

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

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2021**

OR

**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: 001-37979

VERRA MOBILITY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State of
Incorporation)

81-3563824

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

**1150 North Alma School Road
Mesa, Arizona**

(Address of Principal Executive Offices)

85201

(Zip Code)

(480) 443-7000

(Registrant's telephone number, including area code)

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

(Title of Each Class)

(Trading Symbol)

(Name of Each Exchange on Which Registered)

Class A Common Stock, par value \$0.0001 per share

VRRM

Nasdaq Capital Market

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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of May 11, 2021, there were 162,360,367 shares of the Company's Class A Common Stock, par value \$0.0001 per share, issued and outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of federal securities laws. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, products, services, and technology offerings, market conditions, growth and trends, expansion plans and opportunities, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “potentially,” “preliminary,” “likely” and similar expressions, and the negative of these expressions, are intended to identify forward-looking statements. 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. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in Part II, Item 1A, “Risk Factors,” of this Quarterly Report on Form 10-Q and in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K/A for the year ended December 31, 2020 filed May 14, 2021. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements include, among other things:

- disruption to our business and results of operations as a result of the novel coronavirus (“**COVID-19**”) pandemic;
- the impact of the COVID-19 pandemic on our revenues from key customers in the rental car industry and from photo enforcement programs;
- the impact of payment delays related to \$121.0 million in outstanding receivables with the City of New York Department of Transportation (“**NYCDOT**”);
- historical data regarding our business, results of operations, financial condition and liquidity may not reflect the impact of COVID-19;
- customer concentration in our Commercial Services and Government Solutions segments;
- decreases in the prevalence of automated and other similar methods of photo enforcement or the use of tolling;
- risks and uncertainties related to our government contracts, including legislative changes, termination rights, delays in payments, audits and investigations;
- decreased interest in outsourcing from our customers;
- our ability to properly perform under our contracts and otherwise satisfy our customers;
- our ability to compete in a highly competitive and rapidly evolving market;
- our ability to keep up with technological developments and changing customer preferences;
- the success of our new products and changes to existing products and services;
- our ability to successfully integrate our recent or future acquisitions; and
- failure in or breaches of our networks or systems, including as a result of cyber-attacks.

You should not rely on forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and

circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q or to conform these statements to actual results or revised expectations.

Unless the context indicates otherwise, the terms “Verra Mobility,” the “Company,” “we,” “us,” and “our” as used in this Quarterly Report on Form 10-Q refer to Verra Mobility Corporation, a Delaware corporation, and its subsidiaries taken as a whole.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

VERRA MOBILITY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(\$ in thousands except per share data)	March 31, 2021	December 31, 2020 (As restated)
Assets		
Current assets:		
Cash and cash equivalents	\$ 249,605	\$ 120,259
Restricted cash	819	633
Accounts receivable (net of allowance for credit loss of \$12.1 million and \$11.5 million at March 31, 2021 and December 31, 2020, respectively)	192,985	168,783
Unbilled receivables	14,881	14,045
Prepaid expenses and other current assets	24,509	24,317
Total current assets	482,799	328,037
Installation and service parts, net	8,597	7,944
Property and equipment, net	67,741	70,284
Operating lease assets	30,172	29,787
Intangible assets, net	319,149	342,139
Goodwill	586,220	586,435
Other non-current assets	2,535	2,699
Total assets	\$ 1,497,213	\$ 1,367,325
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 41,334	\$ 34,509
Accrued liabilities	17,394	15,636
Payable to related party pursuant to tax receivable agreement, current portion	5,202	4,791
Current portion of long-term debt	6,500	9,104
Total current liabilities	70,430	64,040
Long-term debt, net of current portion	965,945	832,941
Operating lease liabilities, net of current portion	28,447	27,986
Payable to related party pursuant to tax receivable agreement, net of current portion	62,667	67,869
Private placement warrant liabilities	32,933	30,866
Asset retirement obligation	6,406	6,409
Deferred tax liabilities, net	21,316	21,148
Other long-term liabilities	551	494
Total liabilities	1,188,695	1,051,753
Commitments and contingencies (Note 12)		
Stockholders' equity		
Preferred stock, \$.0001 par value	—	—
Common stock, \$.0001 par value	16	16
Common stock contingent consideration	36,575	36,575
Additional paid-in capital	375,671	373,620
Accumulated deficit	(103,765)	(94,850)
Accumulated other comprehensive income	21	211
Total stockholders' equity	308,518	315,572
Total liabilities and stockholders' equity	\$ 1,497,213	\$ 1,367,325

See accompanying Notes to the Condensed Consolidated Financial Statements.

VERRA MOBILITY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE (LOSS) INCOME
(Unaudited)

(In thousands, except per share data)	Three Months Ended March 31,	
	2021	2020 (As restated)
Service revenue	\$ 89,763	\$ 99,497
Product sales	95	17,216
Total revenue	89,858	116,713
Cost of service revenue	880	1,219
Cost of product sales	27	8,690
Operating expenses	30,492	32,259
Selling, general and administrative expenses	28,443	25,886
Depreciation, amortization and (gain) loss on disposal of assets, net	28,265	29,246
Total costs and expenses	88,107	97,300
Income from operations	1,751	19,413
Interest expense, net	9,164	12,451
Change in fair value of private placement warrants	2,067	(15,467)
Loss on extinguishment of debt	5,334	—
Other income, net	(3,013)	(2,925)
Total other expenses (income)	13,552	(5,941)
(Loss) income before income tax (benefit) provision	(11,801)	25,354
Income tax (benefit) provision	(2,886)	3,214
Net (loss) income	\$ (8,915)	\$ 22,140
Other comprehensive loss:		
Change in foreign currency translation adjustment	(190)	(3,367)
Total comprehensive (loss) income	\$ (9,105)	\$ 18,773
Net (loss) income per share:		
Basic	\$ (0.05)	\$ 0.14
Diluted	\$ (0.05)	\$ 0.04
Weighted average shares outstanding:		
Basic	162,297	160,924
Diluted	162,297	164,427

See accompanying Notes to the Condensed Consolidated Financial Statements.

VERRA MOBILITY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

For the Three Months Ended March 31, 2021

(In thousands)	Common Stock		Common Stock Contingent Consideration	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balance as of December 31, 2020 (as restated)	162,269	\$ 16	\$ 36,575	\$ 373,620	\$ (94,850)	\$ 211	\$ 315,572
Net loss	—	—	—	—	(8,915)	—	(8,915)
Vesting of restricted stock units ("RSUs")	91	—	—	—	—	—	—
Payment of employee tax withholding related to RSUs vesting	—	—	—	(857)	—	—	(857)
Stock-based compensation	—	—	—	2,908	—	—	2,908
Other comprehensive loss, net of tax	—	—	—	—	—	(190)	(190)
Balance as of March 31, 2021	<u>162,360</u>	<u>\$ 16</u>	<u>\$ 36,575</u>	<u>\$ 375,671</u>	<u>\$ (103,765)</u>	<u>\$ 21</u>	<u>\$ 308,518</u>

For the Three Months Ended March 31, 2020

Balance as of December 31, 2019 (as restated)	159,150	\$ 16	\$ 54,862	\$ 346,891	\$ (89,578)	\$ (2,577)	\$ 309,614
Net income (as restated)	—	—	—	—	22,140	—	22,140
Cumulative effect of adoption of the credit loss accounting standard, net of tax	—	—	—	—	(694)	—	(694)
Earn-out shares issued to Platinum Stockholder	2,500	—	(18,287)	18,287	—	—	—
Vesting of RSUs	42	—	—	—	—	—	—
Payment of employee tax withholding related to RSUs vesting	—	—	—	(327)	—	—	(327)
Stock-based compensation	—	—	—	2,768	—	—	2,768
Other comprehensive loss, net of tax	—	—	—	—	—	(3,367)	(3,367)
Balance as of March 31, 2020 (as restated)	<u>161,692</u>	<u>\$ 16</u>	<u>\$ 36,575</u>	<u>\$ 367,619</u>	<u>\$ (68,132)</u>	<u>\$ (5,944)</u>	<u>\$ 330,134</u>

See accompanying Notes to the Condensed Consolidated Financial Statements.

VERRA MOBILITY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(\$ in thousands)	Three Months Ended March 31,	
	2021	2020 (As restated)
Cash Flows from Operating Activities:		
Net (loss) income	\$ (8,915)	\$ 22,140
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	28,214	29,250
Amortization of deferred financing costs and discounts	1,593	903
Change in fair value of private placement warrants	2,067	(15,467)
Loss on extinguishment of debt	5,334	—
Credit loss expense	2,402	5,356
Deferred income taxes	281	(682)
Stock-based compensation	2,908	2,768
Installation and service parts expense	29	393
Accretion expense	53	64
Loss (gain) on disposal of assets	51	(4)
Changes in operating assets and liabilities:		
Accounts receivable, net	(26,672)	(22,397)
Unbilled receivables	(859)	3,648
Prepaid expenses and other assets	(262)	2,367
Accounts payable and accrued liabilities	2,330	(11,363)
Other liabilities	459	(2,135)
Net cash provided by operating activities	9,013	14,841
Cash Flows from Investing Activities:		
Purchases of installation and service parts and property and equipment	(3,704)	(8,141)
Cash proceeds from the sale of assets	56	10
Net cash used in investing activities	(3,648)	(8,131)
Cash Flows from Financing Activities:		
Borrowings of long-term debt	996,750	—
Repayment of long-term debt	(865,642)	(21,951)
Payment of debt issuance costs	(5,732)	(806)
Payment of debt extinguishment costs	(604)	—
Payment of employee tax withholding related to RSUs vesting	(857)	(327)
Net cash provided by (used in) financing activities	123,915	(23,084)
Effect of exchange rate changes on cash and cash equivalents	252	(963)
Net increase (decrease) in cash, cash equivalents and restricted cash	129,532	(17,337)
Cash, cash equivalents and restricted cash - beginning of period	120,892	132,430
Cash, cash equivalents and restricted cash - end of period	\$ 250,424	\$ 115,093

See accompanying Notes to the Condensed Consolidated Financial Statements.

VERRA MOBILITY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Supplemental cash flow information:		
Interest paid	\$ 6,996	\$ 11,822
Income taxes paid, net of refunds	238	319
Supplemental non-cash investing and financing activities:		
Purchases of installation and service parts and property and equipment in accounts payable and accrued liabilities at period-end	1,355	4,586
Accrued debt issuance costs	635	—
Accrued debt extinguishment costs	665	—
Earn-out shares issued to Platinum Stockholder	—	18,287

See accompanying Notes to the Condensed Consolidated Financial Statements.

1. Description of Business

Verra Mobility Corporation (collectively with its subsidiaries, the “**Company**” or “**Verra Mobility**”), formerly known as Gores Holdings II, Inc. (“**Gores**”), was originally incorporated in Delaware on August 15, 2016, as a special purpose acquisition company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or other similar business combination with one or more target businesses. On January 19, 2017, the Company consummated its initial public offering (the “**IPO**”), following which its shares began trading on the Nasdaq Capital Market (“**Nasdaq**”). On June 21, 2018, Gores entered into an Agreement and Plan of Merger (as amended, the “**Merger Agreement**”) with Greenlight Holding II Corporation, PE Greenlight Holdings, LLC, AM Merger Sub I, Inc., a direct, wholly-owned subsidiary of Gores and AM Merger Sub II, LLC, a direct, wholly-owned subsidiary of Gores. On October 17, 2018, the transactions contemplated by the Merger Agreement (the “**Business Combination**”) were consummated. In connection with the closing of the Business Combination, Gores changed its name to Verra Mobility Corporation. As a result of the Business Combination, Verra Mobility Corporation became the owner, directly or indirectly, of all of the equity interests of Verra Mobility Holdings, LLC and its subsidiaries.

Verra Mobility offers integrated technology solutions and services to commercial fleets, rental car companies and state and local governments. The Company has customers located throughout the United States, Canada and Europe. The Company is organized into two operating segments: Commercial Services and Government Solutions (see Note 13).

The Commercial Services segment offers toll and violation management solutions for the commercial fleet and rental car industries by partnering with the leading fleet management and rental car companies in North America. Electronic toll payment services enable fleet drivers and rental car customers to use high-speed cashless toll lanes or all-electronic cashless toll roads. The service helps commercial fleets reduce toll management costs, while it provides rental car companies with a revenue-generating, value-added service for their customers. Electronic violation processing services reduce the cost and risk associated with vehicle-issued violations, such as toll, parking or camera-enforced tickets. Title and registration services offer title and registration processing for individuals, rental car companies and fleet management companies. In Europe, the Company provides violations processing through Euro Parking Collection plc (“**EPC**”) and consumer tolling services through Pagatelia S.L (“**Pagatelia**”).

The Government Solutions segment provides complete, end-to-end speed, red-light, school bus stop arm and bus lane enforcement solutions. The Company’s programs are designed to reduce traffic violations and resulting collisions, injuries, and fatalities. The Company implements and administers traffic safety programs for municipalities, counties, school districts and law enforcement agencies of all sizes.

2. Significant Accounting Policies

Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements include the accounts of the Company prepared in accordance with generally accepted accounting principles in the United States of America (“**GAAP**”). All intercompany balances and transactions have been eliminated in consolidation. In the opinion of the Company’s management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation.

Restatement of Previously Issued Condensed Consolidated Financial Statements

The notes included herein should be read in conjunction with the Company’s restated audited consolidated financial statements included in the Company’s Annual Report on Form 10-K/A filed with the SEC on May 14, 2021 (the “**2020 Form 10-K/A**”).

We restated the Company’s previously issued consolidated financial statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 and the related quarterly financial information to reflect adjustments resulting from changes to our accounting for private placement warrants.

The impact of the restatement to the three months ended March 31, 2020 was an increase to net income of \$15.5 million, an increase to private placement warrant liabilities of \$14.3 million, with offsetting decreases of \$20.4 million to additional paid-in capital and \$6.1 million to accumulated deficit line items. There was no net cash impact to the condensed consolidated statements of cash flows.

Use of Estimates

The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited interim condensed consolidated financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the fair values assigned to net assets acquired (including identifiable intangibles) in business combinations, the carrying amounts of long-lived assets and goodwill, the allowance for credit loss, fair value of private placement warrant liabilities, valuation allowances on deferred tax assets, asset retirement obligations, contingent consideration and the recognition and measurement of loss contingencies.

Management believes that its estimates and assumptions are reasonable in the circumstances; however, actual results could differ materially from those estimates.

Concentration of Credit Risk

Significant customers are those which represent more than 10% of the Company's total revenue and accounts receivable. Revenue from one of the Government Solutions customers as a percent of total revenue is presented below:

	Three Months Ended March 31,	
	2021	2020
City of New York Department of Transportation	24.4%	25.5%

As of March 31, 2021, the City of New York Department of Transportation ("**NYCDOT**") represented 63% of accounts receivable, net. The Company provides photo enforcement services to NYCDOT under two primary agreements, (i) a legacy contract relating to photo enforcement cameras that were installed prior to fiscal year 2020 (the "**Legacy Contract**"), and (ii) an emergency contract for the purchase, installation, maintenance and operation of the expanded speed camera program beginning in 2020 (the "**Emergency Contract**"). At March 31, 2021, the Legacy Contract had an open receivable balance of \$41.3 million, of which \$33.1 million had aged beyond NYCDOT's 45-day payment terms. As of March 31, 2021, the Company had invoiced NYCDOT for \$52.6 million in product revenue and \$26.8 million in service revenue under the Emergency Contract. NYCDOT has not made any payments against the Emergency Contract to date. There is no material reserve related to these receivables as amounts are deemed collectible based on current conditions and expectations. Please also see section entitled "**Risk Factors**."

Significant customer revenue generated through the Company's Commercial Services partners as a percent of total revenue is presented below:

	Three Months Ended March 31,	
	2021	2020
Hertz Corporation	13.8%	15.7%
Avis Budget Group, Inc.	11.2%	12.7%
Enterprise Holdings, Inc.	14.5%	10.8%

Allowance for Credit Loss

The Company reviews historical credit losses and customer payment trends on receivables and develops loss rate estimates as of the balance sheet date, which includes adjustments for future expectations using probability-weighted assumptions about potential outcomes. Receivables are written off against the allowance for credit loss when it is probable that amounts will not be collected based on the terms of the customer contracts, and subsequent recoveries reverse the previous write-off and apply to the receivable in the period recovered. No interest or late fees are charged on delinquent accounts.

The Company identified portfolio segments based on the type of business, industry in which the customer operates and historical credit loss patterns. The following presents the activity in the allowance for credit loss for the three months ended March 31, 2021 and 2020, respectively:

(\$ in thousands)	Commercial Services (Driver-billed) (1)	Commercial Services (All other)	Government Solutions	Total
Balance at January 1, 2021	\$ 3,210	\$ 4,277	\$ 3,984	\$ 11,471
Credit loss expense	2,252	143	7	2,402
Write-offs, net of recoveries	(1,722)	2	(21)	(1,741)
Balance at March 31, 2021	<u>\$ 3,740</u>	<u>\$ 4,422</u>	<u>\$ 3,970</u>	<u>\$ 12,132</u>

(\$ in thousands)	Commercial Services (Driver-billed) (1)	Commercial Services (All other)	Government Solutions	Total
Balance at January 1, 2020 (2)	\$ 5,733	\$ 945	\$ 1,778	\$ 8,456
Credit loss expense	1,925	2,731	700	5,356
Write-offs, net of recoveries	(2,220)	(311)	(435)	(2,966)
Balance at March 31, 2020	<u>\$ 5,438</u>	<u>\$ 3,365</u>	<u>\$ 2,043</u>	<u>\$ 10,846</u>

(1) Driver-billed consists of receivables from drivers of rental cars and fleet management companies for which the Company bills on behalf of its customers. Receivables not collected from drivers within a defined number of days are transferred to customers subject to applicable bad debt sharing agreements.

(2) This includes a \$0.8 million increase to the allowance for credit loss as a result of adopting the credit loss standard.

The Company adjusted down its estimate for credit loss for the three months ended March 31, 2021 to reflect the risk of loss based on customer payment rates in the last 12 months and improved economic conditions for the Commercial Services (All other) and Government Solutions portfolio segments. The Company's methodology for the Commercial Services (Driver-billed) portfolio segment has not changed. The credit loss estimate for the three months ended March 31, 2020 was based on higher probabilities of loss given the uncertainty caused by COVID-19 on the travel industry. The Company periodically evaluates the adequacy of its allowance for expected credit losses by comparing its actual historical write-offs to its previously recorded estimates and adjusts appropriately.

Warrants

As of March 31, 2021, there were warrants outstanding to acquire 19,999,967 shares of the Company's Class A Common Stock including: (i) 6,666,666 warrants originally issued to Gores Sponsor II, LLC in a private placement in connection with the IPO (the "**Private Placement Warrants**"); and (ii) 13,333,301 warrants issued in connection with the IPO (the "**Public Warrants**" and, together with the Private Placement Warrants, the "**Warrants**"). The Warrants entitle the registered holder to purchase one share of our Class A Common Stock at a price of \$11.50 per share, subject to certain adjustments.

The Warrants became exercisable on November 16, 2018, 30 days following the completion of the Business Combination, and expire five years after that date, or earlier upon redemption or liquidation. The Company may redeem the outstanding Warrants at a price of \$0.01 per warrant, if the last sale price of its Class A Common Stock equals or exceeds \$18.00 per share for any 20 trading days within a 30 trading day period ending on the third business day before it sends the notice of redemption to the Warrant holders. The Private Placement Warrants, however, are nonredeemable so long as they are held by Gores Sponsor II, LLC or its permitted transferees.

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance under FASB ASC 480, Distinguishing Liabilities from Equity ("**ASC 480**") and ASC 815, Derivatives and Hedging ("**ASC 815**"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common shares, among other conditions for equity classification.

For warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The Company's Public Warrants meet the criteria for equity classification and accordingly, are reported as component of shareholders' equity while the Company's Private Placement Warrants do not meet the criteria for equity classification because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity shares and are instead classified as a liability. The fair value of the Private Placement Warrants is estimated at period-end using a Black-Scholes option pricing model. Shares issuable under the Warrants were considered for inclusion in the diluted share count in accordance with GAAP. As the shares issuable under the Warrants are issuable shares when exercised by the holders, they are included when computing diluted (loss) income per share, if such exercise is dilutive to (loss) income per share.

Recent Accounting Pronouncements

Accounting Standards Adopted

In August 2018, the Financial Accounting Standards Board ("**FASB**") issued Accounting Standard Update ("**ASU**") 2018-13, (*Topic 820*) *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The Company adopted this standard during the first quarter of 2021 and provided relevant disclosures for the private placement warrant liabilities which are a Level 3 measurement, that fall in the scope of the standard. See Note 7. *Fair Value of Financial Instruments*.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The ASU removes specific exceptions to the general principles in Topic 740 in GAAP including the exception to the incremental approach for intra-period tax allocation, exceptions to accounting for basis differences when there are ownership changes in foreign investments, and the exception in interim period income tax accounting for year-to-date losses that exceed anticipated losses. The ASU also simplifies current guidance in relation to franchise taxes that are partially based on income, transactions with a government that result in a step-up in tax basis of goodwill, separate financial statements of legal entities that are not subject to tax, and enacted changes in tax laws in interim periods. The Company adopted the ASU as of January 1, 2021 which did not have a material impact on the Company's financial statements or related disclosures.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. This ASU simplifies accounting for convertible instruments by removing major separation models required under current GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share calculation in certain areas. The Company early adopted this standard as of January 1, 2021 which did not have an impact on the Company's financial statements and related disclosures, as the Company had no instruments subject to the standard. If the Company were to issue instruments subject to the standard in the future, such guidance as early adopted by the Company would apply.

Accounting Standards Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. It provides optional expedients and exceptions for applying GAAP to contract modifications, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are

affected by the discounting transition. The amendments are effective as of March 12, 2020 through December 31, 2022, to help stakeholders during the global market-wide reference rate transition period. The impact of the implementation of this guidance is still being determined by the Company.

3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following at:

(\$ in thousands)	March 31, 2021	December 31, 2020
Prepaid tolls	\$ 6,571	\$ 9,237
Prepaid income taxes	5,285	2,354
Prepaid services	3,375	2,989
Deposits	3,168	3,474
Prepaid computer maintenance	2,761	2,732
Prepaid insurance	1,717	2,641
Other	1,632	890
Total prepaid expenses and other current assets	<u>\$ 24,509</u>	<u>\$ 24,317</u>

4. Goodwill and Intangible Assets

The following table presents the changes in the carrying amount of goodwill by reportable segment:

(\$ in thousands)	Commercial Services	Government Solutions	Total
Balance at December 31, 2020	\$ 426,689	\$ 159,746	\$ 586,435
Foreign currency translation adjustment	(215)	—	(215)
Balance at March 31, 2021	<u>\$ 426,474</u>	<u>\$ 159,746</u>	<u>\$ 586,220</u>

Intangible assets consist of the following as of the respective period-ends:

(\$ in thousands)	March 31, 2021			December 31, 2020		
	Weighted Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Weighted Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization
Trademarks	0.1 years	\$ 32,199	\$ 31,093	0.3 years	\$ 32,223	\$ 29,358
Non-compete agreements	1.8 years	62,570	40,554	2.0 years	62,589	37,412
Customer relationships	5.6 years	367,440	134,072	5.9 years	367,512	123,784
Developed technology	2.1 years	166,051	103,392	2.3 years	166,217	95,848
Gross carrying value of intangible assets		628,260	<u>\$ 309,111</u>		628,541	<u>\$ 286,402</u>
Less: accumulated amortization		(309,111)			(286,402)	
Intangible assets, net		<u>\$ 319,149</u>			<u>\$ 342,139</u>	

The amortization expense was \$22.7 million and \$23.5 million for the three months ended March 31, 2021 and 2020, respectively.

Estimated amortization expense in future years is expected to be:

(\$ in thousands)	
Remainder of 2021	\$ 63,193
2022	81,143
2023	52,447
2024	41,953
2025	39,255
Thereafter	41,158
Total	\$ 319,149

5. Accrued Liabilities

Accrued liabilities consist of the following at:

(\$ in thousands)	March 31, 2021	December 31, 2020
Accrued salaries and wages	\$ 6,160	\$ 4,432
Current portion of operating lease liabilities	3,157	3,179
Advanced deposits payable	2,544	2,922
Payroll liabilities	1,844	1,755
Self-insurance liability	903	682
Restricted cash due to customers	819	633
Other	1,967	2,033
Total accrued liabilities	\$ 17,394	\$ 15,636

6. Long-term Debt

The following table provides a summary of the Company's long-term debt at:

(\$ in thousands)	March 31, 2021	December 31, 2020
2021 Term Loan, due 2028	\$ 650,000	\$ —
Senior Notes, due 2029	350,000	—
2018 Term Loan	—	865,642
Less: original issue discounts	(6,247)	(3,952)
Less: unamortized deferred financing costs	(21,308)	(19,645)
Total long-term debt	972,445	842,045
Less: current portion of long-term debt	(6,500)	(9,104)
Total long-term debt, net of current portion	\$ 965,945	\$ 832,941

2021 Term Loan and Senior Notes

In March 2021, VM Consolidated, Inc., the Company's wholly owned subsidiary, entered into an Amendment and Restatement Agreement No.1 to the First Lien Term Loan Credit Agreement (the "**2021 Term Loan**") with a syndicate of lenders. The 2021 Term Loan has an aggregate borrowing of \$650 million, maturing on March 26, 2028, and an accordion feature providing for an additional \$250 million of term loans, subject to satisfaction of certain requirements. In connection with the 2021 Term Loan, the Company had an offering discount cost of \$3.3 million and \$0.7 million of deferred financing costs, both of which were capitalized and are amortized over the remaining life of the 2021 Term Loan.

In addition, in March 2021, VM Consolidated, Inc. issued an aggregate principal amount of \$350.0 million in Senior Unsecured Notes (the "**Senior Notes**"), due on April 15, 2029. In connection with the issuance of the Senior Notes, the Company incurred \$5.7 million in lender and third-party costs, which were capitalized as deferred financing costs and are being amortized over the remaining life of the Senior Notes.

The net proceeds from both the 2021 Term Loan and the Senior Notes were used to repay in full all outstanding debt which was represented by the existing First Lien Term Loan Credit Agreement (as amended, the “**2018 Term Loan**”) with a balance of \$865.6 million.

The 2021 Term Loan is repayable at 1.0% per annum of the amount initially borrowed, paid in quarterly installments. It bears interest based, at the Company’s option, on either (1) LIBOR plus an applicable margin of 3.25% per annum, or (2) an alternate base rate plus an applicable margin of 2.25% per annum. As of March 31, 2021, the interest rate on the 2021 Term Loan was 3.45%.

In addition, the 2021 Term Loan requires mandatory prepayments equal to the product of the excess cash flows of the Company (as defined in the 2021 Term Loan agreement) and the applicable prepayment percentages (calculated as of the last day of the fiscal year, beginning with the year ending December 31, 2022), as set forth in the following table:

Consolidated first lien net leverage ratio (as defined by the 2021 Term Loan agreement)	Applicable prepayment percentage
> 3.70:1.00	50%
≤ 3.70:1.00 and > 3.20:1.00	25%
≤ 3.20:1.00	0%

Interest on the Senior Notes is fixed at 5.50% per annum and is payable on April 15 and October 15 of each year (beginning on October 15, 2021). On or after April 15, 2024, the Company may redeem all or a portion of the Senior Notes at the redemption prices set forth below in percentages by year, plus accrued and unpaid interest:

Year	Percentage
2024	102.750%
2025	101.375%
2026 and thereafter	100.000%

In addition, the Company may redeem up to 40% of the Senior Notes before April 15, 2024, with the net cash proceeds from certain equity offerings.

The Company evaluated the refinancing transactions on a lender by lender basis and accounted for the portion of the transaction that did not meet the accounting criteria for debt extinguishment as a debt modification. Accordingly, the Company recognized a loss on extinguishment of debt of \$5.3 million on the 2018 Term Loan during the three months ended March 31, 2021 consisting of a \$4.0 million write-off of pre-existing deferred financing costs and \$1.3 million of lender and third-party costs associated with the issuance of the new 2021 Term Loan.

The Revolver

The Company has a Revolving Credit Agreement (the “**Revolver**”) which it entered into in fiscal year 2018 in connection with an acquisition, with a revolving commitment of up to \$75 million available for loans and letters of credit. The Revolver matures on February 28, 2023. The terms of the Revolver were not affected by the new debt instruments entered into in March 2021 discussed above. Borrowing eligibility under the Revolver is subject to a monthly borrowing base calculation based on (i) certain percentages of eligible accounts receivable and inventory, less (ii) certain reserve items, including outstanding letters of credit and other reserves. The Revolver bears interest on either (1) LIBOR plus an applicable margin, or (2) an alternate base rate, plus an applicable margin. The margin percentage applied to (1) LIBOR is either 1.25%, 1.50%, or 1.75%, or (2) the base rate is either 0.25%, 0.50%, or 0.75%, depending on the Company’s average availability to borrow under the commitment. At March 31, 2021, the Company had no outstanding borrowings on the Revolver and availability to borrow was \$49.4 million, net of \$6.2 million of outstanding letters of credit.

Interest on the unused portion of the Revolver is payable quarterly at 0.375% and the Company is also required to pay participation and fronting fees at 1.38% on \$6.2 million of outstanding letters of credit as of March 31, 2021.

All borrowings and other extensions of credits under the 2021 Term Loan, Senior Notes and the Revolver are subject to the satisfaction of customary conditions and restrictive covenants including absence of defaults and accuracy in material respects of representations and warranties. At March 31, 2021, the Company was compliant with all debt covenants.

Substantially all of the Company's assets are pledged as collateral to secure the Company's indebtedness under the 2021 Term Loan.

Interest expense

The Company recorded interest expense, including amortization of deferred financing costs and discounts, of \$9.2 million and \$12.5 million for the three months ended March 31, 2021 and 2020, respectively.

The weighted average effective interest rates on the Company's outstanding borrowings were 4.2% and 3.4% at March 31, 2021 and December 31, 2020, respectively.

7. Fair Value of Financial Instruments

ASC Topic 820, *Fair Value Measurement*, includes a single definition of fair value to be used for financial reporting purposes, provides a framework for applying this definition and for measuring fair value under GAAP, and establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are summarized as follows:

Level 1 – Fair value is based on observable inputs such as quoted prices for identical assets or liabilities in active markets.

Level 2 – Fair value is determined using quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are directly or indirectly observable.

Level 3 – Fair value is determined using one or more significant inputs that are unobservable in active markets at the measurement date, such as a pricing model, discounted cash flow, or similar technique.

The carrying amounts reported in the Company's condensed consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the immediate to short-term maturity of these financial instruments. The estimated fair value of the Company's long-term debt was calculated based upon available market information. The carrying value and the estimated fair value of long-term debt is as follows:

(\$ in thousands)	Level in Fair Value Hierarchy	March 31, 2021		December 31, 2020	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2021 Term Loan	2	\$ 650,000	\$ 650,000	\$ —	\$ —
Senior Notes	2	350,000	360,063	—	—
2018 Term Loan	2	—	—	842,045	861,314

The fair value of the private placement warrant liabilities is measured on a recurring basis and is estimated using the Black-Scholes option pricing model using significant unobservable inputs, primarily related to estimated volatility, and is therefore classified within level 3 of the fair value hierarchy. The key assumptions used were as follows:

	March 31, 2021	December 31, 2020
Stock price	\$ 13.54	\$ 13.42
Strike price	\$ 11.50	\$ 11.50
Volatility	49.0%	44.0%
Remaining life (in years)	2.6	2.8
Risk-free interest rate	0.26%	0.16%
Expected dividend yield	0.0%	0.0%
Estimated fair value	\$ 4.94	\$ 4.63

The following summarizes the change in the private placement warrant liabilities for the respective periods:

(\$ in thousands)	Three Months Ended March 31,	
	2021	2020
Beginning balance (as restated)	\$ 30,866	\$ 29,733
Change in fair value included in net (loss) income	2,067	(15,467)
Ending balance	\$ 32,933	\$ 14,266

8. Net (Loss) Income Per Share

Basic net (loss) income per share is calculated by dividing net (loss) income by the weighted average shares outstanding during the period, without consideration of common stock equivalents. Diluted net (loss) income per share is calculated by adjusting the weighted average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury-stock method.

The components of basic and diluted net (loss) income per share are as follows:

(In thousands, except per share data)	Three Months Ended March 31,	
	2021	2020 (As restated)
Numerator:		
Net (loss) income	\$ (8,915)	\$ 22,140
Denominator:		
Weighted average shares - basic	162,297	160,924
Common stock equivalents	—	3,503
Weighted average shares - diluted	162,297	164,427
Net (loss) income per share - basic	\$ (0.05)	\$ 0.14
Net (loss) income per share - diluted	\$ (0.05)	\$ 0.04
Antidilutive shares excluded from diluted net (loss) income per share (1):		
Contingently issuable shares (2)	5,000	5,000
Public warrants	13,333	—
Private placement warrants	6,667	—
Non-qualified stock options	1,205	705
Performance share units	229	116
Restricted stock units	2,582	28
Total antidilutive shares excluded	29,016	5,849

(1) These amounts represent outstanding shares as of the three months ended March 31, 2021 and 2020.

(2) Contingently issuable shares relate to the earn-out agreement as discussed in Note 11, *Related Party Transactions*.

9. Income Taxes

The Company's interim income tax (benefit) provision is determined using an estimated annual effective tax rate, adjusted for discrete items arising in that period. The estimated annual effective tax rate requires judgment and is dependent upon several factors. The Company provides for income taxes under the liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of differences between the tax basis of assets or liabilities and their carrying amounts in the financial statements.

The Company provides a valuation allowance for deferred tax assets if it is more likely than not that these items will expire before the Company is able to realize their benefit. The Company calculates the valuation allowance in accordance with the authoritative guidance relating to income taxes, which requires an assessment of both positive and negative evidence regarding the realizability of these deferred tax assets, when measuring the need for a valuation allowance. Significant judgment is required in determining any valuation allowance against deferred tax assets.

In December 2019, COVID-19 emerged and spread throughout the world causing severe disruption to the global economy. In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (“**CARES Act**”) was signed into law after COVID-19 was declared a pandemic. There were several income tax provisions and other non-tax matters incorporated into law as a result of the enactment of the CARES Act. The Company elected to delay the employer-side of the FICA payments with the intention of making the payments in 2021.

The Company’s effective income tax benefit rate was 24.5% for the three months ended March 31, 2021 and the effective income tax rate was 12.7% for the three months ended March 31, 2020. The effective tax rate change was primarily due to the Company’s permanent differences related to the mark-to-market adjustment on the private placement warrants, which had a lesser impact on the effective tax rate.

The total amount of unrecognized tax benefits increased by \$0.2 million during the quarter primarily due to prior year tax positions. As of March 31, 2021, the total amount of unrecognized tax benefits was \$1.1 million, of which \$0.5 million would affect the Company’s effective tax rate if recognized. The Company recognizes interest and penalties related to unrecognized tax benefits through income tax expense. As of March 31, 2021, we had less than \$0.1 million accrued for the payment of interest and penalties.

The Company is subject to examination by the Internal Revenue Service and taxing authorities in various states. The Company’s U.S. federal income tax returns remain subject to examination by tax authorities for the years 2017 to 2019. The Company’s state income tax returns are no longer subject to income tax examination by tax authorities prior to 2016; however, the Company’s net operating loss carryforwards and research credit carryforwards arising prior to that year are subject to adjustment. The Company is currently under audit by the State of Georgia for the years 2018 and 2019, however, no material adjustments are anticipated. The Company regularly assesses the likelihood of tax deficiencies in each of the tax jurisdictions and, accordingly, makes appropriate adjustments to the tax provision as deemed necessary.

10. Stock-Based Compensation

The following details the components of stock-based compensation for the periods presented:

(\$ in thousands)	Three Months Ended March 31,	
	2021	2020
Operating expenses	\$ 194	\$ 220
Selling, general and administrative expenses	2,714	2,548
Total stock-based compensation expense	\$ 2,908	\$ 2,768

11. Related Party Transactions

Tax Receivable Agreement

At the closing of the Business Combination, the Company entered into the Tax Receivable Agreement (“**TRA**”) with PE Greenlight Holdings, LLC (the “**Platinum Stockholder**”) and Greenlight Holding II Corporation as the stockholder representative. The TRA generally provides for the payment by the post-closing company to the Platinum Stockholder of 50% of the net cash savings, if any, in U.S. federal, state and local income tax that the post-closing company actually realizes (or is deemed to realize in certain circumstances) in periods after the closing of the Business Combination as a result of the increase in the tax basis of the intangible assets which resulted from an acquisition by the Company prior to the Business Combination. The post-closing company generally will retain the benefit of the remaining 50% of these cash savings. The Company estimated the potential maximum benefit to be paid would be approximately \$70.0 million, and recorded an initial liability and corresponding charge to equity at the closing of the Business Combination. Subsequently, the Company adjusted this amount.

At March 31, 2021, the TRA liability was approximately \$67.9 million of which \$5.2 million was the current portion and \$62.7 million was the non-current portion, both of which are included in the respective payable to related party pursuant to tax receivable agreement line items on the condensed consolidated balance sheets. The Company made a \$4.8 million payment during the first quarter of 2021 related to the current portion payable as of December 31, 2020.

Earn-Out Agreement

Under the Merger Agreement, the Platinum Stockholder is entitled to receive additional shares of Class A Common Stock (the “**Earn-Out Shares**”) if the volume weighted average closing sale price of one share of Class A Common Stock on the Nasdaq exceeds certain thresholds for a period of at least 10 days out of 20 consecutive trading days at any time during the five-year period following the closing of the Business Combination (the “**Common Stock Price**”).

The Earn-Out Shares are issued by the Company to the Platinum Stockholder as follows:

Common Stock Price thresholds	One-time issuance of shares
> \$13.00 (a)	2,500,000
> \$15.50 (a)	2,500,000
> \$18.00	2,500,000
> \$20.50	2,500,000

(a) The first and second tranches of Earn-Out Shares have been issued, as discussed below.

If any of the Common Stock Price thresholds above (each, a “**Triggering Event**”) are not achieved within the five-year period following the closing of the Business Combination, the Company will not be required to issue the Earn-Out Shares in respect of such Common Stock Price threshold. In no event shall the Platinum Stockholder be entitled to receive more than an aggregate of 10,000,000 Earn-Out Shares.

If, during the earn-out period, there is a change of control (as defined in the Merger Agreement) that will result in the holders of the Company’s Class A Common Stock receiving a per share price equal to or in excess of the applicable Common Stock Price required in connection with any Triggering Event (an “**Acceleration Event**”), then immediately prior to the consummation of such change of control: (a) any such Triggering Event that has not previously occurred shall be deemed to have occurred; and (b) the Company shall issue the applicable Earn-Out Shares to the cash consideration stockholders (as defined in the Merger Agreement) (in accordance with their respective pro rata cash share), and the recipients of the issued Earn-Out Shares shall be eligible to participate in such change of control.

The Company estimated the original fair value of the contingently issuable shares to be \$73.15 million, of which \$36.6 million remains contingently issuable as of March 31, 2021. The estimated value is not subject to future revisions during the five-year period discussed above. The Company used a Monte Carlo simulation option-pricing model to arrive at its original estimate. Each tranche was valued separately giving specific consideration to the tranche’s price target. The simulation considered volatility and risk-free rates utilizing a peer group based on a five-year term. This was initially recorded as a distribution to shareholders and was presented as common stock contingent consideration. Upon the occurrence of a Triggering Event, any issuable shares would be transferred from common stock contingent consideration to common stock and additional paid-in capital accounts. Any contingently issuable shares not issued as a result of a Triggering Event not being attained by the end of earn-out period will be canceled.

On April 26, 2019 and on January 27, 2020, the Triggering Events for the issuance of the first and second tranches of Earn-Out Shares occurred, as the volume weighted average closing sale price per share of the Company’s Class A Common Stock as of that date had been greater than \$13.00 and \$15.50, respectively, for 10 out of 20 consecutive trading days. These Triggering Events resulted in the issuance of an aggregate 5,000,000 shares of the Company’s Class A Common Stock to the Platinum Stockholder and an increase in the Company’s common stock and additional paid-in capital accounts of \$36.6 million, with a corresponding decrease to the common stock contingent consideration account. At March 31, 2021, the potential future Earn-Out Shares issuable are between zero and 5.0 million.

12. Commitments and Contingencies

The Company has issued various letters of credit under contractual arrangements with certain of its vendors and customers. Outstanding letters of credit under these arrangements totaled \$6.2 million at March 31, 2021.

The Company has non-cancelable purchase commitments to certain vendors. The aggregate non-cancelable purchase commitments outstanding at March 31, 2021 were \$32.3 million.

The Company is subject to tax audits in the normal course of business and does not have material contingencies recorded related to such audits.

The Company accrues for claims and contingencies when losses become probable and reasonably estimable. As of the end of each applicable reporting period, the Company reviews each of its matters and, where it is probable that a liability has been or will be incurred, the Company accrues for all probable and reasonably estimable losses. Where the Company can reasonably estimate a range of loss it may incur regarding such a matter, the Company records an accrual for the amount within the range that constitutes its best estimate. If the Company can reasonably estimate a range but no amount within the range appears to be a better estimate than any other, the Company uses the amount that is the low end of such range.

NYC Investigation

In January 2021, the New York City Law Department advised the Company that the City of New York was investigating certain matters related to the Company's installation work for its largest customer, NYCDOT. We were informed in March 2021 by the NYC Law Department that it had concluded its investigation, and we reached an agreement in principle to resolve the matter for approximately \$1.3 million, subject to final administrative approvals.

Customer Guarantee

In the ordinary course of business, the Company occasionally employs contract terms that mitigate the customer's risk of aggregate revenue decline in connection with the customer's adoption of additional or changes to service models within its existing portfolio. These agreements require the customer to satisfy numerous conditions to trigger payment, including volume metrics and other operational requirements. The Company had one such guarantee outstanding for the one-year period ending March 31, 2021. The Company has not accrued any liability or corresponding contra revenue has been recorded in the Company's financial statements, as the required conditions to trigger payment have not been met.

Legal Proceedings

The Company is subject to legal and regulatory actions that arise from time to time in the ordinary course of business. The Company records a liability when it believes it is probable a loss will be incurred and the amount of loss or range of loss can be reasonably estimated. The assessment as to whether a loss is probable, reasonably possible or remote, and as to whether a loss or a range of such loss is estimable, often involves significant judgment about future events. The Company has determined that resolution of pending matters is not probable to have a material adverse impact on its results of operations, cash flows, or financial position, and accordingly, no material contingency accruals are recorded. However, the outcome of litigation is inherently uncertain. As additional information becomes available, the Company reassesses the potential liability.

13. Segment Reporting

The Company has two operating and reportable segments, Commercial Services and Government Solutions. Commercial Services offers toll and violation management solutions and title and registration services to commercial fleet vehicle owners, rental car companies and violation issuing authorities. Government Solutions implements and administers traffic safety programs and products for municipalities and local government agencies of all sizes. The Company's Chief Operating Decision Maker function ("**CODM**") is comprised of the Company's CEO and certain defined representatives of the Company's executive management team. The Company's CODM monitors operating performance, allocates resources and deploys capital based on these two segments.

Segment performance is based on revenues and income from operations before depreciation, amortization, gain (loss) on disposal of assets, net, and stock-based compensation. The measure also excludes interest expense, net, income taxes and certain other transactions and is inclusive of other income, net. The tables below refer to this measure as segment profit (loss). The aforementioned items are not indicative of operating performance, and, as a result are not included in the measures that are reviewed by the CODM for the segments. Other income, net consists primarily of credit card rebates earned on the prepayment of tolling transactions and is therefore included in segment profit (loss). There are no significant non-cash items reported in segment profit (loss).

The following tables set forth financial information by segment for the three months ended March 31, 2021 and 2020, respectively:

(\$ in thousands)	For the Three Months Ended March 31, 2021			
	Commercial Services	Government Solutions	Corporate and Other	Total
Service revenue	\$ 45,689	\$ 44,074	\$ —	\$ 89,763
Product sales	—	95	—	95
Total revenue	45,689	44,169	—	89,858
Cost of service revenue	531	349	—	880
Cost of product sales	—	27	—	27
Operating expenses	14,206	16,092	—	30,298
Selling, general and administrative expenses	10,792	10,811	4,126	25,729
Other income, net	(2,070)	(943)	—	(3,013)
Segment profit (loss)	\$ 22,230	\$ 17,833	\$ (4,126)	\$ 35,937
Segment profit (loss)	\$ 22,230	\$ 17,833	\$ (4,126)	\$ 35,937
Depreciation and amortization	—	—	28,214	28,214
Loss on disposal of assets, net	—	51	—	51
Change in fair value of private placement warrants	—	—	2,067	2,067
Stock-based compensation	—	—	2,908	2,908
Interest expense, net	—	—	9,164	9,164
Loss on extinguishment of debt	—	—	5,334	5,334
Income (loss) before income tax benefit	<u>\$ 22,230</u>	<u>\$ 17,782</u>	<u>\$ (51,813)</u>	<u>\$ (11,801)</u>

(\$ in thousands)	For the Three Months Ended March 31, 2020			
	Commercial Services	Government Solutions	Corporate and Other (As restated)	Total (As restated)
Service revenue	\$ 61,242	\$ 38,255	\$ —	\$ 99,497
Product sales	—	17,216	—	17,216
Total revenue	61,242	55,471	—	116,713
Cost of service revenue	807	412	—	1,219
Cost of product sales	—	8,690	—	8,690
Operating expenses	16,530	15,509	—	32,039
Selling, general and administrative expenses	13,384	9,669	285	23,338
Other income, net	(2,889)	(36)	—	(2,925)
Segment profit (loss)	\$ 33,410	\$ 21,227	\$ (285)	\$ 54,352
Segment profit (loss)	\$ 33,410	\$ 21,227	\$ (285)	\$ 54,352
Depreciation and amortization	—	—	29,250	29,250
Gain on disposal of assets, net	—	(4)	—	(4)
Change in fair value of private placement warrants	—	—	(15,467)	(15,467)
Stock-based compensation	—	—	2,768	2,768
Interest expense, net	—	—	12,451	12,451
Income (loss) before income tax provision	<u>\$ 33,410</u>	<u>\$ 21,231</u>	<u>\$ (29,287)</u>	<u>\$ 25,354</u>

14. Guarantor/Non-Guarantor Financial Information

VM Consolidated, Inc., a wholly owned subsidiary of the Company, is the lead borrower of the 2021 Term Loan, Senior Notes and the Revolver. VM Consolidated, Inc. is owned by the Company through a series of holding companies that ultimately end with the Company. VM Consolidated, Inc. is wholly-owned by Greenlight Acquisition Corporation, which is wholly-owned by Greenlight Intermediate Holding Corporation, which is wholly-owned by Greenlight Holding Corporation, which is wholly-owned by Verra Mobility Holdings, LLC, which is wholly-owned by Verra Mobility Corporation or the Company. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions, including transactions with the Company's wholly owned subsidiary guarantor and non-guarantor subsidiaries.

The following financial information presents the condensed consolidated balance sheets as of March 31, 2021 and the related condensed consolidated statements of operations and comprehensive loss and condensed consolidated statements of cash flows for the three months ended March 31, 2021 for the Company, combined guarantor subsidiary and combined non-guarantor subsidiaries.

Verra Mobility Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
at March 31, 2021
(Unaudited)

(\$ in thousands)	Verra Mobility Corporation (Ultimate Parent)	VM Consolidated Inc. (Guarantor Subsidiary)	Non- guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ —	\$ 233,296	\$ 16,309	\$ —	\$ 249,605
Restricted cash	—	819	—	—	819
Accounts receivable (net of allowance for credit loss of \$12.1 million)	—	191,190	1,795	—	192,985
Unbilled receivables	—	14,481	400	—	14,881
Investment in subsidiary	139,259	73,936	—	(213,195)	—
Prepaid expenses and other current assets	—	21,932	2,577	—	24,509
Total current assets	139,259	535,654	21,081	(213,195)	482,799
Installation and service parts, net	—	8,597	—	—	8,597
Property and equipment, net	—	64,897	2,844	—	67,741
Operating lease assets	—	29,879	293	—	30,172
Intangible assets, net	—	293,988	25,161	—	319,149
Goodwill	—	524,766	61,454	—	586,220
Due from affiliates	169,259	—	—	(169,259)	—
Other non-current assets	—	2,520	15	—	2,535
Total assets	\$ 308,518	\$ 1,460,301	\$ 110,848	\$ (382,454)	\$ 1,497,213
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	\$ —	\$ 30,256	\$ 11,078	\$ —	\$ 41,334
Accrued liabilities	—	13,739	3,655	—	17,394
Payable to related party pursuant to tax receivable agreement, current portion	—	5,202	—	—	5,202
Current portion of long-term debt	—	6,500	—	—	6,500
Total current liabilities	—	55,697	14,733	—	70,430
Long-term debt, net of current portion	—	965,945	—	—	965,945
Operating lease liabilities, net of current portion	—	28,358	89	—	28,447
Payable to related party pursuant to tax receivable agreement, net of current portion	—	62,667	—	—	62,667
Private placement warrant liabilities	—	32,933	—	—	32,933
Due to affiliates	—	151,526	17,733	(169,259)	—
Asset retirement obligation	—	6,406	—	—	6,406
Deferred tax liabilities, net	—	16,959	4,357	—	21,316
Other long-term liabilities	—	551	—	—	551
Total liabilities	—	1,321,042	36,912	(169,259)	1,188,695
Total stockholders' equity	308,518	139,259	73,936	(213,195)	308,518
Total liabilities and stockholders' equity	\$ 308,518	\$ 1,460,301	\$ 110,848	\$ (382,454)	\$ 1,497,213

Verra Mobility Corporation and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Loss
Three Months Ended March 31, 2021
(Unaudited)

(\$ in thousands)	Verra Mobility Corporation (Ultimate Parent)	VM Consolidated Inc. (Guarantor Subsidiary)	Non- guarantor Subsidiaries	Eliminations	Consolidated
Service revenue	\$ —	\$ 87,003	\$ 2,760	\$ —	\$ 89,763
Product sales	—	95	—	—	95
Total revenue	—	87,098	2,760	—	89,858
Cost of service revenue	—	395	485	—	880
Cost of product sales	—	27	—	—	27
Operating expenses	—	28,083	2,409	—	30,492
Selling, general and administrative expenses	—	27,423	1,020	—	28,443
Depreciation, amortization and (gain) loss on disposal of assets, net	—	27,218	1,047	—	28,265
Total costs and expenses	—	83,146	4,961	—	88,107
Income (loss) from operations	—	3,952	(2,201)	—	1,751
Loss from equity investment	8,915	1,869	—	(10,784)	—
Interest expense, net	—	9,164	—	—	9,164
Change in fair value of private placement warrants	—	2,067	—	—	2,067
Loss on extinguishment of debt	—	5,334	—	—	5,334
Other income, net	—	(3,014)	1	—	(3,013)
Total other expenses	8,915	15,420	1	(10,784)	13,552
Loss before income tax benefit	(8,915)	(11,468)	(2,202)	10,784	(11,801)
Income tax benefit	—	(2,553)	(333)	—	(2,886)
Net loss	\$ (8,915)	\$ (8,915)	\$ (1,869)	\$ 10,784	\$ (8,915)
Other comprehensive loss:					
Change in foreign currency translation adjustment	—	—	(190)	—	(190)
Total comprehensive loss	<u>\$ (8,915)</u>	<u>\$ (8,915)</u>	<u>\$ (2,059)</u>	<u>\$ 10,784</u>	<u>\$ (9,105)</u>

Verra Mobility Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
Three Months Ended March 31, 2021
(Unaudited)

(\$ in thousands)	Verra Mobility Corporation (Ultimate Parent)	VM Consolidated Inc. (Guarantor Subsidiary)	Non- guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows from Operating Activities:					
Net loss	\$ (8,915)	\$ (8,915)	\$ (1,869)	\$ 10,784	\$ (8,915)
Adjustments to reconcile net loss to net cash provided by operating activities:					
Depreciation and amortization	—	27,167	1,047	—	28,214
Amortization of deferred financing costs and discounts	—	1,593	—	—	1,593
Change in fair value of private placement warrants	—	2,067	—	—	2,067
Loss on extinguishment of debt	—	5,334	—	—	5,334
Credit loss expense	—	2,362	40	—	2,402
Deferred income taxes	—	984	(703)	—	281
Stock-based compensation	—	2,908	—	—	2,908
Installation and service parts expense	—	29	—	—	29
Accretion expense	—	53	—	—	53
Loss on disposal of assets	—	51	—	—	51
Loss from equity investment	8,915	1,869	—	(10,784)	—
Changes in operating assets and liabilities:					
Accounts receivable, net	—	(26,802)	130	—	(26,672)
Unbilled receivables	—	(1,033)	174	—	(859)
Prepaid expenses and other assets	—	(395)	133	—	(262)
Accounts payable and accrued liabilities	—	3,634	(1,304)	—	2,330
Due to affiliates	—	(1,063)	1,063	—	—
Other liabilities	—	459	—	—	459
Net cash provided by operating activities	—	10,302	(1,289)	—	9,013
Cash Flows from Investing Activities:					
Purchases of installation and service parts and property and equipment	—	(3,548)	(156)	—	(3,704)
Cash proceeds from the sale of assets	—	56	—	—	56
Cash contribution to subsidiary	—	(1,212)	—	1,212	—
Net cash used in investing activities	—	(4,704)	(156)	1,212	(3,648)
Cash Flows from Financing Activities:					
Borrowings of long-term debt	—	996,750	—	—	996,750
Repayment of long-term debt	—	(865,642)	—	—	(865,642)
Payment of debt issuance costs	—	(5,732)	—	—	(5,732)
Payment of debt extinguishment costs	—	(604)	—	—	(604)
Capital contribution from VM Consolidated Inc.	—	—	1,212	(1,212)	—
Payment of employee tax withholding related to RSUs vesting	—	(857)	—	—	(857)
Net cash provided by financing activities	—	123,915	1,212	(1,212)	123,915
Effect of exchange rate changes on cash and cash equivalents	—	—	252	—	252
Net increase in cash, cash equivalents and restricted cash	—	129,513	19	—	129,532
Cash, cash equivalents and restricted cash - beginning of period	—	104,602	16,290	—	120,892
Cash, cash equivalents and restricted cash - end of period	\$ —	\$ 234,115	\$ 16,309	\$ —	\$ 250,424

Verra Mobility Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Continued)
Three Months Ended March 31, 2021
(Unaudited)

	Verra Mobility Corporation (Ultimate Parent)	VM Consolidated Inc. (Guarantor Subsidiary)	Non- guarantor Subsidiaries	Eliminations	Consolidated
Supplemental cash flow information:					
Interest paid	\$ —	\$ 6,996	\$ —	\$ —	\$ 6,996
Income taxes paid, net of refunds	—	233	5	—	238
Supplemental non-cash investing and financing activities:					
Purchases of installation and service parts and property and equipment in accounts payable and accrued liabilities at period-end	—	1,355	—	—	1,355
Accrued debt issuance costs	—	635	—	—	635
Accrued debt extinguishment costs	—	665	—	—	665

15. Subsequent Event

Pending Acquisition

On January 22, 2021, the Company entered into a Scheme Implementation Agreement (the “**Scheme Agreement**”) with Redflex Holdings Limited, a public company limited by shares, incorporated in Australia and listed on the Australian Securities Exchange (“**Redflex**”), pursuant to which all of the holders of Redflex’s outstanding shares as of the record date will sell, and the Company will cause one of its subsidiaries to purchase, one hundred percent (100%) of the outstanding equity of Redflex (the “**Scheme**”).

On April 29, 2021, the Company entered into a Deed of Amendment and Consent (the “**Scheme Amendment**”) with Redflex to amend the Scheme Agreement to increase the consideration payable to Redflex shareholders in the transaction from A\$0.92 in cash per share to A\$0.96 in cash per share (the “**Price Increase**”), resulting in an increase in the aggregate consideration payable by us under the Scheme Agreement from A\$146.1 million to A\$152.5 million (or approximately US \$112.9 million to US \$117.9 million) based on the exchange rate between the Australian Dollar and U.S. Dollar as of the date of this Quarterly Report on Form 10-Q. Except for the Price Increase, the material terms of the Scheme Agreement remained unchanged.

On May 9, 2021, Redflex shareholders approved the Scheme, including the Price Increase. Separately, at a hearing held on May 13, 2021, the second Federal Court of Australia approved the Scheme, including a change approved by the Redflex shareholder vote that allows the regulatory approval from the General Authority for Competition in the Kingdom of Saudi Arabia (the “**GAC Approval**”), which is currently a condition precedent to the transaction, to become a condition subsequent that can be satisfied on or before August 13, 2021 (the “**Outside Date**”). If the GAC Approval is not obtained on or before the Outside Date, the transaction would not close.

The aggregate consideration payable by us will be A\$152.5 million, and the closing of the acquisition is projected to take place in the second or third quarter of 2021 (approximately 7 business days after receiving notification of GAC approval), subject to timely receipt of the GAC Approval.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read together with our Annual Report on Form 10-K/A for the year ended December 31, 2020 filed on May 14, 2021 and our financial statements included in Part I, Item 1 “Financial Statements” of this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part II, Item IA. “Risk Factors” in this Quarterly Report on Form 10-Q and those set forth in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K/A for the year ended December 31, 2020 filed on May 14, 2021. Please also refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements.”

Business Overview

We believe we are a leading provider of smart mobility technology solutions and services throughout the United States, Canada and Europe. These solutions and services include toll and violations management, automated safety solutions, title and registration, and other data-driven solutions, to our customers, which include rental car companies (“RACs”), fleet management companies (“FMCs”), other large fleet owners, municipalities, school districts and violation-issuing authorities. Our solutions simplify the smart mobility ecosystem by utilizing what we believe are industry-leading capabilities, information and technology expertise, and integrated hardware and software to efficiently facilitate the automated processing of tolls and violations and safety solutions for hundreds of agencies and millions of end users annually, while also making cities and roadways safer for everyone.

Recent Events

COVID-19’s Impact on Our Operating Results

In December 2019, COVID-19 emerged and has since spread throughout the world. The World Health Organization declared COVID-19 a pandemic in March 2020, and it continues to significantly disrupt the global economy. In the United States and abroad, many federal, state and local governments have instituted travel restrictions, stay-at-home orders, social distancing orders, and border closures in order to minimize the spread of the virus. Although we have seen moderate signs of recovery in the past six months due to an increase in travel activity and the availability of COVID-19 vaccines, we expect that COVID-19 will continue to have a significant negative impact on the global economy and travel industry, including RACs in future quarters.

Revenues from RACs in our Commercial Services segment decreased significantly in 2021 as a result of reduced airline travel and widespread travel restrictions related to COVID-19 affecting the full three months of the first quarter in 2021 compared to only impacting the month of March in 2020. Our RAC customers have experienced reductions in volume and revenue, and many of them have reduced their rental fleet sizes in response to the decline in customer demand. While there were moderate improvements in travel demand, the full extent and duration of COVID-19’s impact on the RAC industry and the financial health of our key RAC customers cannot be predicted at this time. These trends have had, and are expected to continue to have, a significant negative effect on revenues in our Commercial Services segment.

In our Government Solutions segment, school closures resulting from the COVID-19 pandemic have negatively impacted revenues from our school bus stop arm camera and school zone speed camera products. Reductions in vehicle traffic in jurisdictions where we operate photo enforcement programs and temporary inactivity of school zone speed cameras have all negatively impacted service revenue in our Government Solutions segment. We cannot predict the duration or full impact of COVID-19 on our overall business and results of operations at this time, but we expect the impact to continue into the second quarter of 2021.

As a precautionary measure in response to COVID-19, we shifted most of our workforce to remote operations in March 2020 and we have implemented changes in our physical locations to ensure social distancing. We have not experienced any significant disruptions in our operations as a result of these measures.

In light of the extraordinary impact of COVID-19 and related containment measures on the global economy and our business, prior trends in our business may not be applicable to our operations for the duration of the pandemic.

Pending Acquisition

On January 22, 2021, we entered into a Scheme Implementation Agreement (the “**Scheme Agreement**”) with Redflex Holdings Limited, a public company limited by shares, incorporated in Australia and listed on the Australian Securities Exchange (“**Redflex**”), pursuant to which all of the holders of Redflex’s outstanding shares as of the record date will sell, and we will cause one of our subsidiaries to purchase, one hundred percent (100%) of the outstanding equity of Redflex (the “**Scheme**”).

On April 29, 2021, we entered into a Deed of Amendment and Consent (the “**Scheme Amendment**”) with Redflex to amend the Scheme Agreement to increase the consideration payable to Redflex shareholders in the transaction from A\$0.92 in cash per share to A\$0.96 in cash per share (the “**Price Increase**”), resulting in an increase in the aggregate consideration payable by us under the Scheme Agreement from A\$146.1 million to A\$152.5 million (or approximately US \$112.9 million to US\$ 117.9 million) based on the exchange rate between the Australian Dollar and U.S. Dollar as of the date of this Quarterly Report on Form 10-Q. Except for the Price Increase, the material terms of the Scheme Agreement remained unchanged.

On May 9, 2021, Redflex shareholders approved the Scheme, including the Price Increase. Separately, at a hearing held on May 13, 2021, the second Federal Court of Australia approved the Scheme, including a change approved by the Redflex shareholder vote that allows the regulatory approval from the General Authority for Competition in the Kingdom of Saudi Arabia (the “**GAC Approval**”), which is currently a condition precedent to the transaction, to become a condition subsequent that can be satisfied on or before August 13, 2021 (the “**Outside Date**”). If the GAC Approval is not obtained on or before the Outside Date, the transaction would not close.

The aggregate consideration payable by us will be A\$152.5 million, and the closing of the acquisition is projected to take place in the second or third quarter of 2021 (approximately 7 business days after receiving notification of GAC approval), subject to timely receipt of the GAC Approval.

Unsecured Senior Notes Offering and Refinancing

On March 26, 2021, VM Consolidated Inc., our wholly owned indirect subsidiary, completed a private offering (the “**Offering**”) of \$350.0 million aggregate principal amount of its 5.50% Senior Notes due 2029 (the “**Senior Notes**”). We used the net proceeds from the Offering, together with the proceeds of the term loan incurred pursuant to an amendment and restatement agreement no. 1 (the “**Restatement Agreement**”) to our First Lien Term Credit Agreement dated as of March 1, 2018, as amended (the “**Credit Agreement**”), to refinance our outstanding term loan (the “**Refinancing**”) and to pay fees and expenses in connection with the Refinancing and Offering. We intend to use the remainder of the net proceeds, together with cash on hand, to pay (if the transaction is consummated) approximately \$118.0 million of cash purchase consideration for our proposed acquisition of Redflex.

In connection with the Offering, we entered into the Restatement Agreement, which includes, among other changes, amending certain provisions of the Credit Agreement as follows:

- permit and account for the repayment of the then outstanding term loan, together with all accrued and unpaid interest, and the incurrence of the new term loan on March 26, 2021 in the original principal amount of \$650.0 million due March 26, 2028;
- permit the issuance of the Senior Notes, which were issued on the effective date of the Restatement Agreement, and our related incurrence of indebtedness in respect of such Senior Notes and the guarantee by our subsidiary guarantor of such Senior Notes;
- expressly permit the acquisition of Redflex by VM Consolidated Inc.; and
- amending certain provisions dealing with interest rate replacement provisions in the case where any interest rate benchmark applicable to the loans and commitment fees in the future ceases to be available.

See *Note 6. Long-term Debt* for more information on interest payments, redemption options and costs incurred for the Offering and Refinancing.

Segment Information

We have two operating and reportable segments, Commercial Services and Government Solutions:

- Our Commercial Services segment offers toll and violation management solutions and title and registration services for RACs and FMCs in North America. In Europe, we provide violations processing through Euro Parking Collection plc (“*EPC*”) and consumer tolling services through Pagatelia S.L (“*Pagatelia*”).
- Our Government Solutions segment provides complete, end-to-end speed, red-light, school bus stop arm and bus lane enforcement solutions. We implement and administer traffic safety programs and products for municipalities and local government agencies of all sizes.

Segment performance is based on revenues and income from operations before depreciation, amortization, gain (loss) on disposal of assets, net, and stock-based compensation. The measure also excludes interest expense, net, income taxes and certain other transactions and is inclusive of other income, net.

Executive Summary

We operate with long-term contracts and a highly reoccurring service revenue model. We continue to execute on our strategy of growing revenues with existing customers, expanding offerings into adjacent markets through innovation or acquisition and reducing operating costs. During the periods presented, we:

- Generated total revenue of \$89.9 million for the three months ended March 31, 2021 compared to \$116.7 million for the three months ended March 31, 2020. Service revenue for the Government Solutions segment increased \$5.8 million in 2021 compared to 2020 while the service revenue for the Commercial Services segment declined due to COVID-19, as discussed below.
- Generated cash flows from operating activities of \$9.0 million and \$14.8 million for the three months ended March 31, 2021 and 2020, respectively. Our cash on hand was \$249.6 million as of March 31, 2021 and includes the net proceeds received in connection with the refinancing described above and will be used in part to fund the pending acquisition of Redflex.

Primary Components of Our Operating Results

Revenues

Total revenue consists of service revenue generated by our Commercial Services and Government Solutions segments and product sales generated by the Government Solutions segment.

Service Revenue. Our Commercial Services segment generates service revenue primarily through the management and operation of tolling programs for RACs, FMCs and other large fleet customers. These solutions are full service offerings by which we enroll plates of our customers’ vehicles with tolling authorities, process payments on the customers’ behalf and, through proprietary technology, integrate with customer data to match the toll to the driver and then bill the driver (or our customer, as applicable) for use of the service. The cost of certain tolls, violations and our customers’ share of administration fees are netted against revenue. We also generate service revenue in our Commercial Services segment through processing titles, registrations and violations for our customers.

Our Government Solutions segment generates service revenue through the operation and maintenance of photo enforcement systems. This revenue is generally tied to long-term contracts, and revenue is recognized either when services are performed or when citations are issued or paid, depending on the terms of the customer contract. Revenue drivers in this segment include the number of systems installed and the monthly revenue per system. Ancillary service revenue is generated in our Government Solutions segment from payment processing, pass-through fees for collection expense, and other fees.

Product Sales. Product sales are generated by the sale of photo enforcement equipment to certain Government Solutions customers. A small number of customers purchase this equipment, and their buying patterns vary greatly from period to period. We recognize product sales revenue when the equipment is accepted or installed.

Cost and Expenses

Cost of Service Revenue. Cost of service revenue consists of collection and other professional services provided by third parties and associated with the delivery of certain ancillary services performed by both our Government Solutions and Commercial Services segments.

Cost of Product Sales. Cost of product sales consists of the cost to acquire and install photo enforcement equipment purchased by Government Solutions customers.

Operating Expenses. Operating expenses include payroll and payroll-related costs (including stock-based compensation), costs related to the operation of our call centers and other operational costs, including transaction processing, print, postage and communication costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses include payroll and payroll-related costs (including stock-based compensation), real estate lease expense, insurance costs, professional services fees and general corporate expenses.

Depreciation, Amortization and (Gain) Loss on Disposal of Assets, Net. Depreciation, amortization and (gain) loss on disposal of assets, net includes depreciation on property, plant and equipment, and amortization of definite-lived intangible assets. This line item also includes any one-time gains or losses incurred in connection with the disposal of certain assets.

Interest Expense, Net. This includes interest expense and amortization of deferred financing costs and discounts and is net of interest income.

Change in Fair Value of Private Placement Warrants. This consists of adjustments to the Private Placement Warrants liability from the remeasurement to fair value at the end of each reporting period.

Loss on Extinguishment of Debt. Loss on extinguishment of debt generally consists of early payment penalties, the write-off of original issue discounts and deferred financing costs associated with debt extinguishment.

Other Income, Net. Other income, net primarily consists of volume rebates earned from total spend on purchasing cards and gain or loss on foreign currency transactions.

Results of Operations

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

The following table sets forth our statements of operations data and expresses each item as a percentage of total revenue for the periods presented as well as the changes between periods. The tables and information provided in this section were derived from exact numbers and may have immaterial rounding differences.

(\$ in thousands)	Three Months Ended March 31,					
	2021	2020 (As restated)	Percentage of Revenue		Increase (Decrease) 2021 vs 2020	
			2021	2020	\$	%
Service revenue	\$ 89,763	\$ 99,497	99.9%	85.2%	\$ (9,734)	(9.8)%
Product sales	95	17,216	0.1%	14.8%	(17,121)	(99.4)%
Total revenue	89,858	116,713	100.0%	100.0%	(26,855)	(23.0)%
Cost of service revenue	880	1,219	1.0%	1.0%	(339)	(27.8)%
Cost of product sales	27	8,690	0.0%	7.5%	(8,663)	(99.7)%
Operating expenses	30,492	32,259	33.9%	27.6%	(1,767)	(5.5)%
Selling, general and administrative expenses	28,443	25,886	31.7%	22.2%	2,557	9.9%
Depreciation, amortization and (gain) loss on disposal of assets, net	28,265	29,246	31.5%	25.1%	(981)	(3.4)%
Total costs and expenses	88,107	97,300	98.1%	83.4%	(9,193)	(9.4)%
Income from operations	1,751	19,413	1.9%	16.6%	(17,662)	(91.0)%
Interest expense, net	9,164	12,451	10.2%	10.7%	(3,287)	(26.4)%
Change in fair value of private placement warrants	2,067	(15,467)	2.3%	(13.3)%	17,534	113.4%
Loss on extinguishment of debt	5,334	—	5.9%	—	5,334	n/a
Other income, net	(3,013)	(2,925)	(3.4)%	(2.5)%	(88)	3.0%
Total other expenses (income)	13,552	(5,941)	15.0%	(5.1)%	19,493	328.1%
(Loss) income before income tax (benefit) provision	(11,801)	25,354	(13.1)%	21.7%	(37,155)	(146.5)%
Income tax (benefit) provision	(2,886)	3,214	(3.2)%	2.7%	(6,100)	(189.8)%
Net (loss) income	\$ (8,915)	\$ 22,140	(9.9)%	19.0%	\$ (31,055)	(140.3)%

Service Revenue. Service revenue decreased by \$9.7 million, or 9.8%, to \$89.8 million for the three months ended March 31, 2021 from \$99.5 million for the three months ended March 31, 2020, representing 99.9% and 85.2% of total revenue, respectively. The following table presents service revenue by segment:

(\$ in thousands)	Three Months Ended March 31,					
	2021	2020	Percentage of Revenue		Increase (Decrease) 2021 vs 2020	
			2021	2020	\$	%
Service revenue						
Commercial Services	\$ 45,689	\$ 61,242	50.9%	52.4%	\$ (15,553)	(25.4)%
Government Solutions	44,074	38,255	49.0%	32.8%	5,819	15.2%
Total service revenue	\$ 89,763	\$ 99,497	99.9%	85.2%	\$ (9,734)	(9.8)%

Commercial Services service revenue decreased by \$15.6 million, or 25.4%, from \$61.2 million for the three months ended March 31, 2020 to \$45.7 million for the three months ended March 31, 2021. This decrease was primarily due to the COVID-19 pandemic and related containment measures affecting the full three months of the first quarter in 2021 compared to only impacting the month of March in 2020. Although increased availability and distribution of COVID-19 vaccines and the gradual lifting of travel restrictions could positively impact the travel industry in 2021, we anticipate full year 2021 service revenue may not recover to pre-COVID levels.

Government Solutions service revenue includes revenue from speed, red-light, school bus stop arm and bus lane photo enforcement systems. Service revenue increased by \$5.8 million to \$44.1 million for the three months ended March, 31 2021

from \$38.3 million in the same period in 2020. Our speed program revenue grew approximately \$6.6 million during the three months ended March 31, 2021 compared to the same period in 2020, due to an increase in the total number of camera systems installed in 2020 that had a full year impact in 2021, and this trend should continue into future quarters. This increase was partially offset by a \$1.4 million decrease in service revenue from the suspension of school bus stop arm cameras as many school buses were not operating for much of this period.

There was an average of 4,738 active camera systems during the three months ended March 31, 2021 compared to an average of 5,002 for the three months ended March 31, 2020. The decline in active camera systems was primarily due to 1,036 cameras that were temporarily inactive due to COVID-19. These declines were partially offset by the expansion of speed enforcement systems with existing customers.

Service revenue for the quarter was negatively impacted by COVID-19 which led to reduction in vehicle traffic as a result of stay-at-home orders and early school closures and delayed school re-openings in certain jurisdictions in which we operate. We saw growth in our speed program revenue which we expect will continue for the remainder of 2021. However, we anticipate the negative impacts of COVID-19 will continue to impact our other revenue programs in future quarters.

Product Sales. Product sales were \$0.1 million and \$17.2 million for the first quarter of 2021 and 2020, respectively. Product sales revenue is generated from certain Government Solutions customers who purchase their equipment, whose buying patterns vary greatly from year to year. Product sales in 2020 were primarily driven by sales to a single customer that was expanding its school zone speed program.

Cost of Service Revenue. Cost of service revenue decreased from \$1.2 million for the three months ended March 31, 2020 to \$0.9 million for the three months ended March 31, 2021. The decrease resulted from decreased costs of collection and other third-party professional services associated with the delivery of certain ancillary services performed by both of our segments.

Cost of Product Sales. Cost of product sales decreased from \$8.7 million in the quarter ended March 31, 2020 to \$0.1 million in the same period in 2021, which was consistent with the decrease in product sales.

Operating Expenses. Operating expenses decreased by \$1.8 million, or 5.5%, from \$32.3 million for the three months ended March 31, 2020 to \$30.5 million for the three months ended March 31, 2021. This decrease was primarily due to decrease in employee wages, payment processing and operational equipment costs, offset by an increase in subcontractor expense. Operating expenses as a percentage of revenue increased from 27.6% to 33.9% for the three months ended March 31, 2020 and 2021, respectively. The following table presents operating expenses by segment:

(\$ in thousands)	Three Months Ended March 31,				Increase (Decrease)	
	2021	2020	Percentage of Revenue		2021 vs 2020	
			2021	2020	\$	%
Operating expenses						
Commercial Services	\$ 14,206	\$ 16,530	15.8%	14.1%	\$ (2,324)	(14.1)%
Government Solutions	16,092	15,509	17.9%	13.3%	583	3.8%
Total operating expenses before stock-based compensation	30,298	32,039	33.7%	27.4%	(1,741)	(5.4)%
Stock-based compensation	194	220	0.2%	0.2%	(26)	(11.8)%
Total operating expenses	\$ 30,492	\$ 32,259	33.9%	27.6%	\$ (1,767)	(5.5)%

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$2.6 million to \$28.4 million for the three months ended March 31, 2021 compared to \$25.9 million for the same period in 2020. This increase was primarily due to \$4.1 million of transaction expenses incurred in 2021 mainly related to the pending acquisition of Redflex, \$1.7 million increase in professional services expenses, and expense incurred for the reinstatement of employee bonus accrual in 2021. The increases were offset by a decrease in credit loss expense of \$3.0 million and travel and marketing related expenses year over year. Selling, general and administrative expenses as a percentage of revenue increased from 22.2% to 31.7% for the three months ended March 31, 2020 and 2021, respectively. The following table presents selling, general and administrative expenses by segment:

(\$ in thousands)	Three Months Ended March 31,					
			Percentage of Revenue		Increase (Decrease) 2021 vs 2020	
	2021	2020	2021	2020	\$	%
Selling, general and administrative expenses						
Commercial Services	\$ 10,792	\$ 13,384	12.0%	11.5%	\$ (2,592)	(19.4)%
Government Solutions	10,811	9,669	12.1%	8.3%	1,142	11.8%
Corporate and other	4,126	285	4.6%	0.2%	3,841	1347.7%
Total selling, general and administrative expenses before stock-based compensation	25,729	23,338	28.7%	20.0%	2,391	10.2%
Stock-based compensation	2,714	2,548	3.0%	2.2%	166	6.5%
Total selling, general and administrative expenses	<u>\$ 28,443</u>	<u>\$ 25,886</u>	<u>31.7%</u>	<u>22.2%</u>	<u>\$ 2,557</u>	<u>9.9%</u>

Depreciation, Amortization and (Gain) Loss on Disposal of Assets, Net. Depreciation, amortization and (gain) loss on disposal of assets, net, decreased slightly from \$29.2 million for the three months ended March 31, 2020 to \$28.3 million for the same period in 2021. The decrease was mainly due to certain trademark intangibles being fully amortized mid-first quarter of 2021.

Interest Expense, Net. Interest expense, net decreased by \$3.3 million from \$12.5 million for the three months ended March 31, 2020 to \$9.2 million for the same period in 2021. This decrease is primarily as a result of lower interest rates coupled with the refinancing of our 2018 Term Loan (as defined below) in February 2020, which reduced the applicable margin on the interest rate by 50 basis points. See “—Liquidity and Capital Resources.”

Change in Fair Value of Private Placement Warrants. We recorded a loss of \$2.1 million for the three months ended March 31, 2021 and a gain of \$15.5 million in the same period in 2020, related to the changes in fair value of our Private Placement Warrants which are accounted for as liabilities on our condensed consolidated balance sheets. The change in fair value is the result of remeasurement of the liability at the end of each reporting period.

Loss on Extinguishment of Debt. Loss on extinguishment of debt was \$5.3 million during the three months ended March 31, 2021 consisting of a \$4.0 million write-off of pre-existing deferred financing costs and \$1.3 million of lender and third-party costs associated with the issuance of the new 2021 Term Loan discussed below.

Other Income, Net. Other income, net was \$3.0 million for the three months ended March 31, 2021, compared to \$2.9 million for the three months ended March 31, 2020.

Income Tax (Benefit) Provision. Our income tax provision decreased from a tax liability of \$3.2 million, representing an effective tax rate of 12.7% for the three months ended March 31, 2020, to a tax benefit of \$(2.9) million, representing an effective tax benefit rate of 24.5% for the same period in 2021. The effective tax rate change was primarily due to the Company’s permanent differences related to mark-to-market adjustments on the private placement warrants, which had a lesser impact on the effective tax rate.

Net (Loss) Income. We had a net loss of \$(8.9) million for the three months ended March 31, 2021, as compared to \$22.1 million of income for the three months ended March 31, 2020. The \$31.1 million decrease in net income was primarily due to the decline in revenue from the impact of COVID-19 on our RAC customers, and the other statement of operations activity discussed above.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flow from operations and available borrowings under our 2021 Term Loan, Unsecured Senior Notes and the Revolver (all of which are defined below).

We have incurred significant long-term debt as a result of acquisitions completed in prior years as well as a pending strategic acquisition in the current year.

We believe that our existing cash and cash equivalents, cash flows provided by operating activities and our availability to borrow under our Revolver (as defined below) will be sufficient to meet operating cash requirements and service debt obligations for at least the next 12 months. Our ability to generate sufficient cash from our operating activities depends on our future performance, which is subject to general economic, political, financial, competitive and other factors beyond our control. In addition, our future capital expenditures and other cash requirements could be higher than currently expected due to various factors, including any expansion of our business or strategic acquisitions. Should we pursue strategic acquisitions, we may need to raise additional capital, which may be in the form of additional long-term debt, borrowings on our Revolver, or equity financings, all of which may not be available to us on favorable terms or at all.

We have the ability to borrow under our Revolver to meet obligations as they come due. As of March 31, 2021, we had \$49.4 million available for borrowing, net of letters of credit, under our Revolver.

Concentration of Credit Risk

As of March 31, 2021, the City of New York Department of Transportation (“**NYCDOT**”) represented 63% of accounts receivable, net. The Company provides photo enforcement services to NYCDOT under two primary agreements, (i) a legacy contract relating to photo enforcement cameras that were installed prior to fiscal year 2020 (the “**Legacy Contract**”), and (ii) an emergency contract for the purchase, installation, maintenance and operation of the expanded speed camera program beginning in 2020 (the “**Emergency Contract**”). At March 31, 2021, the Legacy Contract had an open receivable balance of \$41.3 million, of which \$33.1 million had aged beyond NYCDOT’s 45-day payment terms. As of March 31, 2021, the Company had invoiced NYCDOT for \$52.6 million in product revenue and \$26.8 million in service revenue under the Emergency Contract. NYCDOT has not made any payments against the Emergency Contract to date. There is no material reserve related to these receivables as amounts are deemed collectible based on current conditions and expectations. Please also see section entitled “*Risk Factors*.”

The following table sets forth certain captions indicated on our statements of cash flows for the periods indicated:

(\$ in thousands)	Three Months Ended March 31,	
	2021	2020
Net cash provided by operating activities	\$ 9,013	\$ 14,841
Net cash used in investing activities	(3,648)	(8,131)
Net cash provided by (used in) financing activities	123,915	(23,084)

Cash Flows from Operating Activities

Cash provided by operating activities decreased by \$5.8 million, from \$14.8 million for the three months ended March 31, 2020 to \$9.0 million for the three months ended March 31, 2021. First quarter net income decreased year over year by \$31.1 million, from \$22.1 million of net income in 2020 to net loss of \$(8.9) million in 2021. Adjustments to reconcile net (loss) income to net cash provided by operations increased \$20.4 million mainly due to the \$17.5 million change in fair value of private placement warrants year over year, and a \$5.3 million loss on extinguishment of debt in 2021 with no comparable amount in the prior year, which are partially offset by a decrease in credit loss expense year over year. The aggregate changes in operating assets and liabilities decreased cash provided by operating activities by \$8.8 million year over year driven primarily by an increase in accounts payable and accrued liabilities at the end of the period, which are offset by an increase in accounts receivables and unbilled receivables.

Cash Flows from Investing Activities

Cash used in investing activities was \$3.6 million and \$8.1 million for the three months ended March 31, 2021 and 2020, respectively, which was related to purchases of installation and service parts and property and equipment.

Cash Flows from Financing Activities

Cash provided by (used in) financing activities was \$123.9 million and \$(23.1) million for the three months ended March 31, 2021 and 2020, respectively. We had aggregate borrowings of \$996.8 million during the first quarter of 2021 consisting of the 2021 Term Loan and Senior Notes (defined below) and we concurrently repaid \$865.6 million outstanding debt on the 2018 Term Loan (defined below). The aggregate borrowings net of the repayments, which totaled \$131.2 million, were held as cash and cash equivalents at March 31, 2021 and will be used in part to fund the close of the pending Redflex acquisition. We also had payments related to debt issuance costs and debt extinguishment costs during the period. The cash used in financing activities in 2020 was due to a \$19.7 million mandatory prepayment of excess cash flows we made pursuant to the terms of the 2018 Term Loan, and costs associated with refinancing it in February 2020.

Long-term Debt

2021 Term Loan and Senior Notes

In March 2021, VM Consolidated, Inc., our wholly owned subsidiary, entered into an Amendment and Restatement Agreement No. 1 to the First Lien Term Loan Credit Agreement (the “**2021 Term Loan**”) with a syndicate of lenders. The 2021 Term Loan has an aggregate borrowing of \$650 million, maturing on March 26, 2028, and an accordion feature providing for an additional \$250 million of term loans, subject to satisfaction of certain requirements. In connection with the 2021 Term Loan, we had an offering discount cost of \$3.3 million and \$0.7 million of deferred financing costs, both of which were capitalized and are amortized over the remaining life of the 2021 Term Loan.

In addition, in March 2021, VM Consolidated, Inc. issued an aggregate principal amount of \$350.0 million in Senior Unsecured Notes (the “**Senior Notes**”), due on April 15, 2029. In connection with the issuance of the Senior Notes, we incurred \$5.7 million in lender and third-party costs, which were capitalized as deferred financing costs and are being amortized over the remaining life of the Senior Notes.

The net proceeds from both the 2021 Term Loan and the Senior Notes were used to repay in full all outstanding debt which was represented by the existing First Lien Term Loan Credit Agreement (as amended, the “**2018 Term Loan**”) with a balance of \$865.6 million. We may use the remaining proceeds for general corporate purposes which may include, without limitation, financing the consideration for and fees, costs and expenses related to the pending acquisition of Redflex, which is discussed above.

The 2021 Term Loan is repayable at 1.0% per annum of the amount initially borrowed, paid in quarterly installments. It bears interest based, at the Company’s option, on either (1) LIBOR plus an applicable margin of 3.25% per annum, or (2) an alternate base rate plus an applicable margin of 2.25% per annum. As of March 31, 2021, the interest rate on the 2021 Term Loan was 3.45%.

In addition, the 2021 Term Loan requires mandatory prepayments equal to the product of the excess cash flows of the Company (as defined in the 2021 Term Loan agreement) and the applicable prepayment percentages (calculated as of the last day of the fiscal year, beginning with the year ending December 31, 2022), as set forth in the following table:

Consolidated first lien net leverage ratio (as defined by the 2021 Term Loan agreement)	Applicable prepayment percentage
> 3.70:1.00	50%
≤ 3.70:1.00 and > 3.20:1.00	25%
≤ 3.20:1.00	0%

Interest on the Senior Notes is fixed at 5.50% per annum and is payable on April 15 and October 15 of each year (beginning on October 15, 2021). On or after April 15, 2024, the Company may redeem all or a portion of the Senior Notes at the redemption prices set forth below in percentages by year, plus accrued and unpaid interest:

Year	Percentage
2024	102.750%
2025	101.375%
2026 and thereafter	100.000%

In addition, we may redeem up to 40% of the Senior Notes before April 15, 2024, with the net cash proceeds from certain equity offerings.

We evaluated the refinancing transactions on a lender by lender basis and accounted for the portion of the transaction that did not meet the accounting criteria for debt extinguishment as a debt modification. Accordingly, we recognized a loss on extinguishment of debt of \$5.3 million on the 2018 Term Loan during the three months ended March 31, 2021 consisting of a \$4.0 million write-off of pre-existing deferred financing costs and \$1.3 million of lender and third-party costs associated with the issuance of the new 2021 Term Loan.

The Revolver

We have a Revolving Credit Agreement (the “**Revolver**”) which we entered into in fiscal year 2018 in connection with an acquisition, with a revolving commitment of up to \$75 million available for loans and letters of credit. The Revolver matures on February 28, 2023. The terms of the Revolver were not affected by the new debt instruments entered into in March 2021 discussed above. Borrowing eligibility under the Revolver is subject to a monthly borrowing base calculation based on (i) certain percentages of eligible accounts receivable and inventory, less (ii) certain reserve items, including outstanding letters of credit and other reserves. The Revolver bears interest on either (1) LIBOR plus an applicable margin, or (2) an alternate base rate, plus an applicable margin. The margin percentage applied to (1) LIBOR is either 1.25%, 1.50%, or 1.75%, or (2) the base rate is either 0.25%, 0.50%, or 0.75%, depending on our average availability to borrow under the commitment. At March 31, 2021, we had no outstanding borrowings on the Revolver and availability to borrow was \$49.4 million, net of \$6.2 million of outstanding letters of credit.

Interest on the unused portion of the Revolver is payable quarterly at 0.375% and we are also required to pay participation and fronting fees at 1.38% on \$6.2 million of outstanding letters of credit as of March 31, 2021.

All borrowings and other extensions of credits under the 2021 Term Loan, Senior Notes and the Revolver are subject to the satisfaction of customary conditions and restrictive covenants including absence of defaults and accuracy in material respects of representations and warranties. At March 31, 2021, the Company was compliant with all debt covenants. Substantially all of the Company’s assets are pledged as collateral to secure the Company’s indebtedness under the 2021 Term Loan.

We recorded interest expense, including amortization of deferred financing costs and discounts, of \$9.2 million and \$12.5 million for the three months ended March 31, 2021 and 2020, respectively.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet financing arrangements as of March 31, 2021.

Critical Accounting Policies, Estimates and Judgments

The preparation of condensed consolidated financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and the accompanying notes. Significant items subject to such estimates and assumptions include the fair values assigned to net assets acquired (including identifiable intangibles) in business combinations, the carrying amounts of long-lived assets, goodwill, the allowance for credit loss, fair value of private placement warrant liabilities, valuation allowances on deferred tax assets, asset retirement obligations, contingent consideration and the recognition and measurement of loss contingencies. Management believes that its estimates and assumptions are reasonable in the circumstances; however, actual results could differ materially from those estimates.

Refer to our 2020 Annual Report on Form 10-K/A filed on May 14, 2021 for our critical accounting policies, estimates and judgments.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, refer to Note 2, *Significant Accounting Policies*, in Item 1, Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to interest rate market risk due to the variable interest rate on the 2021 Term Loan described in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—*Liquidity and Capital Resources.*”

Interest rate risk represents our exposure to fluctuations in interest rates associated with the variable rate debt represented by the 2021 Term Loan, which has an outstanding balance of \$650.0 million and an interest rate of 3.45% at March 31, 2021. Based on the March 31, 2021 balance outstanding, each 1% movement in interest rates will result in an approximately \$6.5 million change in annual interest expense.

We have not engaged in any hedging activities during the three months ended March 31, 2021. We do not expect to engage in any hedging activities with respect to the market risk to which we are exposed.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. Our Chief Executive Officer and Chief Financial Officer, with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of March 31, 2021 and, based on their evaluation, have concluded the controls and procedures were not effective as of that date due to a material weakness in internal control over financial reporting that was disclosed in our Annual Report on Form 10-K/A filed on May 14, 2021 for the year ended December 31, 2020.

Changes in Internal Control Over Financial Reporting

There have been no 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 quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Remediation

As previously described in Part II, Item 9A. “Controls and Procedures” in our Annual Report on Form 10-KA filed on May 14, 2021 for the year ended December 31, 2020, we began implementing a remediation plan to address the material weakness mentioned above. The weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed by the June 30, 2021 reporting period.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Risks Related to Our Business

Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K/A for the year ended December 31, 2020 filed on May 14, 2021 includes a discussion of our risk factors. The information presented below supplements, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K/A. Except as presented below, there have been no material changes from the risk factors described in our Annual Report on Form 10-K/A filed May 14, 2021. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future SEC filings.

Our largest customer, NYCDOT, has outstanding receivables with us totaling \$121.0 million. We are working with NYCDOT to clear administrative hurdles that are delaying payment, but we cannot predict when this matter will be resolved, how much it may cost or the timing of their payments to us.

We provide photo enforcement and school zone enforcement services to NYCDOT, which was our largest customer by revenue in 2020 (31.3% of total revenue for the year ended December 31, 2020), under two primary contracts: a legacy contract relating to red light, bus lane, mobile speed and fixed speed photo enforcement cameras that were installed prior to fiscal year 2020 (the “**Legacy Contract**”), and an emergency contract for the purchase, installation, maintenance and operation of an expanded fixed speed camera program beginning in 2020 (the “**Emergency Contract**”). In late 2019, we concluded that some of our system installations under the Legacy Contract did not meet New York City’s requirements related to the depth of buried electrical conduit and the color of grounding wire. We disclosed these issues to NYCDOT and in the fourth quarter of 2020 agreed to remediate the affected sites. As of the date of this Quarterly Report on Form 10-Q, our remediation efforts were substantially complete.

In late January 2021, we were separately informed that the City of New York’s Law Department (the “**NYC Law Department**”) was investigating matters related to our previously disclosed conduit depth issue as well as matters related to whether we unnecessarily installed new poles where existing infrastructure could have been used. We were informed in March 2021 by the NYC Law Department that it had concluded its investigation, and we reached an agreement in principle to resolve the matter for approximately \$1.3 million, subject to final administrative approvals. The installation issues described above and investigated by the NYC Law Department did not have any impact on the camera operations or the overall effectiveness of the photo enforcement programs. We continue to perform work for NYCDOT under the Legacy Contract and the Emergency Contract, and in March 2021, we received an Authorization to Proceed with the installation of an additional 720 school zone speed cameras in 2021.

In addition to the matters described above, we are actively working with NYCDOT to address various administrative hurdles that have delayed the registration of the Emergency Contract, which is a condition to receiving payment under that contract, and that are delaying payments on our invoices under the Legacy Contract.

At March 31, 2021, the Legacy Contract had an open receivable balance of \$41.3 million, of which \$33.1 million had aged beyond NYCDOT’s 45-day payment terms. As of March 31, 2021, the Company had invoiced NYCDOT for \$52.6 million in product revenue and \$26.8 million in service revenue under the Emergency Contract. We expect the NYCDOT open receivables balance to increase by approximately \$7.3 million per month until it is paid, which does not account for any additional invoices related to product revenue for new cameras installed in fiscal 2021 or associated service revenue. We will start installing cameras against the order for 720 new school zone speed cameras in the second quarter, which will increase the receivable balance based on the timing of the installation schedule if the invoices remain unpaid.

We cannot predict when these matters will be finally resolved, how much it may cost or the timing of the payments to us on the outstanding receivables. The failure to resolve these matters with the City of New York in a timely and effective manner could have a material adverse effect on our business, financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Merger Agreement, dated as of June 21, 2018, by and among Gores Holdings II, Inc., AM Merger Sub I, Inc., AM Merger Sub II, LLC, Greenlight Holding II Corporation and PE Greenlight Holdings, LLC, in its capacity as the Stockholder Representative.	8-K	001-37979	2.1	June 21, 2018	
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated as of August 23, 2018, by and among Gores Holdings II, Inc., AM Merger Sub I, Inc., AM Merger Sub II, LLC, Greenlight Holding II Corporation and PE Greenlight Holdings, LLC, in its capacity as the Stockholder Representative.	8-K	001-37979	2.2	Aug. 24, 2018	
2.3	Scheme Implementation Agreement, dated as of January 21, 2021, by and between Verra Mobility Corporation and Redflex Holdings Limited.	8-K	001-37979	2.1	January 21, 2021	
3.1	Second Amended and Restated Certificate of Incorporation of Verra Mobility Corporation.	8-K	001-37979	3.1	Oct. 22, 2018	
3.2	Amended and Restated Bylaws of Verra Mobility Corporation.	8-K	001-37979	3.2	Oct. 22, 2018	
4.1	Specimen Class A Common Stock Certificate.	S-1	333-21503	4.2	Dec. 9, 2016	
4.2	Specimen Warrant Certificate.	S-1	333-21503	4.3	Dec. 9, 2016	
4.3	Warrant Agreement, dated January 12, 2017, between the Registrant and Continental Stock Transfer & Trust Company, as warrant agent.	8-K	001-37979	4.1	Jan. 19, 2017	
4.4	First Amendment to Warrant Agreement, dated January 15, 2020, by and among the Registrant, Continental Stock Transfer & Trust Company and American Stock Transfer & Trust Company.	10-K	001-37979	4.4	March 2, 2020	
4.5	Indenture governing VM Consolidated, Inc.'s 5.50% Senior Notes Due 2029, dated as of March 26, 2021.	8-K	001-37979	4.1	March 29, 2021	
4.6	Form of 5.50% Senior Note Due 2029 (included in Exhibit 4.5).	8-K	001-37979	4.2	March 29, 2021	
10.1	Amendment and Restatement Agreement No. 1 to First Lien Term Loan Credit Agreement dated as of March 26, 2021, among Greenlight Acquisition Corporation, VM Consolidated, Inc., American Traffic Solutions, Inc., Lasercraft, Inc., the subsidiary guarantors party thereto, the lenders party thereto and Bank of America, N.A. as Administrative Agent and Collateral Agent.	8-K	001-37979	10.1	March 29, 2021	
10.2#	Verra Mobility Corporation Amended and Restated Short-Term Incentive Plan.	8-K	001-37979	10.1	Jan. 29, 2021	
10.3#	Amended and Restated Executive Employment Agreement, dated as of March 25, 2021, by and between VM Consolidated, Inc. and David Roberts.					X

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.4#	Amended and Restated Executive Employment Agreement, dated as of March 25, 2021, by and between VM Consolidated, Inc. and Patricia Chiodo.					X
10.5#	Amended and Restated Executive Employment Agreement, dated as of March 25, 2021, by and between VM Consolidated, Inc. and Rebecca Collins.					X
10.6#	Executive Employment Agreement, dated as of January 31, 2021, by and between VM Consolidated, Inc. and Steven Lalla.	10-K	001-37979	10.15	March 1, 2021	
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document (the instance does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					X

Management contract or compensatory plan or arrangement.

* This certification is deemed not filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

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

VERRA MOBILITY CORPORATION

Date: May 14, 2021

By: /s/ David Roberts
David Roberts
President and Chief Executive Officer
(Principal Executive Officer)

**AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this “**Agreement**”) dated as of the last signature date hereto (the “**Effective Date**”), is entered into by and between VM Consolidated, Inc., a Delaware corporation having its principal offices in Mesa, Arizona and a wholly owned subsidiary of Verra Mobility Corporation (together with Verra Mobility Corporation, the “**Company**”), and David Roberts (the “**Executive**”).

WHEREAS, Executive is currently employed by the Company as its Chief Executive Officer, pursuant to an Offer Letter dated June 27, 2014, as amended by letter agreement dated December 22, 2014 (the “**Offer Letter**”);

WHEREAS, Executive has executed that certain Company Proprietary Rights and Non-Competition Agreement, dated as of August 8, 2014 (the “**Proprietary Rights and Non-Competition Agreement**”);

WHEREAS, the Company and Executive wish to amend and restate the terms of Executive’s employment with the Company as contained herein; and

WHEREAS, Executive acknowledges that Executive has had an opportunity to consider this Agreement and to consult with an independent advisor of his choosing with regard to the terms of this Agreement and enters into this Agreement voluntarily and with a full understanding of its terms.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Employment.

1.1 Employment Period. Executive shall be employed by the Company (or a Company subsidiary or affiliate) on an “at will” basis, meaning either the Company or Executive may terminate Executive’s employment at any time, with or without cause or advance notice (such period of employment under this Agreement, the “**Employment Period**”). Any contrary representations that may have been made to Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between Executive and the Company on the “at will” nature of Executive’s employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive’s rights to any compensation following a termination shall be only as set forth in Section 3 herein.

1.2 Duties and Responsibilities. Executive shall serve as the Chief Executive Officer (“**CEO**”) of the Company, reporting to the Company’s Board of Directors (the “**Board**”), and shall perform all duties and accept all responsibilities incident to such position and such other duties as may be reasonably assigned to Executive by the Board consistent with such position.

1.3 Extent of Services. Executive shall use his best efforts to carry out Executive's duties and responsibilities under Section 1.2 hereof and, consistent with the other provisions of this Agreement, shall devote substantially all of Executive's business time, attention and energy thereto. In the performance of his duties, Executive shall observe and adhere to all applicable Company policies and procedures as may be interpreted, adopted, revised or deleted from time to time in the Company's sole discretion. During the Employment Period, Executive may engage in volunteer services for or on behalf of such religious, educational, non-profit and/or other charitable organization as Executive may wish to serve, in all such cases not interfering with Executive's responsibilities and performance of Executive's duties hereunder. The foregoing shall not be construed as preventing Executive from owning less than one percent (1%) of the total outstanding shares of a publicly traded company.

1.4 Principal Location of Services. Executive shall perform his duties hereunder principally out of the Company's corporate headquarters (presently located in Mesa, Arizona) and shall undertake such travel within or outside of the United States as is necessary or advisable for the efficient operations of the Company and the performance of Executive's duties hereunder.

2. Compensation and Benefits.

2.1 Base Salary. For all the services rendered by Executive hereunder, the Company shall pay or cause to be paid to Executive a base salary ("**Base Salary**") at the annualized rate of five hundred and fifty thousand dollars (\$550,000.00), subject to all required withholdings and authorized deductions and payable in installments at such times as the Company customarily pays its other employees. Executive's Base Salary is subject to annual review by the Compensation Committee (the "**Compensation Committee**") of Board consistent with other members of the Company's executive team.

2.2 Short-Term Discretionary Cash Bonus. For each fiscal year during the Employment Period, Executive shall be eligible to receive an annual discretionary cash bonus (the "**STIP Bonus**") for the services rendered by Executive under this Agreement, subject to the terms and conditions as set forth in the Verra Mobility Amended and Restated Short-Term Incentive Plan (or any successor plan) (the "**STIP Plan**"). Executive's STIP Bonus target shall be one hundred percent (100%) of the Executive's Base Salary paid during the applicable plan year. The payment and amount of the STIP Bonus, if any, will be determined by the Compensation Committee based on Executive's performance and Company financial performance, in each case measured against performance goals and financial targets established by the Compensation Committee. Nothing in this Agreement shall prevent the Compensation Committee from adopting, amending or terminating the Annual Bonus Plan as the Compensation Committee deems appropriate in its sole discretion.

2.3 Equity Compensation. During the Employment Period, Executive shall be eligible from time to time to participate in the Company's equity incentive programs, including with respect to restricted stock units, performance share units, stock options and other equity, subject to the discretion of the Board or its authorized designee(s). The terms and conditions of the vesting, forfeiture, and all other matters related to any equity compensation granted to Executive shall be

subject to and governed by the Verra Mobility Corporation 2018 Equity Incentive Plan, as amended, and the applicable award agreements and grant documents provided to Executive in connection with such equity compensation.

2.4 Retirement and Welfare Plans. Executive shall be eligible to participate in employee retirement and welfare benefit plans made available to the Company's senior level executives as a group or to its employees generally, as such retirement and welfare plans may be in effect from time to time and subject to the eligibility requirements of the plans. Nothing in this Agreement shall prevent the Company from adopting, amending or terminating any retirement, welfare or other employee benefit plans or programs from time to time as the Company deems appropriate.

2.5 Vacation. Executive shall be entitled to paid vacation pursuant to the terms and conditions of the Company's vacation and paid time off policies, as may be in effect from time to time.

2.6 Reimbursement of Expenses. Executive shall be eligible to be reimbursed for all customary and appropriate business-related expenses actually incurred by Executive and documented in accordance with the Company's policies applicable to senior level executives and as may be in effect from time to time.

3. Termination. Notwithstanding Section 1, Executive's employment shall terminate, and the Employment Period shall terminate concurrently therewith, upon the occurrence of any of the following events:

3.1 Termination By Company Without Cause or Resignation by Executive for Good Reason.

(a) The Company may terminate Executive's employment at any time without Cause during the Employment Period from the position in which Executive is employed hereunder upon not less than thirty (30) days' prior written notice to Executive. The Company shall have the discretion to terminate Executive's employment during the notice period and pay continued Base Salary in lieu of notice. In addition, Executive may initiate a termination of employment under this Section 3.1 by resigning for Good Reason (in accordance with the notice and other provisions set forth in Section 3.7(b)).

(b) Upon termination under this Section 3.1, Executive shall receive (i) Executive's accrued but unpaid Base Salary through the date of termination (payable on the Company's first (1st) payroll processing date after Executive's date of termination or earlier if required by applicable law), (ii) any unreimbursed business expenses incurred by Executive and payable in accordance with the Company's standard expense reimbursement policies and Section 20 of this Agreement, and (iii) benefits earned, accrued and due under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan (collectively, the amounts in this Section 3.1(b) are "**Guaranteed Payments**").

(c) If Executive's employment terminates as described in Section 3.1(a) above and if, upon such termination, Executive (i) executes within twenty-one (21) days (or forty-five (45) days to the extent required by applicable law) after presentation to the Executive, that Executive does not timely revoke, a written general release in a form provided by the Company releasing the Company from any and all claims (including with respect to all matters arising out of or related to Executive's employment by the Company or the termination thereof) (the "**Release**"), and (ii) complies with the terms and conditions of the Release, including, without limitation, the terms and conditions of Sections 5, 6, 7, 8, and 9 of this Agreement (which shall be incorporated in the Release by reference) below, Executive will be entitled to receive cash severance in an amount equal to twenty four (24) months of Executive's then-current Base Salary, plus a cash amount representing the total cost of the group healthcare premiums the Executive would have paid based on the coverages in effect at the time of Executive's termination if the Executive elected continuation coverage under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, for a period of twenty four (24) months (the "**Severance**"). The Severance amount, less all required withholdings and authorized deductions, shall be paid in substantially equal installments consistent with the Company's regularly scheduled payroll procedures until the Severance has been paid in full, subject to Section 3.1(d) below.

(d) Except as otherwise required by Section 3.8, the benefits described in Section 3.1(c) shall begin within sixty (60) days after Executive's termination date, provided Executive has timely executed and not revoked the Release within such sixty (60) day period; and provided that notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the Release, directly or indirectly, result in Executive's designating the calendar year of payment, and if a payment that is "nonqualified deferred compensation" as defined under Section 409A of the Code ("**Section 409A**") is subject to execution of the Release could be made in more than one taxable year of Executive, payment shall be made on the earliest date permitted under the terms of the Release in the later such taxable year.

(e) Executive agrees and acknowledges that the Severance provided to Executive pursuant to Section 3.1(c) is in lieu of, and is not in addition to, any benefits to which Executive may otherwise be entitled under any Company severance plan, policy, or program, other than the Guaranteed Payments.

(f) Executive agrees and acknowledges that if Executive fails to comply with Section 5, 6, 7, 8 or 9 below, or any obligation set forth in the Release, all payments under Section 3.1(c) shall immediately cease and Executive shall be required to immediately repay any cash Severance previously paid by the Company.

3.2 Termination by Reason of Disability. Subject to applicable state and federal law, the Company may terminate Executive's employment if Executive has been unable to perform the material duties of Executive's position for a period of ninety (90) consecutive days or one hundred eighty (180) days in the aggregate during any twelve (12) month period because of physical or mental injury or illness ("**Disability**"). Executive agrees, in the event of a dispute under this Section 3.2 relating to Executive's Disability, to submit to a physical examination by a licensed physician jointly selected by the Board and Executive. If the Company terminates Executive's employment for Disability, Executive shall be entitled to receive the Guaranteed Payments as set forth in Section 3.1(b).

3.3 Termination by Reason of Death. If Executive dies while employed by the Company, all obligations of the parties hereunder shall terminate immediately. The Company shall pay to Executive's executor, legal representative, administrator or designated beneficiary, as applicable, the Guaranteed Payments as set forth in Section 3.1(b).

3.4 Termination by Company for Cause or Resignation by Executive without Good Reason. The Company may terminate Executive's employment at any time for Cause upon written notice to Executive and Executive may initiate a termination of employment by resigning without Good Reason upon not less than thirty (30) days' prior written notice to the Company, and in any such event all payments under this Agreement shall cease upon the termination date except that the Company shall pay to Executive the Guaranteed Payments. In such event, Executive will not receive the Severance or any other severance compensation or benefits.

3.5 Notice of Termination. Any termination of Executive's employment by either party shall be communicated by a written notice of termination to the other party hereto given in accordance with Section 13. The notice of termination shall (a) indicate the specific termination provision in this Agreement relied upon; (b) briefly summarize the facts and circumstances deemed to provide a basis for a termination of employment and the applicable provision hereof, provided, that no basis need be provided by the Company in connection with a termination without Cause by the Company or a termination without Good Reason by Executive; and (c) specify the termination date in accordance with the requirements of this Agreement.

3.6 Cooperation with the Company After Termination. During any notice period preceding termination of Executive's employment for any reason, Executive agrees to cooperate with the Company in all matters relating to the winding up of Executive's pending work and the orderly transfer and transition of any such pending work to such other employees as may be designated by the Company. Following termination of employment, Executive agrees to cooperate with the Company, at reasonable times and locales and upon reasonable prior notice, in (a) responding to requests by the Company for information concerning work performed by Executive during the period of Executive's employment with the Company and with regard to any matters that relate to or arise out of the business of the Company during the period of his employment and about which Executive may have knowledge; and (b) any investigation or review that may be performed by the Company or any government authority or in connection with any litigation or proceeding in which the Company may become involved. Executive's obligations under this Section 3.6 include (without limitation) (i) making him or herself available to testify on behalf of the Company or a Company affiliate in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative; (ii) assisting the Company or a Company affiliate in any such action, suit, or proceeding, by providing truthful and accurate information; (iii) and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to any Company affiliate as may be reasonably requested and after taking into account the Executive's post-termination responsibilities and obligations. The Company will reimburse Executive for any reasonable travel and out of pocket expenses incurred by Executive in providing such cooperation.

3.7 Definitions.

(a) “**Cause**” shall mean: (i) Executive being charged with a felony or misdemeanor criminal offense, other than a misdemeanor traffic offense; (ii) Executive’s engagement in any act involving gross misconduct or dishonesty that is materially injurious to the Company or any Company affiliate; (iii) Executive’s willful and continued breach of, or failure to substantially perform under or comply with any of the material terms and covenants of any written agreement with the Company or any Company affiliate; (iv) Executive’s willful and continued breach of, or refusal or failure substantially to perform under, any policy or reasonable performance goals set by the Company or a Company affiliate with respect to Executive’s job duties or responsibilities, the operation of the Company’s or its affiliates’ business and affairs, or the management of the Company’s or employees of a Company affiliate; or (v) Executive commits or has committed a breach of any laws or regulations which may affect or relate to the conduct of the Company’s or the business of a Company affiliate; provided, however, that with respect to (iii) and (iv) above, Executive will be provided notice of any misconduct and/or breach constituting Cause and be given a reasonable opportunity (not to exceed thirty (30) consecutive days) to cure the misconduct and/or breach (unless such misconduct and/or breach is determined by the Company not to be susceptible to cure, in which case the termination shall be deemed to be immediate), and provided further that such cure period shall only be available for the first such act of misconduct and/or breach of the same or substantially similar type, and subsequent acts of misconduct and/or breach of the same or substantially similar type shall constitute Cause without regard to Executive’s subsequent cure of same.

(b) “**Good Reason**” shall mean the occurrence of any of the following events or conditions, unless Executive has expressly consented in writing thereto:

(i) A material reduction in Executive’s Base Salary;

(ii) The material diminution of Executive’s duties, responsibilities, or authority, provided that Good Reason shall not exist under this clause (ii) if such diminution of authority, duties and responsibilities is a result of the hiring of additional subordinates to assume some of Executive’s duties and responsibilities which are in fact, in the aggregate from time to time, not a material diminution of such authority, duties and responsibilities as CEO;

(iii) The Company requires that Executive’s principal office location be moved to a location more than fifty (50) miles from Executive’s principal office location immediately before the change without Executive’s prior consent; or

(iv) A material breach by the Company of this Agreement or any other written agreement between the parties.

For purposes of this Agreement, Executive shall not have Good Reason for termination unless (i) Executive reasonably determines in good faith that a “Good Reason” condition has occurred; (ii) Executive notifies the Company in writing of the occurrence of the Good Reason condition within sixty (60) days of such occurrence; (iii) Executive cooperates in good faith with the Company’s efforts, for a period not less than thirty (30) days following such notice (the “**Cure**”

Period”), to cure the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist following expiration of the Cure Period as determined by the Company; and (v) Executive terminates his employment within sixty (60) days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

3.8 Required Postponement for Specified Executives. If Executive is considered a “specified employee” (as defined under Section 409A) and payment of any amounts under this Agreement is required to be delayed for a period of six (6) months after separation from service pursuant to Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated postponed amounts shall be paid in a lump-sum payment within five (5) days after the end of the six (6) month period. If Executive dies during the postponement period prior to the payment of benefits, the amounts postponed on account of Section 409A shall be paid to the personal representative of Executive’s estate within thirty (30) days after the date of Executive’s death.

4. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit Executive’s continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company and for which Executive may qualify; provided, however, that if Executive becomes entitled to and receives the Severance provided for in Section 3 of this Agreement, Executive hereby waives Executive’s right to receive payments under any severance plan or similar program that would otherwise apply to Executive. In the event of any inconsistency between this Agreement and any other plan, program or agreement in which Executive is a participant or a party, this Agreement shall control unless such other plan, program or agreement specifically refers to this Agreement as not so controlling.

5. Confidentiality. Executive agrees that Executive’s services to the Company are of a special, unique and extraordinary character, and that Executive’s position places Executive in a position of confidence and trust with the Company’s customers, clients, vendors, suppliers, contractors, business partners and employees. Executive also recognizes that Executive’s position with the Company will give Executive substantial access to Confidential Information (as defined below), the unauthorized use or disclosure of which to competitors of the Company would cause the Company to suffer substantial and irreparable damage. Executive recognizes and agrees, therefore, that it is in the Company’s legitimate business interest to restrict Executive’s use of Confidential Information for any purposes other than the proper discharge of Executive’s employment duties for the Company, and to limit any potential appropriation of Confidential Information by Executive for the benefit of the Company’s competitors and/or to the detriment of the Company. Accordingly, Executive agrees as follows:

(a) Executive shall not at any time, whether during or after the termination of Executive’s employment with the Company for any reason, reveal or disclose to any person or entity any of the trade secrets or confidential information of the Company, or the trade secrets or confidential information of any third party which the Company is under an obligation to keep confidential, including but not limited to trade secrets or confidential information respecting products, projects, designs, developmental or experimental work, computer programs, software, data bases, know-how, processes, formulas, customers, business partners, suppliers, business

plans, marketing plans and strategies, finances, employee compensation, or personnel, information obtained from third parties under confidentiality agreements, and other business information (“**Confidential Information**”), except as may be required in the ordinary course of performing Executive’s duties as an employee of the Company, and Executive shall keep secret all Confidential Information entrusted to Executive and shall not use or attempt to use any such Confidential Information for personal gain or in any manner that may injure or cause loss, or could reasonably be expected to injure or cause loss, whether directly or indirectly, to the Company.

(b) The above restrictions shall not apply to: (i) information that at the time of disclosure is in the public domain through no fault of Executive; (ii) information received from a third party outside of the Company that was disclosed without a breach of any confidentiality obligation on the part of such third party; (iii) information released or disclosed by an authorized representative of the Company; or (iv) information that may be required by law or an order of any court, agency or proceeding to be disclosed; provided that Executive shall provide the Company prior written notice of any such required disclosure once Executive has knowledge of it and will help the Company to the extent reasonable to obtain an appropriate protective order. Moreover, the foregoing shall not limit Executive’s ability to (A) discuss the terms of Executive’s employment, wages and working conditions to the extent expressly protected by applicable law, (B) report possible violations of federal securities laws to the appropriate government enforcing agency and make such other disclosures that are expressly protected under federal or state “whistleblower” laws, or (C) respond to inquiries from, or otherwise cooperate with, any governmental or regulatory investigation or proceeding.

(c) Executive agrees that during Executive’s employment with the Company Executive shall not take, use or permit to be used any records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items) or other materials of any nature constituting Confidential Information or Developments (as defined below) otherwise than for the benefit of the Company. Executive further agrees that Executive shall not, after the termination of Executive’s employment for any reason, use or permit to be used any such records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items), it being agreed that all of the foregoing shall be and remain the sole and exclusive property of the Company and that, immediately upon the termination of Executive’s employment for any reason, Executive shall deliver all of the foregoing, and all copies thereof, to the Company, at its main office.

(d) Executive agrees that upon the termination of Executive’s employment with the Company for any reason, Executive shall not take or retain without written authorization any documents, files or other property of the Company, and Executive will return promptly to the Company any such documents, files or property in Executive’s possession or custody, including any copies thereof maintained in any medium or format. Executive recognizes that all documents, files and property that Executive has received and will receive from the Company (with the exception of documents relating to benefits to which Executive might be entitled following the termination of Executive’s employment with the Company), are for the exclusive use of the

Company and employees who are discharging their responsibilities on behalf of the Company, and that Executive has no claim or right to the continued use, possession or custody of such documents, files or property following the termination of Executive's employment with the Company for any reason.

(e) Pursuant to the Defend Trade Secrets Act of 2016, Executive acknowledges that Executive will not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

6. Intellectual Property.

(a) If at any time or times during Executive's employment with the Company Executive shall (either alone or with others) make, conceive, discover or reduce to practice any invention, modification, discovery, design, development, improvement, process, software program, work of authorship, documentation, formula, data, technique, know-how, secret or intellectual property right whatsoever or any interest therein (whether or not patentable or registrable under copyright or similar statutes or subject to analogous protection) (herein called "**Developments**") that (i) relates to the business of the Company or any of the products or services being developed, manufactured or sold by the Company or which may be used in relation therewith, (ii) results from tasks assigned to Executive by the Company or (iii) results from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, such Developments and the benefits thereof shall immediately become the sole and absolute property of the Company and its assigns, and Executive shall promptly disclose to the Company (or any persons designated by it) each such Development, and Executive hereby assigns any rights Executive may have or acquire in the Developments and benefits and/or rights resulting therefrom to the Company and its assigns without further compensation and shall communicate, without cost or delay, and without publishing the same, all available information relating thereto (with all necessary plans and models) to the Company.

(b) Upon disclosure of each Development to the Company, Executive will, during Executive's employment and at any time thereafter, at the request and cost of the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require:

(i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

(ii) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection.

(c) In the event the Company is unable, after reasonable effort, to secure Executive's signature on any letters patent, copyright or other analogous protection relating to a Development, whether because of Executive's physical or mental incapacity or for any other reason whatsoever, Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact for the sole purpose of acting for and on Executive's behalf and in his stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright and other analogous protection thereon with the same legal force and effect as if executed by Executive.

7. **Non-Competition.** During Executive's employment with the Company and for a period of twelve (12) months after termination of Executive's employment (for any reason whatsoever, whether voluntary or involuntary) (the "**Non-Competition Period**"), Executive shall not, without the prior written approval of the Board, whether alone or as a partner, officer, director, consultant, agent, employee, representative or stockholder of any company, entity, or other commercial enterprise, or in any other capacity, directly or indirectly engage in the business of developing, manufacturing, marketing, selling and otherwise providing products, hardware, software, materials and support services relating to traffic control solutions, which include without limitation, photo, speed and red light automated enforcement technologies, parking systems, electronic toll collection, toll and traffic violation enforcement management, automated revenue collection processing systems and software, related transaction processing operations for any of the foregoing, and any other products or services offered, conducted, authorized or provided by the Company during the last twelve (12) months of Executive's employment (the "**Business**"), in any geographic regions for which Executive was responsible, or performed duties, on behalf of the Company during the last twelve (12) months of Executive's employment, or in any geographic region in which the Company engaged in such business, or had developed plans to engage in such business, during the last twelve (12) months of Executive's employment.

The foregoing Non-Competition prohibition shall not prevent Executive's employment or engagement after termination of Executive's employment by any company or business organization, so long as the activities of any such employment or engagement, in any capacity, do not involve work on matters related to the Business. Executive shall be permitted to own securities of a public company not in excess of five percent (5%) of any class of such securities and to own stock, partnership interests or other securities of any entity not in excess of five percent (5%) of any class of such securities and such ownership shall not be considered to be in competition with the Company.

8. **Non-Solicitation.** During Executive's employment with the Company and for a period of eighteen (18) months after termination of such employment (for any reason, whether voluntary or involuntary), Executive agrees that Executive will not:

(a) directly or indirectly (i) solicit, entice or induce, or attempt to solicit, entice or induce, any customer or client to become a customer or client of any other person, firm or corporation with respect to any products or services then sold, offered, or under development by the Company, or (ii) solicit, entice or induce, or attempt to solicit, entice or induce any customer, client, vendor, supplier, contractor, or business development partner to cease doing business with

or any in way reduce or impair its business relationship with the Company, and Executive shall not approach or contact any such person, firm or corporation for such purpose or authorize or knowingly approve the taking of such actions by any other person; or

(b) directly or indirectly (i) solicit or recruit, or attempt to solicit or recruit, any employee, consultant or contractor of the Company to terminate employment or otherwise cease providing services to the Company or (ii) solicit or recruit, or attempt to solicit or recruit, any employee to work for or provide services to a third party other than the Company; and Executive shall not approach any such person for such purpose or authorize or knowingly approve the taking of such actions by any other person.

9. Non-Disparagement. During Executive's employment and at all times following Executive's termination of employment for any reason, Executive agrees not to make, or knowingly cause to be made, any public disparaging statement or public communication, written or oral, concerning the Company, or otherwise impugn the business or management of, damage the reputation of, or interfere with the normal operations of the Company or any of its respective past or present employees, executives, officers, directors, shareholders, members, managers, principals, or representatives. The foregoing prohibitions include, without limitation, (i) non-verbal comments or statements made on the Internet, including without limitation, on blogs, forums, social media platforms, review or rating sites, or any Internet site or online message board (including but not limited to LinkedIn and GlassDoor); and (ii) comments or statements to any person or entity, including without limitation, to the press or media, the Company, or any entity, customer, client, vendor, supplier, consultant or contractor with whom the Company has, has had or may in the future have a business relationship, that would in any way adversely affect the conduct of the business of the Company (including but not limited to any business plans or prospects) or the reputation of the Company, or the aforementioned persons (including without limitation former and present employees of the Company). Nothing in this provision or elsewhere in this Agreement shall (a) affect the parties' obligation to provide truthful information as may be required by law, rule, regulation or legal process, or as requested by any legal or regulatory authority, (b) unlawfully impair or interfere with Executive's rights under Section 7 of the National Labor Relations Act, or (c) impair or in any way interfere with the Company's ability to engage in intra-Company communications between or among officers, members of the Board, and/or their advisors related to Executive's compensation, retention, and/or job performance.

10. General Provisions.

(a) Executive acknowledges and agrees that, for purposes of Sections 5, 6, 7, 8, and 9 of this Agreement, the term "Company" shall include Verra Mobility Corporation, VM Consolidated, Inc., and their direct and indirect subsidiaries and affiliates.

(b) Executive acknowledges and agrees that the type and periods of restrictions imposed in Sections 7 and 8 of this Agreement are fair, reasonable and no greater than necessary to protect the Company's legitimate business interests, and that such restrictions are intended solely to protect the legitimate interests of the Company, including its Confidential Information, goodwill (client, customer, employee, and otherwise), and business interests, and shall not in any way prevent Executive from earning a livelihood or impose upon Executive undue hardship.

Executive recognizes and agrees that the Company competes and provides its products and services in numerous jurisdictions throughout the world, and that Executive's access to Confidential Information makes it both reasonable and necessary for the Company to restrict Executive's post-employment activities in any geographic market in which the Company competes or is developing plans to compete, and in which Executive's access to Confidential Information and other proprietary information could be used to the detriment of the Company and for which the Company would have no adequate remedy at law. In the event that any restriction set forth in this Agreement is determined by a court of competent jurisdiction to be overbroad or unenforceable with respect to scope, time (duration), or geographical coverage, Executive agrees that such restriction or restrictions shall be modified and narrowed, either by such court of competent jurisdiction, or by the Company, to the least extent possible under applicable law for such restriction or restrictions to be enforceable so as to preserve and protect the legitimate interests of the Company as described in this Agreement, and without negating or impairing any other restrictions or agreements set forth herein.

(c) Executive acknowledges and agrees that should Executive breach any of the covenants, restrictions and agreements contained herein, irreparable loss and injury would result to the Company, monetary relief would not compensate for such breach, and damages arising out of such a breach would be difficult to fully ascertain. Executive therefore agrees that, in addition to any and all other remedies available at law or at equity, the Company shall be entitled to have the covenants, restrictions and agreements contained in Sections 5, 6, 7, 8, and 9 specifically enforced (including, without limitation, by temporary, preliminary, and permanent injunctions and restraining orders), without the need to post any bond or security, by any state or federal court in the State of Arizona having equity jurisdiction, and Executive agrees to be subject to the jurisdiction of such court and hereby waives any objection to the jurisdiction or venue thereof.

(d) Executive agrees that if the Company fails to take action to remedy any breach by Executive of this Agreement or any portion of the Agreement, such inaction by the Company shall not operate or be construed as a waiver of such breach or of any subsequent or other breach by Executive of the same or any other provision, agreement or covenant.

(e) The parties recognize that in order for Executive to perform duties on behalf of the Company, Executive needs to manage, use or otherwise have access to Confidential Information. Accordingly, the Company's agreement to provide Executive with access to Confidential Information is subject to the terms and conditions of this Agreement, and Executive accepts all of the terms contained in Sections 5, 6, 7, 8 and 9 in exchange for being provided with such Confidential Information. Executive further acknowledges and agrees that his continued employment under the terms and with the payments and benefits to be provided to Executive under this Agreement constitute sufficient and adequate consideration for the covenants in Sections 5, 6, 7, 8, and 9 hereof.

(f) Executive's obligations under Sections 5, 6, 7, 8 and 9 shall survive the termination of Executive's employment in accordance with their terms and shall remain in effect despite any change in position, title, duties, compensation, or other terms and conditions of Executive's employment. The existence of a claim by Executive against Company, whether predicated on this Agreement or otherwise, shall not relieve Executive of Executive's obligations under Sections 5, 6, 7, 8 or 9 or make them unenforceable.

11. Representations and Warranties. Executive represents and warrants the following to the Company, each of which Executive acknowledges is a material inducement to the Company's willingness to enter into this Agreement and a material provision of this Agreement:

(a) Other than as previously disclosed in writing or provided to the Company, Executive is not a party to or bound by any employment agreements, restrictive covenants, non-compete restrictions, non-solicitation restrictions, and/or confidentiality or non-disclosure agreements with any other person, business or entity, or any agreement or contract requiring Executive to assign inventions to another party (each, a "***Restrictive Agreement***"), and Executive has conducted a thorough review of any and all agreements Executive may have entered into with any current or former employer or any other relevant party to ensure that this representation and warranty is correct.

(b) No Restrictive Agreement prohibits, restricts, limits or otherwise affects Executive's employment with the Company as an executive or ability to perform any of Executive's duties or responsibilities for the Company as contemplated herein.

(c) Executive has not made any material misrepresentation or omission in the course of his communications with the Company regarding the Restrictive Agreements or other obligations to any current or former employer or other third party.

(d) Executive has not, directly or indirectly, removed, downloaded, or copied any confidential or proprietary information or records of any current or former employer (or their subsidiaries and/or affiliates) without the express written consent of an authorized representative of such entity, and shall not use or possess, as of the date Executive begins employment and at all times during his employment with the Company, any confidential or proprietary information or records of any current or former employer (or their subsidiaries and/or affiliates), whether in hard copy or electronic form, including, but not limited to, documents, files, disks, or other materials, all of which Executive is prohibited from using in connection with his employment with the Company.

12. Survivorship. The respective rights and obligations of the parties under this Agreement, including but not limited to those rights and obligations set forth in Sections 5, 6, 7, 8, and 9, shall survive termination of Executive's employment and any termination of this Agreement for any reason to the extent necessary to the intended preservation of such rights and obligations.

13. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand-delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

VM Consolidated, Inc.
1150 North Alma School Road
Mesa, AZ 85201
Attn: General Counsel

If to Executive, to:

The address of his principal residence most recently on file with the Company.

or to such other names or addresses as the Company or Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

14. Contents of Agreement, Amendment, Interpretation and Assignment.

(a) This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior offer letters, employment agreements and understandings concerning Executive's employment by the Company including, but not limited to, the Offer Letter (but excluding the Proprietary Rights and Non-Competition Agreement), and cannot be changed or modified except upon written amendment approved by the Board and executed on its behalf by a duly authorized officer and by Executive.

(b) The headings in this Agreement are for convenience only, and both parties agree that they shall not be construed or interpreted to modify or affect the construction or interpretation of any provision of this Agreement.

(c) All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of Executive under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by Executive.

15. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated by a court of competent jurisdiction to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement that can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

16. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall operate or be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

17. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement other than such taxes that are, by their nature, obligations of the Company (for example, and without limitation, the employer portion of the Federal Insurance Contributions Act (FICA) taxes).

18. Counterparts. This Agreement may be executed in counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts. Facsimile signatures and signatures transmitted by PDF shall be equivalent to original signatures.

19. Governing Law; Jurisdiction. This Agreement shall be governed by and interpreted under the laws of the State of Arizona without giving effect to (i) any conflicts-of-law provisions or choice of law provisions of the State of Arizona or of any other jurisdiction which provisions (if applied) would result in the application of the laws of any other jurisdiction other than of the State of Arizona, or (ii) canons of construction or principles of law that construe agreements against the draftsman. Each party hereby irrevocably submits to the exclusive jurisdiction of the United States District Court located in Arizona or any state court located within such state, in respect of any claim, dispute, or controversy in any way arising out of or relating to this Agreement or Executive's employment with the Company or the termination thereof, and each party hereby waives, and agrees not to assert as a defense in any action, suit or proceeding in which any such claim is made, that such party is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts. Any appellate proceedings shall take place in the appropriate courts having appellate jurisdiction over the courts set forth in this Section.

20. Section 409A. This Agreement is intended to comply with or otherwise be exempt from Section 409A and its corresponding regulations, to the extent applicable, and shall be so construed. Notwithstanding anything in this Agreement to the contrary, payments of "nonqualified deferred compensation" subject to Section 409A may only be made under this Agreement upon an event and in a manner permitted by Section 409A, to the extent applicable. For purposes of Section 409A, all payments of "nonqualified deferred compensation" subject to Section 409A to be made

upon the termination of Executive's employment under this Agreement may only be made upon a "separation from service" under Section 409A. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall Executive, directly or indirectly, designate the calendar year of payment with respect to any amount that is "nonqualified deferred compensation" subject to Section 409A. All reimbursements provided under this Agreement that are "nonqualified deferred compensation" that is subject to Section 409A shall be made or provided in accordance with Section 409A, including, where applicable, the requirements that (a) any reimbursement is for expenses incurred during the Employment Period (or during such other time period specified in this Agreement), (b) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (c) the reimbursement of an eligible expense will be made on or before the last day of the taxable year following the year in which the expense is incurred, and (d) the right to reimbursement is not subject to liquidation or exchange for another benefit. Nothing herein shall be construed as having modified the time and form of payment of any amounts or payments of "nonqualified deferred compensation" within the meaning Section 409A that were otherwise payable pursuant to the terms of any agreement between Company and Executive in effect prior to the date of this Agreement.

21. Section 280G of the Code. Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or a Company affiliate to Executive or for Executive's benefit pursuant to the terms of this Agreement or otherwise (the "**Covered Payments**") constitute parachute payments (the "**Parachute Payments**") within the meaning of Section 280G of the Code and, but for this Section 21, would be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "**Excise Tax**"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "**Reduced Amount**"). "**Net Benefit**" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

(a) Any such reduction shall be made in accordance with Section 409A and the following:

(i) the Covered Payments consisting of cash severance benefits that do not constitute nonqualified deferred compensation subject to Section 409A shall be reduced first, in reverse chronological order; and

(ii) all other Covered Payments consisting of cash payments, and Covered Payments consisting of accelerated vesting of equity based awards to which Treas. Reg. §1.280G-1 Q/A-24(c) does not apply, and that in either case do not constitute nonqualified deferred compensation subject to Section 409A, shall be reduced second, in reverse chronological order;

(iii) all Covered Payments consisting of cash payments that constitute nonqualified deferred compensation subject to Section 409A shall be reduced third, in reverse chronological order; and

(iv) all Covered Payments consisting of accelerated vesting of equity-based awards to which Treas. Reg. § 1.280G-1 Q/A-24(c) applies shall be the last Covered Payments to be reduced.

(b) Any determination required under this Section 21 shall be made in writing in good faith by an independent accounting firm selected by the Company and reasonably acceptable to the Executive (the “**Accountants**”). The Company and Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 21. For purposes of making the calculations and determinations required by this Section 21, the Accountants may rely on reasonable, good-faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Accountants’ determinations shall be final and binding on the Company and Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 21.

(c) It is possible that after the determinations and selections made pursuant to this Section 21 Executive will receive Covered Payments that are in the aggregate more than the amount intended or required to be provided after application of this Section 21 (“**Overpayment**”) or less than the amount intended or required to be provided after application of this Section 21 (“**Underpayment**”).

(i) In the event that: (A) the Accountants determine, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or Executive that the Accountants believe has a high probability of success, that an Overpayment has been made or (B) it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved that an Overpayment has been made, then Executive shall pay any such Overpayment to the Company together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date of Executive’s receipt of the Overpayment until the date of repayment.

(ii) In the event that: (A) the Accountants, based upon controlling precedent or substantial authority, determine that an Underpayment has occurred or (B) a court of competent jurisdiction determines that an Underpayment has occurred, any such Underpayment will be paid promptly by the Company to or for the benefit of Executive together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date the amount should have otherwise been paid to Executive until the payment date.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

VERRA MOBILITY CORPORATION

VM CONSOLIDATED, INC.

By: /s/ Jacob Kotzubei
Name: Jacob Kotzubei
Title: Chairman of the Board Verra Mobility Corporation

Date: March 25, 2021

DAVID ROBERTS

/s/ David Roberts

Date: March 25, 2021

**AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this “**Agreement**”) dated as of the last signature date hereto (the “**Effective Date**”), is entered into by and between VM Consolidated, Inc., a Delaware corporation having its principal offices in Mesa, Arizona and a wholly owned subsidiary of Verra Mobility Corporation (together with Verra Mobility Corporation, the “**Company**”), and Patricia Chiodo (the “**Executive**”).

WHEREAS, Executive is currently employed by the Company as its Chief Financial Officer, pursuant to an Offer Letter dated May 13, 2015 as amended by letter agreement dated June 1, 2015 (the “**Offer Letter**”);

WHEREAS, Executive has executed that certain Company Proprietary Rights and Non-Competition Agreement, dated as of September 26, 2016 (the “**Proprietary Rights and Non-Competition Agreement**”);

WHEREAS, the Company and Executive wish to amend and restate the terms of Executive’s employment with the Company as contained herein; and

WHEREAS, Executive acknowledges that Executive has had an opportunity to consider this Agreement and to consult with an independent advisor of her choosing with regard to the terms of this Agreement and enters into this Agreement voluntarily and with a full understanding of its terms.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Employment.

1.1 Employment Period. Executive shall be employed by the Company (or a Company subsidiary or affiliate) on an “at will” basis, meaning either the Company or Executive may terminate Executive’s employment at any time, with or without cause or advance notice (such period of employment under this Agreement, the “**Employment Period**”). Any contrary representations that may have been made to Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between Executive and the Company on the “at will” nature of Executive’s employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive’s rights to any compensation following a termination shall be only as set forth in Section 3 herein.

1.2 Duties and Responsibilities. Executive shall serve as the Chief Financial Officer (“**CFO**”) of the Company, reporting to the Company’s Chief Executive Officer, and shall perform all duties and accept all responsibilities incident to such position and such other duties as may be

reasonably assigned to Executive by the Company's Chief Executive Officer consistent with such position.

1.3 Extent of Services. Executive shall use her best efforts to carry out Executive's duties and responsibilities under Section 1.2 hereof and, consistent with the other provisions of this Agreement, shall devote substantially all of Executive's business time, attention and energy thereto. In the performance of her duties, Executive shall observe and adhere to all applicable Company policies and procedures as may be interpreted, adopted, revised or deleted from time to time in the Company's sole discretion. During the Employment Period, Executive may engage in volunteer services for or on behalf of such religious, educational, non-profit and/or other charitable organization as Executive may wish to serve, in all such cases not interfering with Executive's responsibilities and performance of Executive's duties hereunder. The foregoing shall not be construed as preventing Executive from owning less than one percent (1%) of the total outstanding shares of a publicly traded company.

1.4 Principal Location of Services. Executive shall perform her duties hereunder principally out of the Company's corporate headquarters (presently located in Mesa, Arizona) and shall undertake such travel within or outside of the United States as is necessary or advisable for the efficient operations of the Company and the performance of Executive's duties hereunder.

2. Compensation and Benefits.

2.1 Base Salary. For all the services rendered by Executive hereunder, the Company shall pay or cause to be paid to Executive a base salary ("**Base Salary**") at the annualized rate of four hundred and eleven thousand dollars (\$411,000.00), subject to all required withholdings and authorized deductions and payable in installments at such times as the Company customarily pays its other employees. Executive's Base Salary is subject to annual review by the Compensation Committee (the "**Compensation Committee**") of the Company's Board of Directors (the "**Board**") consistent with other members of the Company's executive team.

2.2 Short-Term Discretionary Cash Bonus. For each fiscal year during the Employment Period, Executive shall be eligible to receive an annual discretionary cash bonus (the "**STIP Bonus**") for the services rendered by Executive under this Agreement, subject to the terms and conditions as set forth in the Verra Mobility Amended and Restated Short-Term Incentive Plan (or any successor plan) (the "**STIP Plan**"). Executive's STIP Bonus target shall be seventy five percent (75%) of the Executive's Base Salary paid during the applicable plan year. The payment and amount of the STIP Bonus, if any, will be determined by the Compensation Committee based on Executive's performance and Company financial performance, in each case measured against performance goals and financial targets established by the Compensation Committee. Nothing in this Agreement shall prevent the Compensation Committee from adopting, amending or terminating the Annual Bonus Plan as the Compensation Committee deems appropriate in its sole discretion.

2.3 Equity Compensation. During the Employment Period, Executive shall be eligible from time to time to participate in the Company's equity incentive programs, including with respect to restricted stock units, performance share units, stock options and other equity, subject

to the discretion of the Board or its authorized designee(s). The terms and conditions of the vesting, forfeiture, and all other matters related to any equity compensation granted to Executive shall be subject to and governed by the Verra Mobility Corporation 2018 Equity Incentive Plan, as amended, and the applicable award agreements and grant documents provided to Executive in connection with such equity compensation.

2.4 Retirement and Welfare Plans. Executive shall be eligible to participate in employee retirement and welfare benefit plans made available to the Company's senior level executives as a group or to its employees generally, as such retirement and welfare plans may be in effect from time to time and subject to the eligibility requirements of the plans. Nothing in this Agreement shall prevent the Company from adopting, amending or terminating any retirement, welfare or other employee benefit plans or programs from time to time as the Company deems appropriate.

2.5 Vacation. Executive shall be entitled to paid vacation pursuant to the terms and conditions of the Company's vacation and paid time off policies, as may be in effect from time to time.

2.6 Reimbursement of Expenses. Executive shall be eligible to be reimbursed for all customary and appropriate business-related expenses actually incurred by Executive and documented in accordance with the Company's policies applicable to senior level executives and as may be in effect from time to time.

3. **Termination.** Notwithstanding Section 1, Executive's employment shall terminate, and the Employment Period shall terminate concurrently therewith, upon the occurrence of any of the following events:

3.1 Termination By Company Without Cause or Resignation by Executive for Good Reason.

(a) The Company may terminate Executive's employment at any time without Cause during the Employment Period from the position in which Executive is employed hereunder upon not less than thirty (30) days' prior written notice to Executive. The Company shall have the discretion to terminate Executive's employment during the notice period and pay continued Base Salary in lieu of notice. In addition, Executive may initiate a termination of employment under this Section 3.1 by resigning for Good Reason (in accordance with the notice and other provisions set forth in Section 3.7(b)).

(b) Upon termination under this Section 3.1, Executive shall receive (i) Executive's accrued but unpaid Base Salary through the date of termination (payable on the Company's first (1st) payroll processing date after Executive's date of termination or earlier if required by applicable law), (ii) any unreimbursed business expenses incurred by Executive and payable in accordance with the Company's standard expense reimbursement policies and Section 20 of this Agreement, and (iii) benefits earned, accrued and due under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan (collectively, the amounts in this Section 3.1(b) are "***Guaranteed Payments***").

(c) If Executive's employment terminates as described in Section 3.1(a) above and if, upon such termination, Executive (i) executes within twenty-one (21) days (or forty-five (45) days to the extent required by applicable law) after presentation to the Executive, that Executive does not timely revoke, a written general release in a form provided by the Company releasing the Company from any and all claims (including with respect to all matters arising out of or related to Executive's employment by the Company or the termination thereof) (the "**Release**"), and (ii) complies with the terms and conditions of the Release, including, without limitation, the terms and conditions of Sections 5, 6, 7, 8, and 9 of this Agreement (which shall be incorporated in the Release by reference) below, Executive will be entitled to receive cash severance in an amount equal to twelve (12) months of Executive's then-current Base Salary, plus a cash amount representing the total cost of the group healthcare premiums the Executive would have paid based on the coverages in effect at the time of Executive's termination if the Executive elected continuation coverage under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, for a period of twelve (12) months (the "**Severance**"). The Severance amount, less all required withholdings and authorized deductions, shall be paid in substantially equal installments consistent with the Company's regularly scheduled payroll procedures until the Severance has been paid in full, subject to Section 3.1(d) below.

(d) Except as otherwise required by Section 3.8, the benefits described in Section 3.1(c) shall begin within sixty (60) days after Executive's termination date, provided Executive has timely executed and not revoked the Release within such sixty (60) day period; and provided that notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the Release, directly or indirectly, result in Executive's designating the calendar year of payment, and if a payment that is "nonqualified deferred compensation" as defined under Section 409A of the Code ("**Section 409A**") is subject to execution of the Release could be made in more than one taxable year of Executive, payment shall be made on the earliest date permitted under the terms of the Release in the later such taxable year.

(e) Executive agrees and acknowledges that the Severance provided to Executive pursuant to Section 3.1(c) is in lieu of, and is not in addition to, any benefits to which Executive may otherwise be entitled under any Company severance plan, policy, or program, other than the Guaranteed Payments.

(f) Executive agrees and acknowledges that if Executive fails to comply with Section 5, 6, 7, 8 or 9 below, or any obligation set forth in the Release, all payments under Section 3.1(c) shall immediately cease and Executive shall be required to immediately repay any cash Severance previously paid by the Company.

3.2 Termination by Reason of Disability. Subject to applicable state and federal law, the Company may terminate Executive's employment if Executive has been unable to perform the material duties of Executive's position for a period of ninety (90) consecutive days or one hundred eighty (180) days in the aggregate during any twelve (12) month period because of physical or mental injury or illness ("**Disability**"). Executive agrees, in the event of a dispute under this Section 3.2 relating to Executive's Disability, to submit to a physical examination by a licensed physician jointly selected by the Board and Executive. If the Company terminates Executive's employment for Disability, Executive shall be entitled to receive the Guaranteed Payments as set forth in Section 3.1(b).

3.3 Termination by Reason of Death. If Executive dies while employed by the Company, all obligations of the parties hereunder shall terminate immediately. The Company shall pay to Executive's executor, legal representative, administrator or designated beneficiary, as applicable, the Guaranteed Payments as set forth in Section 3.1(b).

3.4 Termination by Company for Cause or Resignation by Executive without Good Reason. The Company may terminate Executive's employment at any time for Cause upon written notice to Executive and Executive may initiate a termination of employment by resigning without Good Reason upon not less than thirty (30) days' prior written notice to the Company, and in any such event all payments under this Agreement shall cease upon the termination date except that the Company shall pay to Executive the Guaranteed Payments. In such event, Executive will not receive the Severance or any other severance compensation or benefits.

3.5 Notice of Termination. Any termination of Executive's employment by either party shall be communicated by a written notice of termination to the other party hereto given in accordance with Section 13. The notice of termination shall (a) indicate the specific termination provision in this Agreement relied upon; (b) briefly summarize the facts and circumstances deemed to provide a basis for a termination of employment and the applicable provision hereof, provided, that no basis need be provided by the Company in connection with a termination without Cause by the Company or a termination without Good Reason by Executive; and (c) specify the termination date in accordance with the requirements of this Agreement.

3.6 Cooperation with the Company After Termination. During any notice period preceding termination of Executive's employment for any reason, Executive agrees to cooperate with the Company in all matters relating to the winding up of Executive's pending work and the orderly transfer and transition of any such pending work to such other employees as may be designated by the Company. Following termination of employment, Executive agrees to cooperate with the Company, at reasonable times and locales and upon reasonable prior notice, in (a) responding to requests by the Company for information concerning work performed by Executive during the period of Executive's employment with the Company and with regard to any matters that relate to or arise out of the business of the Company during the period of her employment and about which Executive may have knowledge; and (b) any investigation or review that may be performed by the Company or any government authority or in connection with any litigation or proceeding in which the Company may become involved. Executive's obligations under this Section 3.6 include (without limitation) (i) making him or herself available to testify on behalf of the Company or a Company affiliate in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative; (ii) assisting the Company or a Company affiliate in any such action, suit, or proceeding, by providing truthful and accurate information; (iii) and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to any Company affiliate as may be reasonably requested and after taking into account the Executive's post-termination responsibilities and obligations. The Company will reimburse Executive for any reasonable travel and out of pocket expenses incurred by Executive in providing such cooperation.

3.7 Definitions.

(a) “**Cause**” shall mean: (i) Executive being charged with a felony or misdemeanor criminal offense, other than a misdemeanor traffic offense; (ii) Executive’s engagement in any act involving gross misconduct or dishonesty that is materially injurious to the Company or any Company affiliate; (iii) Executive’s willful and continued breach of, or failure to substantially perform under or comply with any of the material terms and covenants of any written agreement with the Company or any Company affiliate; (iv) Executive’s willful and continued breach of, or refusal or failure substantially to perform under, any policy or reasonable performance goals set by the Company or a Company affiliate with respect to Executive’s job duties or responsibilities, the operation of the Company’s or its affiliates’ business and affairs, or the management of the Company’s or employees of a Company affiliate; or (v) Executive commits or has committed a breach of any laws or regulations which may affect or relate to the conduct of the Company’s or the business of a Company affiliate; provided, however, that with respect to (iii) and (iv) above, Executive will be provided notice of any misconduct and/or breach constituting Cause and be given a reasonable opportunity (not to exceed thirty (30) consecutive days) to cure the misconduct and/or breach (unless such misconduct and/or breach is determined by the Company not to be susceptible to cure, in which case the termination shall be deemed to be immediate), and provided further that such cure period shall only be available for the first such act of misconduct and/or breach of the same or substantially similar type, and subsequent acts of misconduct and/or breach of the same or substantially similar type shall constitute Cause without regard to Executive’s subsequent cure of same.

(b) “**Good Reason**” shall mean the occurrence of any of the following events or conditions, unless Executive has expressly consented in writing thereto:

(i) A material reduction in Executive’s Base Salary;

(ii) The material diminution of Executive’s duties, responsibilities, or authority, provided that Good Reason shall not exist under this clause (ii) if such diminution of authority, duties and responsibilities is a result of the hiring of additional subordinates to assume some of Executive’s duties and responsibilities which are in fact, in the aggregate from time to time, not a material diminution of such authority, duties and responsibilities as CFO;

(iii) The Company requires that Executive’s principal office location be moved to a location more than fifty (50) miles from Executive’s principal office location immediately before the change without Executive’s prior consent; or

(iv) A material breach by the Company of this Agreement or any other written agreement between the parties.

For purposes of this Agreement, Executive shall not have Good Reason for termination unless (i) Executive reasonably determines in good faith that a “Good Reason” condition has occurred; (ii) Executive notifies the Company in writing of the occurrence of the Good Reason condition within sixty (60) days of such occurrence; (iii) Executive cooperates in good faith with the Company’s efforts, for a period not less than thirty (30) days following such notice (the “**Cure**”

Period”), to cure the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist following expiration of the Cure Period as determined by the Company; and (v) Executive terminates her employment within sixty (60) days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

3.8 **Required Postponement for Specified Executives.** If Executive is considered a “specified employee” (as defined under Section 409A) and payment of any amounts under this Agreement is required to be delayed for a period of six (6) months after separation from service pursuant to Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated postponed amounts shall be paid in a lump-sum payment within five (5) days after the end of the six (6) month period. If Executive dies during the postponement period prior to the payment of benefits, the amounts postponed on account of Section 409A shall be paid to the personal representative of Executive’s estate within thirty (30) days after the date of Executive’s death.

4. **Non-Exclusivity of Rights.** Nothing in this Agreement shall prevent or limit Executive’s continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company and for which Executive may qualify; provided, however, that if Executive becomes entitled to and receives the Severance provided for in Section 3 of this Agreement, Executive hereby waives Executive’s right to receive payments under any severance plan or similar program that would otherwise apply to Executive. In the event of any inconsistency between this Agreement and any other plan, program or agreement in which Executive is a participant or a party, this Agreement shall control unless such other plan, program or agreement specifically refers to this Agreement as not so controlling.

5. **Confidentiality.** Executive agrees that Executive’s services to the Company are of a special, unique and extraordinary character, and that Executive’s position places Executive in a position of confidence and trust with the Company’s customers, clients, vendors, suppliers, contractors, business partners and employees. Executive also recognizes that Executive’s position with the Company will give Executive substantial access to Confidential Information (as defined below), the unauthorized use or disclosure of which to competitors of the Company would cause the Company to suffer substantial and irreparable damage. Executive recognizes and agrees, therefore, that it is in the Company’s legitimate business interest to restrict Executive’s use of Confidential Information for any purposes other than the proper discharge of Executive’s employment duties for the Company, and to limit any potential appropriation of Confidential Information by Executive for the benefit of the Company’s competitors and/or to the detriment of the Company. Accordingly, Executive agrees as follows:

(a) Executive shall not at any time, whether during or after the termination of Executive’s employment with the Company for any reason, reveal or disclose to any person or entity any of the trade secrets or confidential information of the Company, or the trade secrets or confidential information of any third party which the Company is under an obligation to keep confidential, including but not limited to trade secrets or confidential information respecting products, projects, designs, developmental or experimental work, computer programs, software, data bases, know-how, processes, formulas, customers, business partners, suppliers, business

plans, marketing plans and strategies, finances, employee compensation, or personnel, information obtained from third parties under confidentiality agreements, and other business information (“**Confidential Information**”), except as may be required in the ordinary course of performing Executive’s duties as an employee of the Company, and Executive shall keep secret all Confidential Information entrusted to Executive and shall not use or attempt to use any such Confidential Information for personal gain or in any manner that may injure or cause loss, or could reasonably be expected to injure or cause loss, whether directly or indirectly, to the Company.

(b) The above restrictions shall not apply to: (i) information that at the time of disclosure is in the public domain through no fault of Executive; (ii) information received from a third party outside of the Company that was disclosed without a breach of any confidentiality obligation on the part of such third party; (iii) information released or disclosed by an authorized representative of the Company; or (iv) information that may be required by law or an order of any court, agency or proceeding to be disclosed; provided that Executive shall provide the Company prior written notice of any such required disclosure once Executive has knowledge of it and will help the Company to the extent reasonable to obtain an appropriate protective order. Moreover, the foregoing shall not limit Executive’s ability to (A) discuss the terms of Executive’s employment, wages and working conditions to the extent expressly protected by applicable law, (B) report possible violations of federal securities laws to the appropriate government enforcing agency and make such other disclosures that are expressly protected under federal or state “whistleblower” laws, or (C) respond to inquiries from, or otherwise cooperate with, any governmental or regulatory investigation or proceeding.

(c) Executive agrees that during Executive’s employment with the Company Executive shall not take, use or permit to be used any records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items) or other materials of any nature constituting Confidential Information or Developments (as defined below) otherwise than for the benefit of the Company. Executive further agrees that Executive shall not, after the termination of Executive’s employment for any reason, use or permit to be used any such records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items), it being agreed that all of the foregoing shall be and remain the sole and exclusive property of the Company and that, immediately upon the termination of Executive’s employment for any reason, Executive shall deliver all of the foregoing, and all copies thereof, to the Company, at its main office.

(d) Executive agrees that upon the termination of Executive’s employment with the Company for any reason, Executive shall not take or retain without written authorization any documents, files or other property of the Company, and Executive will return promptly to the Company any such documents, files or property in Executive’s possession or custody, including any copies thereof maintained in any medium or format. Executive recognizes that all documents, files and property that Executive has received and will receive from the Company (with the exception of documents relating to benefits to which Executive might be entitled following the termination of Executive’s employment with the Company), are for the exclusive use of the

Company and employees who are discharging their responsibilities on behalf of the Company, and that Executive has no claim or right to the continued use, possession or custody of such documents, files or property following the termination of Executive's employment with the Company for any reason.

(e) Pursuant to the Defend Trade Secrets Act of 2016, Executive acknowledges that Executive will not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

6. Intellectual Property.

(a) If at any time or times during Executive's employment with the Company Executive shall (either alone or with others) make, conceive, discover or reduce to practice any invention, modification, discovery, design, development, improvement, process, software program, work of authorship, documentation, formula, data, technique, know-how, secret or intellectual property right whatsoever or any interest therein (whether or not patentable or registrable under copyright or similar statutes or subject to analogous protection) (herein called "**Developments**") that (i) relates to the business of the Company or any of the products or services being developed, manufactured or sold by the Company or which may be used in relation therewith, (ii) results from tasks assigned to Executive by the Company or (iii) results from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, such Developments and the benefits thereof shall immediately become the sole and absolute property of the Company and its assigns, and Executive shall promptly disclose to the Company (or any persons designated by it) each such Development, and Executive hereby assigns any rights Executive may have or acquire in the Developments and benefits and/or rights resulting therefrom to the Company and its assigns without further compensation and shall communicate, without cost or delay, and without publishing the same, all available information relating thereto (with all necessary plans and models) to the Company.

(b) Upon disclosure of each Development to the Company, Executive will, during Executive's employment and at any time thereafter, at the request and cost of the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require:

(i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

(ii) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection.

(c) In the event the Company is unable, after reasonable effort, to secure Executive's signature on any letters patent, copyright or other analogous protection relating to a Development, whether because of Executive's physical or mental incapacity or for any other reason whatsoever, Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact for the sole purpose of acting for and on Executive's behalf and in her stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright and other analogous protection thereon with the same legal force and effect as if executed by Executive.

7. **Non-Competition.** During Executive's employment with the Company and for a period of twelve (12) months after termination of Executive's employment (for any reason whatsoever, whether voluntary or involuntary) (the "**Non-Competition Period**"), Executive shall not, without the prior written approval of the Board, whether alone or as a partner, officer, director, consultant, agent, employee, representative or stockholder of any company, entity, or other commercial enterprise, or in any other capacity, directly or indirectly engage in the business of developing, manufacturing, marketing, selling and otherwise providing products, hardware, software, materials and support services relating to traffic control solutions, which include without limitation, photo, speed and red light automated enforcement technologies, parking systems, electronic toll collection, toll and traffic violation enforcement management, automated revenue collection processing systems and software, related transaction processing operations for any of the foregoing, and any other products or services offered, conducted, authorized or provided by the Company during the last twelve (12) months of Executive's employment (the "**Business**"), in any geographic regions for which Executive was responsible, or performed duties, on behalf of the Company during the last twelve (12) months of Executive's employment, or in any geographic region in which the Company engaged in such business, or had developed plans to engage in such business, during the last twelve (12) months of Executive's employment.

The foregoing Non-Competition prohibition shall not prevent Executive's employment or engagement after termination of Executive's employment by any company or business organization, so long as the activities of any such employment or engagement, in any capacity, do not involve work on matters related to the Business. Executive shall be permitted to own securities of a public company not in excess of five percent (5%) of any class of such securities and to own stock, partnership interests or other securities of any entity not in excess of five percent (5%) of any class of such securities and such ownership shall not be considered to be in competition with the Company.

8. **Non-Solicitation.** During Executive's employment with the Company and for a period of eighteen (18) months after termination of such employment (for any reason, whether voluntary or involuntary), Executive agrees that Executive will not:

(a) directly or indirectly (i) solicit, entice or induce, or attempt to solicit, entice or induce, any customer or client to become a customer or client of any other person, firm or corporation with respect to any products or services then sold, offered, or under development by the Company, or (ii) solicit, entice or induce, or attempt to solicit, entice or induce any customer, client, vendor, supplier, contractor, or business development partner to cease doing business with

or any in way reduce or impair its business relationship with the Company, and Executive shall not approach or contact any such person, firm or corporation for such purpose or authorize or knowingly approve the taking of such actions by any other person; or

(b) directly or indirectly (i) solicit or recruit, or attempt to solicit or recruit, any employee, consultant or contractor of the Company to terminate employment or otherwise cease providing services to the Company or (ii) solicit or recruit, or attempt to solicit or recruit, any employee to work for or provide services to a third party other than the Company; and Executive shall not approach any such person for such purpose or authorize or knowingly approve the taking of such actions by any other person.

9. Non-Disparagement. During Executive's employment and at all times following Executive's termination of employment for any reason, Executive agrees not to make, or knowingly cause to be made, any public disparaging statement or public communication, written or oral, concerning the Company, or otherwise impugn the business or management of, damage the reputation of, or interfere with the normal operations of the Company or any of its respective past or present employees, executives, officers, directors, shareholders, members, managers, principals, or representatives. The foregoing prohibitions include, without limitation, (i) non-verbal comments or statements made on the Internet, including without limitation, on blogs, forums, social media platforms, review or rating sites, or any Internet site or online message board (including but not limited to LinkedIn and GlassDoor); and (ii) comments or statements to any person or entity, including without limitation, to the press or media, the Company, or any entity, customer, client, vendor, supplier, consultant or contractor with whom the Company has, has had or may in the future have a business relationship, that would in any way adversely affect the conduct of the business of the Company (including but not limited to any business plans or prospects) or the reputation of the Company, or the aforementioned persons (including without limitation former and present employees of the Company). Nothing in this provision or elsewhere in this Agreement shall (a) affect the parties' obligation to provide truthful information as may be required by law, rule, regulation or legal process, or as requested by any legal or regulatory authority, (b) unlawfully impair or interfere with Executive's rights under Section 7 of the National Labor Relations Act, or (c) impair or in any way interfere with the Company's ability to engage in intra-Company communications between or among officers, members of the Board, and/or their advisors related to Executive's compensation, retention, and/or job performance.

10. General Provisions.

(a) Executive acknowledges and agrees that, for purposes of Sections 5, 6, 7, 8, and 9 of this Agreement, the term "Company" shall include Verra Mobility Corporation, VM Consolidated, Inc., and their direct and indirect subsidiaries and affiliates.

(b) Executive acknowledges and agrees that the type and periods of restrictions imposed in Sections 7 and 8 of this Agreement are fair, reasonable and no greater than necessary to protect the Company's legitimate business interests, and that such restrictions are intended solely to protect the legitimate interests of the Company, including its Confidential Information, goodwill (client, customer, employee, and otherwise), and business interests, and shall not in any way prevent Executive from earning a livelihood or impose upon Executive undue hardship.

Executive recognizes and agrees that the Company competes and provides its products and services in numerous jurisdictions throughout the world, and that Executive's access to Confidential Information makes it both reasonable and necessary for the Company to restrict Executive's post-employment activities in any geographic market in which the Company competes or is developing plans to compete, and in which Executive's access to Confidential Information and other proprietary information could be used to the detriment of the Company and for which the Company would have no adequate remedy at law. In the event that any restriction set forth in this Agreement is determined by a court of competent jurisdiction to be overbroad or unenforceable with respect to scope, time (duration), or geographical coverage, Executive agrees that such restriction or restrictions shall be modified and narrowed, either by such court of competent jurisdiction, or by the Company, to the least extent possible under applicable law for such restriction or restrictions to be enforceable so as to preserve and protect the legitimate interests of the Company as described in this Agreement, and without negating or impairing any other restrictions or agreements set forth herein.

(c) Executive acknowledges and agrees that should Executive breach any of the covenants, restrictions and agreements contained herein, irreparable loss and injury would result to the Company, monetary relief would not compensate for such breach, and damages arising out of such a breach would be difficult to fully ascertain. Executive therefore agrees that, in addition to any and all other remedies available at law or at equity, the Company shall be entitled to have the covenants, restrictions and agreements contained in Sections 5, 6, 7, 8, and 9 specifically enforced (including, without limitation, by temporary, preliminary, and permanent injunctions and restraining orders), without the need to post any bond or security, by any state or federal court in the State of Arizona having equity jurisdiction, and Executive agrees to be subject to the jurisdiction of such court and hereby waives any objection to the jurisdiction or venue thereof.

(d) Executive agrees that if the Company fails to take action to remedy any breach by Executive of this Agreement or any portion of the Agreement, such inaction by the Company shall not operate or be construed as a waiver of such breach or of any subsequent or other breach by Executive of the same or any other provision, agreement or covenant.

(e) The parties recognize that in order for Executive to perform duties on behalf of the Company, Executive needs to manage, use or otherwise have access to Confidential Information. Accordingly, the Company's agreement to provide Executive with access to Confidential Information is subject to the terms and conditions of this Agreement, and Executive accepts all of the terms contained in Sections 5, 6, 7, 8 and 9 in exchange for being provided with such Confidential Information. Executive further acknowledges and agrees that her continued employment under the terms and with the payments and benefits to be provided to Executive under this Agreement constitute sufficient and adequate consideration for the covenants in Sections 5, 6, 7, 8, and 9 hereof.

(f) Executive's obligations under Sections 5, 6, 7, 8 and 9 shall survive the termination of Executive's employment in accordance with their terms and shall remain in effect despite any change in position, title, duties, compensation, or other terms and conditions of Executive's employment. The existence of a claim by Executive against Company, whether predicated on this

Agreement or otherwise, shall not relieve Executive of Executive's obligations under Sections 5, 6, 7, 8 or 9 or make them unenforceable.

11. Representations and Warranties. Executive represents and warrants the following to the Company, each of which Executive acknowledges is a material inducement to the Company's willingness to enter into this Agreement and a material provision of this Agreement:

(a) Other than as previously disclosed in writing or provided to the Company, Executive is not a party to or bound by any employment agreements, restrictive covenants, non-compete restrictions, non-solicitation restrictions, and/or confidentiality or non-disclosure agreements with any other person, business or entity, or any agreement or contract requiring Executive to assign inventions to another party (each, a "**Restrictive Agreement**"), and Executive has conducted a thorough review of any and all agreements Executive may have entered into with any current or former employer or any other relevant party to ensure that this representation and warranty is correct.

(b) No Restrictive Agreement prohibits, restricts, limits or otherwise affects Executive's employment with the Company as an executive or ability to perform any of Executive's duties or responsibilities for the Company as contemplated herein.

(c) Executive has not made any material misrepresentation or omission in the course of her communications with the Company regarding the Restrictive Agreements or other obligations to any current or former employer or other third party.

(d) Executive has not, directly or indirectly, removed, downloaded, or copied any confidential or proprietary information or records of any current or former employer (or their subsidiaries and/or affiliates) without the express written consent of an authorized representative of such entity, and shall not use or possess, as of the date Executive begins employment and at all times during her employment with the Company, any confidential or proprietary information or records of any current or former employer (or their subsidiaries and/or affiliates), whether in hard copy or electronic form, including, but not limited to, documents, files, disks, or other materials, all of which Executive is prohibited from using in connection with her employment with the Company.

12. Survivorship. The respective rights and obligations of the parties under this Agreement, including but not limited to those rights and obligations set forth in Sections 5, 6, 7, 8, and 9, shall survive termination of Executive's employment and any termination of this Agreement for any reason to the extent necessary to the intended preservation of such rights and obligations.

13. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be

deemed to have been given when hand-delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:
VM Consolidated, Inc.
1150 North Alma School Road
Mesa, AZ 85201
Attn: General Counsel

If to Executive, to:

The address of her principal residence most recently on file with the Company.

or to such other names or addresses as the Company or Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

14. Contents of Agreement, Amendment, Interpretation and Assignment.

(a) This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior offer letters, employment agreements and understandings concerning Executive's employment by the Company including, but not limited to, the Offer Letter (but excluding the Proprietary Rights and Non-Competition Agreement), and cannot be changed or modified except upon written amendment approved by the Board and executed on its behalf by a duly authorized officer and by Executive.

(b) The headings in this Agreement are for convenience only, and both parties agree that they shall not be construed or interpreted to modify or affect the construction or interpretation of any provision of this Agreement.

(c) All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of Executive under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by Executive.

15. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated by a court of competent jurisdiction to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement that can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

16. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or

hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall operate or be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

17. **Withholding.** All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement other than such taxes that are, by their nature, obligations of the Company (for example, and without limitation, the employer portion of the Federal Insurance Contributions Act (FICA) taxes).

18. **Counterparts.** This Agreement may be executed in counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts. Facsimile signatures and signatures transmitted by PDF shall be equivalent to original signatures.

19. **Governing Law; Jurisdiction.** This Agreement shall be governed by and interpreted under the laws of the State of Arizona without giving effect to (i) any conflicts-of-law provisions or choice of law provisions of the State of Arizona or of any other jurisdiction which provisions (if applied) would result in the application of the laws of any other jurisdiction other than of the State of Arizona, or (ii) canons of construction or principles of law that construe agreements against the draftsman. Each party hereby irrevocably submits to the exclusive jurisdiction of the United States District Court located in Arizona or any state court located within such state, in respect of any claim, dispute, or controversy in any way arising out of or relating to this Agreement or Executive's employment with the Company or the termination thereof, and each party hereby waives, and agrees not to assert as a defense in any action, suit or proceeding in which any such claim is made, that such party is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts. Any appellate proceedings shall take place in the appropriate courts having appellate jurisdiction over the courts set forth in this Section.

20. **Section 409A.** This Agreement is intended to comply with or otherwise be exempt from Section 409A and its corresponding regulations, to the extent applicable, and shall be so construed. Notwithstanding anything in this Agreement to the contrary, payments of "nonqualified deferred compensation" subject to Section 409A may only be made under this Agreement upon an event and in a manner permitted by Section 409A, to the extent applicable. For purposes of Section 409A, all payments of "nonqualified deferred compensation" subject to Section 409A to be made upon the termination of Executive's employment under this Agreement may only be made upon a "separation from service" under Section 409A. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall Executive,

directly or indirectly, designate the calendar year of payment with respect to any amount that is “nonqualified deferred compensation” subject to Section 409A. All reimbursements provided under this Agreement that are “nonqualified deferred compensation” that is subject to Section 409A shall be made or provided in accordance with Section 409A, including, where applicable, the requirements that (a) any reimbursement is for expenses incurred during the Employment Period (or during such other time period specified in this Agreement), (b) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (c) the reimbursement of an eligible expense will be made on or before the last day of the taxable year following the year in which the expense is incurred, and (d) the right to reimbursement is not subject to liquidation or exchange for another benefit. Nothing herein shall be construed as having modified the time and form of payment of any amounts or payments of “nonqualified deferred compensation” within the meaning Section 409A that were otherwise payable pursuant to the terms of any agreement between Company and Executive in effect prior to the date of this Agreement.

21. Section 280G of the Code. Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or a Company affiliate to Executive or for Executive’s benefit pursuant to the terms of this Agreement or otherwise (the “**Covered Payments**”) constitute parachute payments (the “**Parachute Payments**”) within the meaning of Section 280G of the Code and, but for this Section 21, would be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the “**Excise Tax**”), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the “**Reduced Amount**”). “**Net Benefit**” shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

(a) Any such reduction shall be made in accordance with Section 409A and the following:

(i) the Covered Payments consisting of cash severance benefits that do not constitute nonqualified deferred compensation subject to Section 409A shall be reduced first, in reverse chronological order; and

(ii) all other Covered Payments consisting of cash payments, and Covered Payments consisting of accelerated vesting of equity based awards to which Treas. Reg. §1.280G-1 Q/A-24(c) does not apply, and that in either case do not constitute nonqualified deferred compensation subject to Section 409A, shall be reduced second, in reverse chronological order;

(iii) all Covered Payments consisting of cash payments that constitute nonqualified deferred compensation subject to Section 409A shall be reduced third, in reverse chronological order; and

(iv) all Covered Payments consisting of accelerated vesting of equity-based awards to which Treas. Reg. § 1.280G-1 Q/A-24(c) applies shall be the last Covered Payments to be reduced.

(b) Any determination required under this Section 21 shall be made in writing in good faith by an independent accounting firm selected by the Company and reasonably acceptable to the Executive (the “**Accountants**”). The Company and Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 21. For purposes of making the calculations and determinations required by this Section 21, the Accountants may rely on reasonable, good-faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Accountants’ determinations shall be final and binding on the Company and Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 21.

(c) It is possible that after the determinations and selections made pursuant to this Section 21 Executive will receive Covered Payments that are in the aggregate more than the amount intended or required to be provided after application of this Section 21 (“**Overpayment**”) or less than the amount intended or required to be provided after application of this Section 21 (“**Underpayment**”).

(i) In the event that: (A) the Accountants determine, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or Executive that the Accountants believe has a high probability of success, that an Overpayment has been made or (B) it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved that an Overpayment has been made, then Executive shall pay any such Overpayment to the Company together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date of Executive’s receipt of the Overpayment until the date of repayment.

(ii) In the event that: (A) the Accountants, based upon controlling precedent or substantial authority, determine that an Underpayment has occurred or (B) a court of competent jurisdiction determines that an Underpayment has occurred, any such Underpayment will be paid promptly by the Company to or for the benefit of Executive together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date the amount should have otherwise been paid to Executive until the payment date.

[*Signature Page Follows.*]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

VM CONSOLIDATED, INC.

By: /s/ David Roberts

Name: David Roberts

Title: CEO

Date: March 25, 2021

PATRICIA CHIDO

/s/ Patricia Chido

Date: March 25, 2021

**AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this “**Agreement**”) dated as of the last signature date hereto (the “**Effective Date**”), is entered into by and between VM Consolidated, Inc., a Delaware corporation having its principal offices in Mesa, Arizona and a wholly owned subsidiary of Verra Mobility Corporation (together with Verra Mobility Corporation, the “**Company**”), and Rebecca Collins (the “**Executive**”).

WHEREAS, Executive is currently employed by the Company as its General Counsel, pursuant to an Offer Letter dated April 21, 2016 (the “**Offer Letter**”);

WHEREAS, Executive has executed that certain Company Proprietary Rights and Non-Competition Agreement, dated as of May 9, 2016 (the “**Proprietary Rights and Non-Competition Agreement**”);

WHEREAS, the Company and Executive wish to amend and restate the terms of Executive’s employment with the Company as contained herein; and

WHEREAS, Executive acknowledges that Executive has had an opportunity to consider this Agreement and to consult with an independent advisor of her choosing with regard to the terms of this Agreement, and enters into this Agreement voluntarily and with a full understanding of its terms.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Employment.

1.1 Employment Period. Executive shall be employed by the Company (or a Company subsidiary or affiliate) on an “at will” basis, meaning either the Company or Executive may terminate Executive’s employment at any time, with or without cause or advance notice (such period of employment under this Agreement, the “**Employment Period**”). Any contrary representations that may have been made to Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between Executive and the Company on the “at will” nature of Executive’s employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive’s rights to any compensation following a termination shall be only as set forth in Section 3 herein.

1.2 Duties and Responsibilities. Executive shall serve as the General Counsel (“**GC**”) of the Company, reporting to the Company’s Chief Executive Officer, and shall perform all duties and accept all responsibilities incident to such position and such other duties as may be reasonably assigned to Executive by the Company’s Chief Executive Officer consistent with such position.

1.3 Extent of Services. Executive shall use her best efforts to carry out Executive’s duties and responsibilities under Section 1.2 hereof and, consistent with the other provisions of this Agreement, shall devote substantially all of Executive’s business time, attention and energy

thereto. In the performance of her duties, Executive shall observe and adhere to all applicable Company policies and procedures as may be interpreted, adopted, revised or deleted from time to time in the Company's sole discretion. During the Employment Period, Executive may engage in volunteer services for or on behalf of such religious, educational, non-profit and/or other charitable organization as Executive may wish to serve, in all such cases not interfering with Executive's responsibilities and performance of Executive's duties hereunder. The foregoing shall not be construed as preventing Executive from owning less than one percent (1%) of the total outstanding shares of a publicly traded company.

1.4 Principal Location of Services. Executive shall perform her duties hereunder principally out of the Company's corporate headquarters (presently located in Mesa, Arizona) and shall undertake such travel within or outside of the United States as is necessary or advisable for the efficient operations of the Company and the performance of Executive's duties hereunder.

2. Compensation and Benefits.

2.1 Base Salary. For all the services rendered by Executive hereunder, the Company shall pay or cause to be paid to Executive a base salary ("**Base Salary**") at the annualized rate of three hundred and fifty thousand dollars (\$350,000.00), subject to all required withholdings and authorized deductions and payable in installments at such times as the Company customarily pays its other employees. Executive's Base Salary is subject to annual review by the Compensation Committee (the "**Compensation Committee**") of the Company's Board of Directors (the "**Board**") consistent with other members of the Company's executive team.

2.2 Short-Term Discretionary Cash Bonus. For each fiscal year during the Employment Period, Executive shall be eligible to receive an annual discretionary cash bonus (the "**STIP Bonus**") for the services rendered by Executive under this Agreement, subject to the terms and conditions as set forth in the Verra Mobility Amended and Restated Short-Term Incentive Plan (or any successor plan) (the "**STIP Plan**"). Executive's STIP Bonus target shall be sixty percent (60%) of the Executive's Base Salary paid during the applicable plan year. The payment and amount of the STIP Bonus, if any, will be determined by the Compensation Committee based on Executive's performance and Company financial performance, in each case measured against performance goals and financial targets established by the Compensation Committee. Nothing in this Agreement shall prevent the Compensation Committee from adopting, amending or terminating the Annual Bonus Plan as the Compensation Committee deems appropriate in its sole discretion.

2.3 Equity Compensation. During the Employment Period, Executive shall be eligible from time to time to participate in the Company's equity incentive programs, including with respect to restricted stock units, performance share units, stock options and other equity, subject to the discretion of the Board or its authorized designee(s). The terms and conditions of the vesting, forfeiture, and all other matters related to any equity compensation granted to Executive shall be subject to and governed by the Verra Mobility Corporation 2018 Equity Incentive Plan, as amended, and the applicable award agreements and grant documents provided to Executive in connection with such equity compensation.

2.4 Retirement and Welfare Plans. Executive shall be eligible to participate in employee retirement and welfare benefit plans made available to the Company's senior level executives as a group or to its employees generally, as such retirement and welfare plans may be in effect from time to time and subject to the eligibility requirements of the plans. Nothing in this Agreement shall prevent the Company from adopting, amending or terminating any retirement, welfare or other employee benefit plans or programs from time to time as the Company deems appropriate.

2.5 Vacation. Executive shall be entitled to paid vacation pursuant to the terms and conditions of the Company's vacation and paid time off policies, as may be in effect from time to time.

2.6 Reimbursement of Expenses. Executive shall be eligible to be reimbursed for all customary and appropriate business-related expenses actually incurred by Executive and documented in accordance with the Company's policies applicable to senior level executives and as may be in effect from time to time.

3. **Termination.** Notwithstanding Section 1, Executive's employment shall terminate, and the Employment Period shall terminate concurrently therewith, upon the occurrence of any of the following events:

3.1 Termination By Company Without Cause or Resignation by Executive for Good Reason.

(a) The Company may terminate Executive's employment at any time without Cause during the Employment Period from the position in which Executive is employed hereunder upon not less than thirty (30) days' prior written notice to Executive. The Company shall have the discretion to terminate Executive's employment during the notice period and pay continued Base Salary in lieu of notice. In addition, Executive may initiate a termination of employment under this Section 3.1 by resigning for Good Reason (in accordance with the notice and other provisions set forth in Section 3.7(b)).

(b) Upon termination under this Section 3.1, Executive shall receive (i) Executive's accrued but unpaid Base Salary through the date of termination (payable on the Company's first (1st) payroll processing date after Executive's date of termination or earlier if required by applicable law), (ii) any unreimbursed business expenses incurred by Executive and payable in accordance with the Company's standard expense reimbursement policies and Section 20 of this Agreement, and (iii) benefits earned, accrued and due under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan (collectively, the amounts in this Section 3.1(b) are "**Guaranteed Payments**").

(c) If Executive's employment terminates as described in Section 3.1(a) above and if, upon such termination, Executive (i) executes within twenty-one (21) days (or forty-five (45) days to the extent required by applicable law) after presentation to the Executive, that Executive does not timely revoke, a written general release in a form provided by the Company releasing the Company from any and all claims (including with respect to all matters arising out

of or related to Executive's employment by the Company or the termination thereof) (the "**Release**"), and (ii) complies with the terms and conditions of the Release, including, without limitation, the terms and conditions of Sections 5, 6, 7, 8, and 9 of this Agreement (which shall be incorporated in the Release by reference) below, Executive will be entitled to receive cash severance in an amount equal to twelve (12) months of Executive's then-current Base Salary, plus a cash amount representing the total cost of the group healthcare premiums the Executive would have paid based on the coverages in effect at the time of Executive's termination if the Executive elected continuation coverage under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, for a period of twelve (12) months (the "**Severance**"). The Severance amount, less all required withholdings and authorized deductions, shall be paid in substantially equal installments consistent with the Company's regularly scheduled payroll procedures until the Severance has been paid in full, subject to Section 3.1(d) below.

(d) Except as otherwise required by Section 3.8, the benefits described in Section 3.1(c) shall begin within sixty (60) days after Executive's termination date, provided Executive has timely executed and not revoked the Release within such sixty (60) day period; and provided that notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the Release, directly or indirectly, result in Executive's designating the calendar year of payment, and if a payment that is "nonqualified deferred compensation" as defined under Section 409A of the Code ("**Section 409A**") is subject to execution of the Release could be made in more than one taxable year of Executive, payment shall be made on the earliest date permitted under the terms of the Release in the later such taxable year.

(e) Executive agrees and acknowledges that the Severance provided to Executive pursuant to Section 3.1(c) is in lieu of, and is not in addition to, any benefits to which Executive may otherwise be entitled under any Company severance plan, policy, or program, other than the Guaranteed Payments.

(f) Executive agrees and acknowledges that if Executive fails to comply with Section 5, 6, 7, 8 or 9 below, or any obligation set forth in the Release, all payments under Section 3.1(c) shall immediately cease and Executive shall be required to immediately repay any cash Severance previously paid by the Company.

3.2 Termination by Reason of Disability. Subject to applicable state and federal law, the Company may terminate Executive's employment if Executive has been unable to perform the material duties of Executive's position for a period of ninety (90) consecutive days or one hundred eighty (180) days in the aggregate during any twelve (12) month period because of physical or mental injury or illness ("**Disability**"). Executive agrees, in the event of a dispute under this Section 3.2 relating to Executive's Disability, to submit to a physical examination by a licensed physician jointly selected by the Board and Executive. If the Company terminates Executive's employment for Disability, Executive shall be entitled to receive the Guaranteed Payments as set forth in Section 3.1(b).

3.3 Termination by Reason of Death. If Executive dies while employed by the Company, all obligations of the parties hereunder shall terminate immediately. The Company shall pay to Executive's executor, legal representative, administrator or designated beneficiary, as applicable, the Guaranteed Payments as set forth in Section 3.1(b).

3.4 Termination by Company for Cause or Resignation by Executive without Good Reason. The Company may terminate Executive's employment at any time for Cause upon written notice to Executive and Executive may initiate a termination of employment by resigning without Good Reason upon not less than thirty (30) days' prior written notice to the Company, and in any such event all payments under this Agreement shall cease upon the termination date except that the Company shall pay to Executive the Guaranteed Payments. In such event, Executive will not receive the Severance or any other severance compensation or benefits.

3.5 Notice of Termination. Any termination of Executive's employment by either party shall be communicated by a written notice of termination to the other party hereto given in accordance with Section 13. The notice of termination shall (a) indicate the specific termination provision in this Agreement relied upon; (b) briefly summarize the facts and circumstances deemed to provide a basis for a termination of employment and the applicable provision hereof, provided, that no basis need be provided by the Company in connection with a termination without Cause by the Company or a termination without Good Reason by Executive; and (c) specify the termination date in accordance with the requirements of this Agreement.

3.6 Cooperation with the Company After Termination. During any notice period preceding termination of Executive's employment for any reason, Executive agrees to cooperate with the Company in all matters relating to the winding up of Executive's pending work and the orderly transfer and transition of any such pending work to such other employees as may be designated by the Company. Following termination of employment, Executive agrees to cooperate with the Company, at reasonable times and locales and upon reasonable prior notice, in (a) responding to requests by the Company for information concerning work performed by Executive during the period of Executive's employment with the Company and with regard to any matters that relate to or arise out of the business of the Company during the period of her employment and about which Executive may have knowledge; and (b) any investigation or review that may be performed by the Company or any government authority or in connection with any litigation or proceeding in which the Company may become involved. Executive's obligations under this Section 3.6 include (without limitation) (i) making him or herself available to testify on behalf of the Company or a Company affiliate in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative; (ii) assisting the Company or a Company affiliate in any such action, suit, or proceeding, by providing truthful and accurate information; (iii) and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to any Company affiliate as may be reasonably requested and after taking into account the Executive's post-termination responsibilities and obligations. The Company will reimburse Executive for any reasonable travel and out of pocket expenses incurred by Executive in providing such cooperation.

3.7 Definitions.

(a) **"Cause"** shall mean: (i) Executive being charged with a felony or misdemeanor criminal offense, other than a misdemeanor traffic offense; (ii) Executive's engagement in any act involving gross misconduct or dishonesty that is materially injurious to the Company or any Company affiliate; (iii) Executive's willful and continued breach of, or failure to substantially perform under or comply with any of the material terms and covenants of any written agreement with the Company or any Company affiliate; (iv) Executive's willful and continued breach of, or refusal or failure substantially to perform under, any policy or reasonable performance goals set

by the Company or a Company affiliate with respect to Executive's job duties or responsibilities, the operation of the Company's or its affiliates' business and affairs, or the management of the Company's or employees of a Company affiliate; or (v) Executive commits or has committed a breach of any laws or regulations which may affect or relate to the conduct of the Company's or the business of a Company affiliate; provided, however, that with respect to (iii) and (iv) above, Executive will be provided notice of any misconduct and/or breach constituting Cause and be given a reasonable opportunity (not to exceed thirty (30) consecutive days) to cure the misconduct and/or breach (unless such misconduct and/or breach is determined by the Company not to be susceptible to cure, in which case the termination shall be deemed to be immediate), and provided further that such cure period shall only be available for the first such act of misconduct and/or breach of the same or substantially similar type, and subsequent acts of misconduct and/or breach of the same or substantially similar type shall constitute Cause without regard to Executive's subsequent cure of same.

(b) **"Good Reason"** shall mean the occurrence of any of the following events or conditions, unless Executive has expressly consented in writing thereto:

(i) A material reduction in Executive's Base Salary;

(ii) The material diminution of Executive's duties, responsibilities, or authority, provided that Good Reason shall not exist under this clause (ii) if such diminution of authority, duties and responsibilities is a result of the hiring of additional subordinates to assume some of Executive's duties and responsibilities which are in fact, in the aggregate from time to time, not a material diminution of such authority, duties and responsibilities as GC;

(iii) The Company requires that Executive's principal office location be moved to a location more than fifty (50) miles from Executive's principal office location immediately before the change without Executive's prior consent; or

(iv) A material breach by the Company of this Agreement or any other written agreement between the parties. For purposes of this Agreement, Executive shall not have Good Reason for termination unless (i) Executive reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) Executive notifies the Company in writing of the occurrence of the Good Reason condition within sixty (60) days of such occurrence; (iii) Executive cooperates in good faith with the Company's efforts, for a period not less than thirty (30) days following such notice (the **"Cure Period"**), to cure the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist following expiration of the Cure Period as determined by the Company; and (v) Executive terminates her employment within sixty (60) days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

3.8 Required Postponement for Specified Executives. If Executive is considered a "specified employee" (as defined under Section 409A) and payment of any amounts under this Agreement is required to be delayed for a period of six (6) months after separation from service pursuant to Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated postponed amounts shall be paid in a lump-sum payment within five (5) days after the end of the six (6) month period. If Executive dies during the postponement period prior

to the payment of benefits, the amounts postponed on account of Section 409A shall be paid to the personal representative of Executive's estate within thirty (30) days after the date of Executive's death.

4. **Non-Exclusivity of Rights.** Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company and for which Executive may qualify; provided, however, that if Executive becomes entitled to and receives the Severance provided for in Section 3 of this Agreement, Executive hereby waives Executive's right to receive payments under any severance plan or similar program that would otherwise apply to Executive. In the event of any inconsistency between this Agreement and any other plan, program or agreement in which Executive is a participant or a party, this Agreement shall control unless such other plan, program or agreement specifically refers to this Agreement as not so controlling.

5. **Confidentiality.** Executive agrees that Executive's services to the Company are of a special, unique and extraordinary character, and that Executive's position places Executive in a position of confidence and trust with the Company's customers, clients, vendors, suppliers, contractors, business partners and employees. Executive also recognizes that Executive's position with the Company will give Executive substantial access to Confidential Information (as defined below), the unauthorized use or disclosure of which to competitors of the Company would cause the Company to suffer substantial and irreparable damage. Executive recognizes and agrees, therefore, that it is in the Company's legitimate business interest to restrict Executive's use of Confidential Information for any purposes other than the proper discharge of Executive's employment duties for the Company, and to limit any potential appropriation of Confidential Information by Executive for the benefit of the Company's competitors and/or to the detriment of the Company. Accordingly, Executive agrees as follows:

(a) Executive shall not at any time, whether during or after the termination of Executive's employment with the Company for any reason, reveal or disclose to any person or entity any of the trade secrets or confidential information of the Company, or the trade secrets or confidential information of any third party which the Company is under an obligation to keep confidential, including but not limited to trade secrets or confidential information respecting products, projects, designs, developmental or experimental work, computer programs, software, data bases, know-how, processes, formulas, customers, business partners, suppliers, business plans, marketing plans and strategies, finances, employee compensation, or personnel, information obtained from third parties under confidentiality agreements, and other business information ("***Confidential Information***"), except as may be required in the ordinary course of performing Executive's duties as an employee of the Company, and Executive shall keep secret all Confidential Information entrusted to Executive and shall not use or attempt to use any such Confidential Information for personal gain or in any manner that may injure or cause loss, or could reasonably be expected to injure or cause loss, whether directly or indirectly, to the Company.

(b) The above restrictions shall not apply to: (i) information that at the time of disclosure is in the public domain through no fault of Executive; (ii) information received from a third party outside of the Company that was disclosed without a breach of any confidentiality obligation on the part of such third party; (iii) information released or disclosed by an authorized representative of the Company; or (iv) information that may be required by law or an order of any

court, agency or proceeding to be disclosed; provided that Executive shall provide the Company prior written notice of any such required disclosure once Executive has knowledge of it and will help the Company to the extent reasonable to obtain an appropriate protective order. Moreover, the foregoing shall not limit Executive's ability to (A) discuss the terms of Executive's employment, wages and working conditions to the extent expressly protected by applicable law, (B) report possible violations of federal securities laws to the appropriate government enforcing agency and make such other disclosures that are expressly protected under federal or state "whistleblower" laws, or (C) respond to inquiries from, or otherwise cooperate with, any governmental or regulatory investigation or proceeding.

(c) Executive agrees that during Executive's employment with the Company Executive shall not take, use or permit to be used any records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items) or other materials of any nature constituting Confidential Information or Developments (as defined below) otherwise than for the benefit of the Company. Executive further agrees that Executive shall not, after the termination of Executive's employment for any reason, use or permit to be used any such records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items), it being agreed that all of the foregoing shall be and remain the sole and exclusive property of the Company and that, immediately upon the termination of Executive's employment for any reason, Executive shall deliver all of the foregoing, and all copies thereof, to the Company, at its main office.

(d) Executive agrees that upon the termination of Executive's employment with the Company for any reason, Executive shall not take or retain without written authorization any documents, files or other property of the Company, and Executive will return promptly to the Company any such documents, files or property in Executive's possession or custody, including any copies thereof maintained in any medium or format. Executive recognizes that all documents, files and property that Executive has received and will receive from the Company (with the exception of documents relating to benefits to which Executive might be entitled following the termination of Executive's employment with the Company), are for the exclusive use of the Company and employees who are discharging their responsibilities on behalf of the Company, and that Executive has no claim or right to the continued use, possession or custody of such documents, files or property following the termination of Executive's employment with the Company for any reason.

(e) Pursuant to the Defend Trade Secrets Act of 2016, Executive acknowledges that Executive will not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

6. **Intellectual Property.**

(a) If at any time or times during Executive's employment with the Company Executive shall (either alone or with others) make, conceive, discover or reduce to practice any invention, modification, discovery, design, development, improvement, process, software program, work of authorship, documentation, formula, data, technique, know-how, secret or intellectual property right whatsoever or any interest therein (whether or not patentable or registrable under copyright or similar statutes or subject to analogous protection) (herein called "**Developments**") that (i) relates to the business of the Company or any of the products or services being developed, manufactured or sold by the Company or which may be used in relation therewith, (ii) results from tasks assigned to Executive by the Company or (iii) results from the use of premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company, such Developments and the benefits thereof shall immediately become the sole and absolute property of the Company and its assigns, and Executive shall promptly disclose to the Company (or any persons designated by it) each such Development, and Executive hereby assigns any rights Executive may have or acquire in the Developments and benefits and/or rights resulting therefrom to the Company and its assigns without further compensation and shall communicate, without cost or delay, and without publishing the same, all available information relating thereto (with all necessary plans and models) to the Company.

(b) Upon disclosure of each Development to the Company, Executive will, during Executive's employment and at any time thereafter, at the request and cost of the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require:

(i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

(ii) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection.

(c) In the event the Company is unable, after reasonable effort, to secure Executive's signature on any letters patent, copyright or other analogous protection relating to a Development, whether because of Executive's physical or mental incapacity or for any other reason whatsoever, Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact for the sole purpose of acting for and on Executive's behalf and in her stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright and other analogous protection thereon with the same legal force and effect as if executed by Executive.

7. **Non-Competition.** During Executive's employment with the Company and for a period of twelve (12) months after termination of Executive's employment (for any reason whatsoever, whether voluntary or involuntary) (the "**Non-Competition Period**"), Executive shall not, without the prior written approval of the Board, whether alone or as a partner, officer, director,

consultant, agent, employee, representative or stockholder of any company, entity, or other commercial enterprise, or in any other capacity, directly or indirectly engage in the business of developing, manufacturing, marketing, selling and otherwise providing products, hardware, software, materials and support services relating to traffic control solutions, which include without limitation, photo, speed and red light automated enforcement technologies, parking systems, electronic toll collection, toll and traffic violation enforcement management, automated revenue collection processing systems and software, related transaction processing operations for any of the foregoing, and any other products or services offered, conducted, authorized or provided by the Company during the last twelve (12) months of Executive's employment (the "**Business**"), in any geographic regions for which Executive was responsible, or performed duties, on behalf of the Company during the last twelve (12) months of Executive's employment, or in any geographic region in which the Company engaged in such business, or had developed plans to engage in such business, during the last twelve (12) months of Executive's employment.

The foregoing Non-Competition prohibition shall not prevent Executive's employment or engagement after termination of Executive's employment by any company or business organization, so long as the activities of any such employment or engagement, in any capacity, do not involve work on matters related to the Business. Executive shall be permitted to own securities of a public company not in excess of five percent (5%) of any class of such securities and to own stock, partnership interests or other securities of any entity not in excess of five percent (5%) of any class of such securities and such ownership shall not be considered to be in competition with the Company.

8. Non-Solicitation. During Executive's employment with the Company and for a period of eighteen (18) months after termination of such employment (for any reason, whether voluntary or involuntary), Executive agrees that Executive will not:

(a) directly or indirectly (i) solicit, entice or induce, or attempt to solicit, entice or induce, any customer or client to become a customer or client of any other person, firm or corporation with respect to any products or services then sold, offered, or under development by the Company, or (ii) solicit, entice or induce, or attempt to solicit, entice or induce any customer, client, vendor, supplier, contractor, or business development partner to cease doing business with or in any way reduce or impair its business relationship with the Company, and Executive shall not approach or contact any such person, firm or corporation for such purpose or authorize or knowingly approve the taking of such actions by any other person; or

(b) directly or indirectly (i) solicit or recruit, or attempt to solicit or recruit, any employee, consultant or contractor of the Company to terminate employment or otherwise cease providing services to the Company or (ii) solicit or recruit, or attempt to solicit or recruit, any employee to work for or provide services to a third party other than the Company; and Executive shall not approach any such person for such purpose or authorize or knowingly approve the taking of such actions by any other person.

9. Non-Disparagement. During Executive's employment and at all times following Executive's termination of employment for any reason, Executive agrees not to make, or knowingly cause to be made, any public disparaging statement or public communication, written or oral, concerning the Company, or otherwise impugn the business or management of, damage

the reputation of, or interfere with the normal operations of the Company or any of its respective past or present employees, executives, officers, directors, shareholders, members, managers, principals, or representatives. The foregoing prohibitions include, without limitation, (i) non-verbal comments or statements made on the Internet, including without limitation, on blogs, forums, social media platforms, review or rating sites, or any Internet site or online message board (including but not limited to LinkedIn and GlassDoor); and (ii) comments or statements to any person or entity, including without limitation, to the press or media, the Company, or any entity, customer, client, vendor, supplier, consultant or contractor with whom the Company has, has had or may in the future have a business relationship, that would in any way adversely affect the conduct of the business of the Company (including but not limited to any business plans or prospects) or the reputation of the Company, or the aforementioned persons (including without limitation former and present employees of the Company). Nothing in this provision or elsewhere in this Agreement shall (a) affect the parties' obligation to provide truthful information as may be required by law, rule, regulation or legal process, or as requested by any legal or regulatory authority, (b) unlawfully impair or interfere with Executive's rights under Section 7 of the National Labor Relations Act, or (c) impair or in any way interfere with the Company's ability to engage in intra-Company communications between or among officers, members of the Board, and/or their advisors related to Executive's compensation, retention, and/or job performance.

10. General Provisions.

(a) Executive acknowledges and agrees that, for purposes of Sections 5, 6, 7, 8, and 9 of this Agreement, the term "Company" shall include Verra Mobility Corporation, VM Consolidated, Inc., and their direct and indirect subsidiaries and affiliates.

(b) Executive acknowledges and agrees that the type and periods of restrictions imposed in Sections 7 and 8 of this Agreement are fair, reasonable and no greater than necessary to protect the Company's legitimate business interests, and that such restrictions are intended solely to protect the legitimate interests of the Company, including its Confidential Information, goodwill (client, customer, employee, and otherwise), and business interests, and shall not in any way prevent Executive from earning a livelihood or impose upon Executive undue hardship. Executive recognizes and agrees that the Company competes and provides its products and services in numerous jurisdictions throughout the world, and that Executive's access to Confidential Information makes it both reasonable and necessary for the Company to restrict Executive's post-employment activities in any geographic market in which the Company competes or is developing plans to compete, and in which Executive's access to Confidential Information and other proprietary information could be used to the detriment of the Company and for which the Company would have no adequate remedy at law. In the event that any restriction set forth in this Agreement is determined by a court of competent jurisdiction to be overbroad or unenforceable with respect to scope, time (duration), or geographical coverage, Executive agrees that such restriction or restrictions shall be modified and narrowed, either by such court of competent jurisdiction, or by the Company, to the least extent possible under applicable law for such restriction or restrictions to be enforceable so as to preserve and protect the legitimate interests of the Company as described in this Agreement, and without negating or impairing any other restrictions or agreements set forth herein.

(c) Executive acknowledges and agrees that should Executive breach any of the covenants, restrictions and agreements contained herein, irreparable loss and injury would result to the Company, monetary relief would not compensate for such breach, and damages arising out of such a breach would be difficult to fully ascertain. Executive therefore agrees that, in addition to any and all other remedies available at law or at equity, the Company shall be entitled to have the covenants, restrictions and agreements contained in Sections 5, 6, 7, 8, and 9 specifically enforced (including, without limitation, by temporary, preliminary, and permanent injunctions and restraining orders), without the need to post any bond or security, by any state or federal court in the State of Arizona having equity jurisdiction, and Executive agrees to be subject to the jurisdiction of such court and hereby waives any objection to the jurisdiction or venue thereof.

(d) Executive agrees that if the Company fails to take action to remedy any breach by Executive of this Agreement or any portion of the Agreement, such inaction by the Company shall not operate or be construed as a waiver of such breach or of any subsequent or other breach by Executive of the same or any other provision, agreement or covenant.

(e) The parties recognize that in order for Executive to perform duties on behalf of the Company, Executive needs to manage, use or otherwise have access to Confidential Information. Accordingly, the Company's agreement to provide Executive with access to Confidential Information is subject to the terms and conditions of this Agreement, and Executive accepts all of the terms contained in Sections 5, 6, 7, 8 and 9 in exchange for being provided with such Confidential Information. Executive further acknowledges and agrees that her continued employment under the terms and with the payments and benefits to be provided to Executive under this Agreement constitute sufficient and adequate consideration for the covenants in Sections 5, 6, 7, 8, and 9 hereof.

(f) Executive's obligations under Sections 5, 6, 7, 8 and 9 shall survive the termination of Executive's employment in accordance with their terms and shall remain in effect despite any change in position, title, duties, compensation, or other terms and conditions of Executive's employment. The existence of a claim by Executive against Company, whether predicated on this Agreement or otherwise, shall not relieve Executive of Executive's obligations under Sections 5, 6, 7, 8 or 9 or make them unenforceable.

11. Representations and Warranties. Executive represents and warrants the following to the Company, each of which Executive acknowledges is a material inducement to the Company's willingness to enter into this Agreement and a material provision of this Agreement:

(a) Other than as previously disclosed in writing or provided to the Company, Executive is not a party to or bound by any employment agreements, restrictive covenants, non-compete restrictions, non-solicitation restrictions, and/or confidentiality or non-disclosure agreements with any other person, business or entity, or any agreement or contract requiring Executive to assign inventions to another party (each, a "**Restrictive Agreement**"), and Executive has conducted a thorough review of any and all agreements Executive may have entered into with any current or former employer or any other relevant party to ensure that this representation and warranty is correct.

(b) No Restrictive Agreement prohibits, restricts, limits or otherwise affects Executive's employment with the Company as an executive or ability to perform any of Executive's duties or responsibilities for the Company as contemplated herein.

(c) Executive has not made any material misrepresentation or omission in the course of her communications with the Company regarding the Restrictive Agreements or other obligations to any current or former employer or other third party.

(d) Executive has not, directly or indirectly, removed, downloaded, or copied any confidential or proprietary information or records of any current or former employer (or their subsidiaries and/or affiliates) without the express written consent of an authorized representative of such entity, and shall not use or possess, as of the date Executive begins employment and at all times during her employment with the Company, any confidential or proprietary information or records of any current or former employer (or their subsidiaries and/or affiliates), whether in hard copy or electronic form, including, but not limited to, documents, files, disks, or other materials, all of which Executive is prohibited from using in connection with her employment with the Company.

12. Survivorship. The respective rights and obligations of the parties under this Agreement, including but not limited to those rights and obligations set forth in Sections 5, 6, 7, 8, and 9, shall survive termination of Executive's employment and any termination of this Agreement for any reason to the extent necessary to the intended preservation of such rights and obligations.

13. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand-delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

VM Consolidated, Inc.

1150 North Alma School Road

Mesa, AZ 85201

Attn: Chief People Officer

If to Executive, to:

The address of her principal residence most recently on file with the Company, or to such other names or addresses as the Company or Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

14. Contents of Agreement, Amendment, Interpretation and Assignment.

(a) This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior offer letters, employment agreements and understandings concerning Executive's employment by the Company including, but not limited to, the Offer Letter (but excluding the Proprietary Rights and Non-Competition Agreement), and cannot be changed or modified except upon written amendment approved by the Board and executed on its behalf by a duly authorized officer and by Executive.

(b) The headings in this Agreement are for convenience only, and both parties agree that they shall not be construed or interpreted to modify or affect the construction or interpretation of any provision of this Agreement.

(c) All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of Executive under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by Executive.

15. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated by a court of competent jurisdiction to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement that can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

16. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall operate or be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

17. Withholding. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment received under this Agreement other than such taxes that are, by their nature, obligations of the Company (for example, and without limitation, the employer portion of the Federal Insurance Contributions Act (FICA) taxes).

18. Counterparts. This Agreement may be executed in counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts. Facsimile signatures and signatures transmitted by PDF shall be equivalent to original signatures.

19. Governing Law; Jurisdiction. This Agreement shall be governed by and interpreted under the laws of the State of Arizona without giving effect to (i) any conflicts-of-law provisions or choice of law provisions of the State of Arizona or of any other jurisdiction which provisions (if applied) would result in the application of the laws of any other jurisdiction other than of the State of Arizona, or (ii) canons of construction or principles of law that construe agreements against the draftsman. Each party hereby irrevocably submits to the exclusive jurisdiction of the United States District Court located in Arizona or any state court located within such state, in respect of any claim, dispute, or controversy in any way arising out of or relating to this Agreement or Executive's employment with the Company or the termination thereof, and each party hereby waives, and agrees not to assert as a defense in any action, suit or proceeding in which any such claim is made, that such party is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts. Any appellate proceedings shall take place in the appropriate courts having appellate jurisdiction over the courts set forth in this Section.

20. Section 409A. This Agreement is intended to comply with or otherwise be exempt from Section 409A and its corresponding regulations, to the extent applicable, and shall be so construed. Notwithstanding anything in this Agreement to the contrary, payments of "nonqualified deferred compensation" subject to Section 409A may only be made under this Agreement upon an event and in a manner permitted by Section 409A, to the extent applicable. For purposes of Section 409A, all payments of "nonqualified deferred compensation" subject to Section 409A to be made upon the termination of Executive's employment under this Agreement may only be made upon a "separation from service" under Section 409A. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall Executive, directly or indirectly, designate the calendar year of payment with respect to any amount that is "nonqualified deferred compensation" subject to Section 409A. All reimbursements provided under this Agreement that are "nonqualified deferred compensation" that is subject to Section 409A shall be made or provided in accordance with Section 409A, including, where applicable, the requirements that (a) any reimbursement is for expenses incurred during the Employment Period (or during such other time period specified in this Agreement), (b) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (c) the reimbursement of an eligible expense will be made on or before the last day of the taxable year following the year in which the expense is incurred, and (d) the right to reimbursement is not subject to liquidation or exchange for another benefit. Nothing herein shall be construed as having modified the time and form of payment of any amounts or payments of "nonqualified deferred compensation" within the meaning Section 409A that were otherwise payable pursuant to the terms of any agreement between Company and Executive in effect prior to the date of this Agreement.

21. **Section 280G of the Code.** Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or a Company affiliate to Executive or for Executive's benefit pursuant to the terms of this Agreement or otherwise (the "**Covered Payments**") constitute parachute payments (the "**Parachute Payments**") within the meaning of Section 280G of the Code and, but for this Section 21, would be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "**Excise Tax**"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "**Reduced Amount**"). "**Net Benefit**" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

(a) Any such reduction shall be made in accordance with Section 409A and the following:

(i) the Covered Payments consisting of cash severance benefits that do not constitute nonqualified deferred compensation subject to Section 409A shall be reduced first, in reverse chronological order; and

(ii) all other Covered Payments consisting of cash payments, and Covered Payments consisting of accelerated vesting of equity based awards to which Treas. Reg. §1.280G-1 Q/A-24(c) does not apply, and that in either case do not constitute nonqualified deferred compensation subject to Section 409A, shall be reduced second, in reverse chronological order;

(iii) all Covered Payments consisting of cash payments that constitute nonqualified deferred compensation subject to Section 409A shall be reduced third, in reverse chronological order; and

(iv) all Covered Payments consisting of accelerated vesting of equity-based awards to which Treas. Reg. § 1.280G-1 Q/A-24(c) applies shall be the last Covered Payments to be reduced.

(b) Any determination required under this Section 21 shall be made in writing in good faith by an independent accounting firm selected by the Company and reasonably acceptable to the Executive (the "**Accountants**"). The Company and Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 21. For purposes of making the calculations and determinations required by this Section 21, the Accountants may rely on reasonable, good-faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Accountants' determinations shall be final and binding on the Company and Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 21.

(c) It is possible that after the determinations and selections made pursuant to this Section 21 Executive will receive Covered Payments that are in the aggregate more than the amount intended or required to be provided after application of this Section 21 (“**Overpayment**”) or less than the amount intended or required to be provided after application of this Section 21 (“**Underpayment**”).

(i) In the event that: (A) the Accountants determine, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or Executive that the Accountants believe has a high probability of success, that an Overpayment has been made or (B) it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved that an Overpayment has been made, then Executive shall pay any such Overpayment to the Company together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date of Executive’s receipt of the Overpayment until the date of repayment.

(ii) In the event that: (A) the Accountants, based upon controlling precedent or substantial authority, determine that an Underpayment has occurred or (B) a court of competent jurisdiction determines that an Underpayment has occurred, any such Underpayment will be paid promptly by the Company to or for the benefit of Executive together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date the amount should have otherwise been paid to Executive until the payment date.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first above written.

VM CONSOLIDATED, INC.

By: /s/ David Roberts
Name: David Roberts
Title: CEO

Date: March 25, 2021

REBECCA COLLINS

/s/ Rebecca Collins

Date: March 25, 2021

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, David Roberts, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Verra Mobility Corporation for the quarter ended March 31, 2021;
2. Based on my knowledge, this 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 period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant'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 Registrant and 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 Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this 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 Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant'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 Registrant's internal control over financial reporting.

Date: May 14, 2021

By: /s/ David Roberts

David Roberts
President, Chief Executive Officer, and Director
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Patricia Chiodo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Verra Mobility Corporation for the quarter ended March 31, 2021;
2. Based on my knowledge, this 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 period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant'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 Registrant and 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 Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this 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 Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant'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 Registrant's internal control over financial reporting.

Date: May 14, 2021

By: /s/ Patricia Chiodo

Patricia Chiodo

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Roberts, President, Chief Executive Officer and Director of Verra Mobility Corporation (the “*Company*”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021 (the “*Report*”), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2021

By: /s/ David Roberts

David Roberts

President, Chief Executive Officer, and Director

(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Patricia Chiodo, Chief Financial Officer of Verra Mobility Corporation (the “*Company*”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021 (the “*Report*”), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2021

By: /s/ Patricia Chiodo

Patricia Chiodo

Chief Financial Officer

(Principal Financial and Accounting Officer)