures**

Our management, with the participation of our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act, as of June 30, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the United States Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

In connection with our chief executive officer and chief financial officer’s review of the disclosure controls and procedures for our Annual Report on Form 10-K for the year ended December 31, 2024, our management concluded that there was a material weakness in our disclosure controls and procedures as described below.

Based on the evaluation of our disclosure controls and procedures as of June 30, 2025, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level because of the existence of a material weakness as described below. Notwithstanding the material weakness in our internal control over financial reporting described below, management believes that the consolidated financial statements and related financial information included in this Quarterly Report on Form 10-Q fairly present in all material respects our financial condition, results of operations, and cash flows as of the dates presented, and for the periods ended on such dates, in conformity with accounting principles generally accepted in the United States of America.

#### **Identified Material Weakness**

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Our management identified that as of December 31, 2024, we had ineffective design and operation of controls over program change management due to a lack of complete program and data change logs for certain financially relevant applications. Automated process-level and manual controls that are dependent upon the information derived from such financially relevant systems were determined to be ineffective as a result of such deficiency.

The material weakness did not result in a material misstatement to our consolidated financial statements, however, the control deficiency described above created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis. We concluded that the deficiency represents a material weakness in our internal control over financial reporting and that our disclosure controls and procedures were not effective as of December 31, 2024.

#### **Status of Remediation**

Management, with oversight from the Audit Committee, has implemented remediation measures to address this material weakness. As of April 29, 2025, automated tracking tools were implemented and activated to ensure complete logging of all program and data changes from the impacted financially relevant systems.

While these remediation activities were completed as of April 29, 2025, the material weakness cannot be considered fully remediated until the updated controls have been in place and operating effectively for a sufficient period of time and management has completed testing to confirm their effectiveness. Management will continue to monitor and evaluate the design and operating effectiveness of these controls.

### **Planned Conclusion**

The Company expects to continue evaluating the effectiveness of the remediated controls throughout the remainder of the year. If these controls are determined to operate effectively for a sufficient period of time, management expects to conclude that the material weakness has been fully remediated in a future reporting period based on sufficient and appropriate evidence of operating effectiveness.

### **Change in Internal Controls over Financial Reporting**

Other than the material weakness and remediation discussed above, there have been no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the period ended June 30, 2025, 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

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 June 30, 2025, we were not party to any material legal proceedings.

### ITEM 1A. RISK FACTORS

We have updated certain risk factors described in Part I, Item 1A. “Risk Factors” in our 2024 Annual Report on Form 10-K (the “Risk Factors”) to reflect the entering of the Credit, Security and Guaranty Agreement with MidCap Financial Trust. The Risk Factors, as updated below, should be carefully considered, together with the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q and in our other filings with the SEC, in connection with evaluating the Company, our business, and the forward-looking statements contained in this Quarterly Report on Form 10-Q. Other risks that we do not presently know about or that we presently believe are not material could also adversely affect us. The risk factors described below update the risk factors disclosed in Part I, Item 1A. in our 2024 Annual Report on Form 10-K to include additional information and should be read in conjunction with the risk factors in our 2024 Annual Report on Form 10-K.

***Our ability to make scheduled payments on or to refinance our existing indebtedness (including the indebtedness under our Credit, Security and Guaranty Agreement with MidCap Financial Trust and our subordinated promissory notes) depends on our future performance, which is subject to economic, financial, competitive and other factors that may be beyond our control.***

Our business may not generate cash flow from operations in the future sufficient to service our debt and support our growth strategies. If we are unable to generate sufficient cash flow, we may be required to pursue one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or on desirable terms, which could result in a default on our debt obligations, including under our current debt obligations. In addition, if for any reason we are unable to meet our debt service and repayment obligations, we would be in default under the terms of our Credit, Security and Guaranty Agreement with MidCap Financial Trust, which would allow our creditors at that time to declare all outstanding indebtedness to be due and payable. Under these circumstances, our lenders could compel us to apply all of our available cash to repay our indebtedness.

***Our ability to incur debt and the use of our funds could be limited by the restrictive covenants in our loan agreement for our term loan and credit facility.***

Our agreement with MidCap Financial Trust provides for a credit facility that contains restrictive covenants, including restrictions on our ability to pay dividends to stockholders, as well as requirements to comply with certain leverage ratios and other financial maintenance tests and stringent requirements around regulatory compliance. These restrictive covenants and requirements limit the amount of borrowings that are available to us. The agreement covenants may also affect our ability to obtain future financing and to pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. These covenants could place us at a disadvantage compared to some of our competitors, who may have fewer restrictive covenants and may not be required to operate under these restrictions. Further, the proceeds from our credit facility are only available for use in connection with permitted acquisitions (as defined in the Loan Agreement), which means the funds may not be used for general corporate purposes and thus may not be available when we need them.

***Volatility and weakness in bank and capital markets may adversely affect credit availability and related interest and financing costs for us.***

Banking and capital markets have recently and may in the future experience periods of volatility and disruption. If the disruption in these markets is prolonged, our ability to refinance, and the related cost of refinancing, some or all of our debt could be adversely affected. Although we currently can access the bank and capital markets, there is no assurance that such markets will continue to be a reliable source of financing for us. These factors, including the tightening of credit markets, could adversely affect our ability to obtain cost effective financing. Increased volatility and disruptions in the financial markets also could make it more difficult and more expensive for us to refinance outstanding indebtedness and to obtain financing. If we are unable to refinance outstanding debt, such volatility could also increase interest rates, which would increase costs related to our variable-rate debt agreement. In addition, the adoption of new statutes and regulations, the implementation of recently enacted laws, or new interpretations or the enforcement of older laws and regulations applicable to the financial markets or the financial services industry could result in a reduction in the amount of available credit or an increase in the cost of credit. Disruptions in the financial markets can also adversely affect our lenders, insurers, customers, and other counterparties. Any of these results could have a material adverse effect on our business, financial condition, and results of operations.

***Changes in international trade policies, tariffs, and treaties affecting imports may have a material adverse effect on our business, financial condition, and results of operations.***

Recent increase in tariffs and the impositions of new trade restrictions by the United States and other countries have created uncertainty and volatility in global markets. These tariffs, particularly those affecting the imports of raw materials, components, and finished goods from key manufacturing regions, may significantly increase our cost of goods sold for our Time and Attendance products. Furthermore, changes in trade policy, the introduction of new tariffs, or further escalation of trade tensions could exacerbate these risks. If we are unable to mitigate these increased costs through pricing changes or finding alternative sourcing solutions, our financial position and results of operations may be adversely effected.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

## **ITEM 5. OTHER INFORMATION**

During the three months ended June 30, 2025, none of our directors or officers have entered into, amended, or terminated, a 10b5-1 trading plan.

On July 31, 2025, we entered Amendment No. 2 to our Loan Agreement with the Lenders, which increased our minimum liquidity threshold to \$10,000.

## ITEM 6. 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:

| <b>EXHIBIT<br/>NUMBER</b>     | <b>DESCRIPTION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>2.1+</u></a>   | <a href="#"><u>Equity Purchase Agreement, dated July 1, 2025, by and among Pendulum Holding, Inc., the equityholders of Pendulum Holding, Inc., Lathem Time 2025, LLC (f/k/a Lathem Time Corporation) and Asure Software, Inc (Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 1-34522), filed July 1, 2025.</u></a>                                                                                                                                                                                           |
| <a href="#"><u>10.1+</u></a>  | <a href="#"><u>Credit, Security and Guaranty Agreement, dated as of April 10, 2025, by and among Asure Software, Inc., Asure Operations LLC, Asure Customer &amp; IP Holdco LLC, Asure Payroll Tax Management LLC, Asure Benefits Management LLC, Asure Treasury Management, LLC MidCap Financial Trust and the lenders from time to time party hereto (Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-34522), filed April 10, 2025).</u></a>                                                              |
| <a href="#"><u>10.2+</u></a>  | <a href="#"><u>Limited Consent, Amendment No. 1 and Joinder to Credit, Security and Guaranty Agreement, dated July 1, 2025, by and among Asure Software, Inc., Asure Operations LLC, Asure Customer &amp; IP Holdco LLC, Asure Payroll Tax Management LLC, Asure Benefits Management LLC, Asure Treasury Management, LLC, Lathem Time 2025 LLC, MidCap Financial Trust and the lenders from time to time party thereto (Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-34522), filed July 1, 2025.</u></a> |
| <a href="#"><u>10.3+</u></a>  | <a href="#"><u>Amendment No. 2 to the Credit, Security and Guaranty Agreement, dated July 31, 2025, by and among Asure Software, Inc., Asure Operations LLC, Asure Customer IP &amp; Holdco LLC, Asure Payroll Tax Management LLC, Asure Benefits Management LLC, Asure Treasury Management LLC, Lathem Time 2025 LLC, MidCap Financial Trust and the lenders from time to time party thereto.</u></a>                                                                                                                                               |
| <a href="#"><u>10.4</u></a>   | <a href="#"><u>Fourth Amended and Restated Rights Agreement by and between Asure Software, Inc. and Equiniti Trust Company LLC to be effective October 28, 2025 (Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-34522), filed April 16, 2025).</u></a>                                                                                                                                                                                                                                                      |
| <a href="#"><u>31.1*</u></a>  | <a href="#"><u>Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <a href="#"><u>31.2*</u></a>  | <a href="#"><u>Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <a href="#"><u>32.1**</u></a> | <a href="#"><u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                       |
| <a href="#"><u>32.2**</u></a> | <a href="#"><u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                                                                                                                       |
| 101                           | The following materials from Asure Software, Inc.'s Quarterly Report on Form 10-Q for the three months ended June 30, 2025, 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).                                                          |
| 104                           | The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted as Inline XBRL and contained in Exhibit 101 (filed herewith).                                                                                                                                                                                                                                                                                                                                                                         |

\* Filed herewith.

\*\* Furnished herewith.

+ Certain schedules and similar attachments to this agreement have been omitted pursuant to Item 601(a)(5) of Rule S-K. The Company undertakes to furnish supplementally a copy of all omitted schedules and attachments to the Securities and Exchange Commission upon its request.

## 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: July 31, 2025

By: /s/ PATRICK GOEPEL

Patrick Goepel  
Chief Executive Officer  
(Principal Executive Officer)

Date: July 31, 2025

By: /s/ JOHN PENCE

John Pence  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**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 June 30, 2025) 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: July 31, 2025

By: /s/ Patrick Goepel

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Patrick Goepel  
Chief Executive Officer

**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 June 30, 2025) 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: July 31, 2025

By: /s/ John Pence

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John Pence

Chief Financial Officer and Principal Accounting Officer

**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 June 30, 2025, (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: July 31, 2025

By: /s/ Patrick Goepel

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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.

**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 June 30, 2025 (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: July 31, 2025

By: /s/ John Pence

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John Pence

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.