

**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 **June 30, 2025**

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 or other jurisdiction of
incorporation or organization)*

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

(Address of Principal Executive Offices)

81-3563824

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

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 August 1, 2025, there were 159,540,820 shares of the Company's Class A Common Stock, par value \$0.0001 per share, issued and outstanding.

VERRA MOBILITY CORPORATION
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2025
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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “**Report**”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “**Securities Act**”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). All statements contained in this Report other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, products, services, 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.

The future events and trends discussed in this Report 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 include the risks and uncertainties described in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2024 (our “**Annual Report**”), Part II, Item 1A. of this Quarterly Report, and in other filings with the Securities and Exchange Commission (the “**SEC**”) which highlight, among other risks:

- the impact of negative industry and macroeconomic conditions, including the impact of government actions and regulations, such as tariffs and trade protection measures, on our customers or us may materially and adversely impact our business, financial condition and results of operations;
- customer concentration in our Commercial Services and Government Solutions segments, including risks impacting these segments such as travel demand and legislation, and risks relating to our contract with NYCDOT (defined below), which comprises a material portion of our revenue. We extended our current contract with NYCDOT through December 31, 2025 to allow NYCDOT to continue to operate its automated enforcement program. On March 31, 2025, NYCDOT announced that it identified the Company as the vendor to manage New York City’s automated enforcement camera safety programs for an expected five-year period after the Company’s current contract expires in December 2025. The New York City automated enforcement program remains an active procurement. We are currently engaged in contract negotiations with NYCDOT and if the contract terms and pricing are materially different from our current contract, or if the parties ultimately fail to consummate a new agreement, it could have a material adverse effect on our business, financial condition and results of operations;
- our reliance on specialized third-party providers;
- risks and uncertainties related to our government contracts, including legislative changes, termination rights, delays in payments, audits and investigations;
- decreases in the prevalence or political acceptance of, or an increase in governmental restrictions regarding, automated and other similar methods of photo enforcement, parking solutions or the use of tolling;
- our ability to successfully implement our acquisition strategy or integrate acquisitions;
- our ability to compete in a highly competitive and rapidly evolving market, including our ability to keep up with technological developments and changing customer preferences;
- our ability to maintain effective internal controls over financial reporting;
- failure in or breaches of our networks or systems, including as a result of cyber-attacks or other incidents;
- risks and uncertainties related to our international operations;
- our failure to acquire necessary intellectual property or adequately protect our intellectual property;
- risks and uncertainties related to litigation and other disputes and regulatory investigations; and
- our ability to manage our substantial level of indebtedness.

You should not rely on forward-looking statements as predictions of future events. We operate in a very competitive and rapidly changing environment and new risks emerge from time to time. The forward-looking statements in this Report represent our views as of the date hereof. Except as may be required by law, we undertake no obligation to update any of these forward-looking statements for any reason or to conform these statements to actual results or revised expectations.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, are available free of charge on our website, verramobility.com, under the heading “Investors” immediately after they are filed with, or furnished to, the SEC. We use our investor relations website, ir.verramobility.com, as a means of disclosing information, which may be of interest or material to our investors and for complying with disclosure obligations under Regulation FD. Accordingly, investors should monitor our investor relations website, in addition to following our press releases, SEC filings, public conference calls, webcasts, and social media. Information contained on or accessible through, including any reports available on, our website is not a part of, and is not incorporated by reference into, this Report or any other report or document we file with the SEC. Any reference to our website in this Report is intended to be an inactive textual reference only.

Unless the context indicates otherwise, the terms “Verra Mobility,” the “Company,” “we,” “us,” and “our” as used in this Report 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)	June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 147,651	\$ 77,560
Restricted cash	6,274	3,594
Accounts receivable (net of allowance for credit losses of \$21.7 million and \$17.0 million at June 30, 2025 and December 31, 2024, respectively)	217,359	206,503
Unbilled receivables	51,426	48,193
Inventory	16,090	15,502
Prepaid expenses and other current assets	36,335	42,647
Total current assets	475,135	393,999
Installation and service parts, net	34,571	36,631
Property and equipment, net	177,804	141,601
Operating lease assets	20,226	29,895
Intangible assets, net	200,917	232,297
Goodwill	742,390	735,615
Other non-current assets	44,389	44,451
Total assets	\$ 1,695,432	\$ 1,614,489
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 111,448	\$ 91,224
Deferred revenue	29,808	29,374
Accrued liabilities	61,586	73,980
Tax receivable agreement liability, current portion	5,163	5,163
Total current liabilities	208,005	199,741
Long-term debt, net	1,031,430	1,034,211
Operating lease liabilities, net of current portion	14,291	25,757
Tax receivable agreement liability, net of current portion	37,977	42,977
Asset retirement obligations	17,178	15,493
Deferred tax liabilities, net	15,670	14,699
Other long-term liabilities	18,779	16,486
Total liabilities	1,343,330	1,349,364
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 1,000 shares authorized with no shares issued and outstanding at June 30, 2025 and December 31, 2024	—	—
Common stock, \$0.0001 par value, 260,000 shares authorized with 159,532 and 159,594 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	16	16
Additional paid-in capital	557,169	551,955
Accumulated deficit	(196,037)	(269,287)
Accumulated other comprehensive loss	(9,046)	(17,559)
Total stockholders' equity	352,102	265,125
Total liabilities and stockholders' equity	\$ 1,695,432	\$ 1,614,489

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Service revenue	\$ 223,477	\$ 212,017	\$ 435,379	\$ 414,738
Product sales	12,548	10,409	23,900	17,418
Total revenue	236,025	222,426	459,279	432,156
Cost of service revenue, excluding depreciation and amortization	4,629	4,641	9,412	8,946
Cost of product sales	8,946	7,848	16,978	13,134
Operating expenses	81,317	74,903	155,056	145,543
Selling, general and administrative expenses	48,466	46,343	99,967	94,514
Depreciation, amortization and (gain) loss on disposal of assets, net	29,473	27,522	57,287	54,497
Total costs and expenses	172,831	161,257	338,700	316,634
Income from operations	63,194	61,169	120,579	115,522
Interest expense, net	16,572	18,845	33,208	38,480
Gain on interest rate swap	—	(23)	—	(419)
Loss on extinguishment of debt	23	—	48	595
Other income, net	(6,003)	(5,245)	(10,112)	(9,698)
Total other expenses	10,592	13,577	23,144	28,958
Income before income taxes	52,602	47,592	97,435	86,564
Income tax provision	14,027	13,369	26,521	23,192
Net income	\$ 38,575	\$ 34,223	\$ 70,914	\$ 63,372
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	6,386	1,434	8,513	(1,826)
Total comprehensive income	\$ 44,961	\$ 35,657	\$ 79,427	\$ 61,546
Net income per share:				
Basic	\$ 0.24	\$ 0.21	\$ 0.44	\$ 0.38
Diluted	\$ 0.24	\$ 0.20	\$ 0.44	\$ 0.38
Weighted average shares outstanding:				
Basic	159,478	166,064	159,511	166,152
Diluted	161,543	168,615	161,804	168,670

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

For the Three and Six Months Ended June 30, 2025

(In thousands)	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2024	159,594	\$ 16	\$ 551,955	\$ (269,287)	\$ (17,559)	\$ 265,125
Net income	—	—	—	32,339	—	32,339
Share repurchases and retirement	(686)	—	(2,372)	2,336	—	(36)
Vesting of restricted stock units ("RSUs") and performance share units ("PSUs")	501	—	—	—	—	—
Exercise of stock options	13	—	170	—	—	170
Payment of employee tax withholding related to RSUs and PSUs vesting	—	—	(6,606)	—	—	(6,606)
Stock-based compensation	—	—	6,456	—	—	6,456
Other comprehensive income, net of tax	—	—	—	—	2,127	2,127
Balance as of March 31, 2025	159,422	16	549,603	(234,612)	(15,432)	299,575
Net income	—	—	—	38,575	—	38,575
Vesting of RSUs and PSUs	65	—	—	—	—	—
Exercise of stock options	45	—	671	—	—	671
Payment of employee tax withholding related to RSUs and PSUs vesting	—	—	(384)	—	—	(384)
Stock-based compensation	—	—	7,279	—	—	7,279
Other comprehensive income, net of tax	—	—	—	—	6,386	6,386
Balance as of June 30, 2025	159,532	\$ 16	\$ 557,169	\$ (196,037)	\$ (9,046)	\$ 352,102

For the Three and Six Months Ended June 30, 2024

(In thousands)	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2023	166,555	\$ 17	\$ 557,513	\$ (125,887)	\$ (10,176)	\$ 421,467
Net income	—	—	—	29,149	—	29,149
Share repurchases and retirement	(534)	—	(1,789)	1,789	—	—
Vesting of RSUs and PSUs	445	—	—	—	—	—
Exercise of stock options	50	—	689	—	—	689
Payment of employee tax withholding related to RSUs and PSUs vesting	—	—	(4,608)	—	—	(4,608)
Stock-based compensation	—	—	5,558	—	—	5,558
Other comprehensive loss, net of tax	—	—	—	—	(3,260)	(3,260)
Balance as of March 31, 2024	166,516	17	557,363	(94,949)	(13,436)	448,995
Net income	—	—	—	34,223	—	34,223
Share repurchases and retirement	(2,000)	(1)	(6,694)	(45,155)	—	(51,850)
Vesting of RSUs and PSUs	120	—	—	—	—	—
Exercise of stock options	22	—	285	—	—	285
Payment of employee tax withholding related to RSUs and PSUs vesting	—	—	(1,050)	—	—	(1,050)
Stock-based compensation	—	—	6,590	—	—	6,590
Other comprehensive income, net of tax	—	—	—	—	1,434	1,434
Balance as of June 30, 2024	164,658	\$ 16	\$ 556,494	\$ (105,881)	\$ (12,002)	\$ 438,627

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

(\$ in thousands)	Six Months Ended June 30,	
	2025	2024
Cash Flows from Operating Activities:		
Net income	\$ 70,914	\$ 63,372
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56,645	54,351
Amortization of deferred financing costs and discounts	1,903	2,394
Change in fair value of interest rate swap	—	147
Loss on extinguishment of debt	48	595
Credit loss expense	13,856	9,306
Deferred income taxes	(4,467)	(699)
Stock-based compensation	13,735	12,148
UTP reserve release	(1,682)	—
Other	1,227	465
Changes in operating assets and liabilities:		
Accounts receivable	(23,674)	(21,968)
Unbilled receivables	(2,710)	(7,231)
Inventory	182	653
Prepaid expenses and other assets	5,975	(4,192)
Deferred revenue	(56)	(2,208)
Accounts payable and other current liabilities	7,900	(31,170)
Other liabilities	(1,683)	(1,595)
Net cash provided by operating activities	138,113	74,368
Cash Flows from Investing Activities:		
Cash receipts for interest rate swap	—	566
Purchases of installation and service parts and property and equipment	(56,118)	(28,333)
Cash proceeds from the sale of assets	99	90
Net cash used in investing activities	(56,019)	(27,677)
Cash Flows from Financing Activities:		
Repayment of long-term debt	(4,509)	(4,509)
Payment of debt issuance costs	(262)	(224)
Share repurchases and retirement	—	(51,500)
Proceeds from the exercise of stock options	841	974
Payment of employee tax withholding related to RSUs and PSUs vesting	(6,990)	(5,658)
Net cash used in financing activities	(10,920)	(60,917)
Effect of exchange rate changes on cash and cash equivalents	1,597	(98)
Net increase (decrease) in cash, cash equivalents and restricted cash	72,771	(14,324)
Cash, cash equivalents and restricted cash - beginning of period	81,154	139,722
Cash, cash equivalents and restricted cash - end of period	\$ 153,925	\$ 125,398

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	2025	2024
Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets		
Cash and cash equivalents	\$ 147,651	\$ 122,020
Restricted cash	6,274	3,378
Total cash, cash equivalents and restricted cash	\$ 153,925	\$ 125,398
Supplemental cash flow information:		
Interest paid	\$ 32,782	\$ 39,009
Income taxes paid, net of refunds	26,011	27,199
Supplemental non-cash information:		
Purchases of installation and service parts and property and equipment in accounts payable and accrued liabilities at period-end	8,570	7,864

See accompanying Notes to the Condensed Consolidated Financial Statements.

VERRA MOBILITY CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business

We are a leading provider of smart mobility technology solutions, principally operating throughout the United States, Australia, Europe and Canada. Our goal is to make transportation safer, smarter and more connected through our integrated, data-driven solutions, including toll and violations management, title and registration services, automated safety and traffic enforcement and commercial parking management. We bring together vehicles, hardware, software, data and people to solve transportation challenges for customers around the world. The Company is organized into three operating segments: Commercial Services, Government Solutions and Parking Solutions (see Note 14, *Segment Reporting*).

The Commercial Services segment offers automated toll and violations management and title and registration solutions to rental car companies (“*RACs*”), direct commercial fleet owner-operators (“*Direct Fleets*”) and fleet management companies (“*FMCs*”) and other large fleet owners in North America. Through its established relationships with individual tolling authorities throughout the United States, the segment provides an automated and outsourced administrative solution for its customers while also providing a value-added convenience for vehicle drivers and benefits to tolling and issuing authorities. The toll and violations management solutions help ensure timely payment of tolls and violations incurred by the customers’ vehicles and perform timely transfers of liability on the customers’ behalf, and driver billing and collections, as applicable. It also manages regional toll transponder installation and vehicle association—a critical and highly complex process for RAC, Direct Fleet and FMC customers—to ensure that the transponders (and corresponding toll transactions) are associated with the correct vehicle. In Europe, the Commercial Services segment provides violations processing through Euro Parking Collection plc and consumer tolling services through Pagatelia S.L.U.

The Government Solutions segment offers photo enforcement solutions and services to its customers which include complete, end-to-end speed, red-light, school bus stop arm and bus lane enforcement solutions. These 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. The international operations for this segment primarily involve the sale of traffic enforcement products and recurring maintenance services related to the equipment and software.

The Parking Solutions segment offers an integrated suite of parking software, transaction processing and hardware solutions to its customers, which include universities, municipalities, healthcare facilities and commercial parking operators. This segment develops specialized hardware and parking management software that provides a platform for the issuance of parking permits, enforcement, gateless vehicle counting, event parking and citation services. It also produces and markets its proprietary software as a service to its customers throughout the United States and Canada.

2. Significant Accounting Policies

Principles of Consolidation

The accompanying unaudited 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 condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation.

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 condensed consolidated financial statements and accompanying notes. There have been no material changes in the Company’s significant accounting policies from those disclosed in the Annual Report on Form 10-K for the year ended December 31, 2024.

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 or accounts receivable, net.

Revenue from a single Government Solutions customer exceeded 10% of total revenue. The City of New York Department of Transportation ("NYCDOT") represented 14.7% and 15.6% of total revenue for the three months ended June 30, 2025 and 2024, respectively, and 15.0% and 16.1% of total revenue for the six months ended June 30, 2025 and 2024, respectively. NYCDOT represented 16.5% and 17.2% of total accounts receivable, net as of June 30, 2025 and December 31, 2024, respectively. There is no material reserve related to NYCDOT open receivables as amounts are deemed collectible based on current conditions and expectations. No other Government Solutions customer exceeded 10% of total accounts receivable, net.

Significant customer revenues were generated through three of the Company's Commercial Services customers, with each exceeding 10% of total revenue. Commercial Services Customer A represented 14.7% and 13.9% of total revenue for the three months ended June 30, 2025 and 2024, respectively, and 15.2% and 13.5% of total revenue for the six months ended June 30, 2025 and 2024, respectively. Commercial Services Customer B represented 11.2% of total revenue for both the three months ended June 30, 2025 and 2024, respectively, and 11.5% and 11.3% of total revenue for the six months ended June 30, 2025 and 2024, respectively. Commercial Services Customer C represented 11.0% and 10.6% of total revenue for the three months ended June 30, 2025 and 2024, respectively, and 10.6% and 11.2% of total revenue for the six months ended June 30, 2025 and 2024, respectively. No Commercial Services customer exceeded 10% of total accounts receivable, net as of June 30, 2025 or December 31, 2024.

There were no significant customer concentrations that exceeded 10% of total revenue or accounts receivable, net for the Parking Solutions segment as of or for any period presented.

Allowance for Credit Losses

The Company reviews historical credit losses and customer payment trends on receivables and develops loss estimates as of the balance sheet date, which includes adjustments for current and future expectations. It identifies pools of receivables based on the type of business, industry in which the customer operates and historical credit loss patterns. The Company uses collection assumptions (typically at the customer level) to estimate expected credit losses. Receivables are written off against the allowance for credit losses 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 periodically evaluates the adequacy of its allowance for expected credit losses and adjusts appropriately.

The following presents the activity in the allowance for credit losses by reportable segment for the six months ended June 30, 2025 and 2024, respectively:

(\$ in thousands)	Commercial Services ⁽¹⁾	Government Solutions	Parking Solutions	Total
Balance at January 1, 2025	\$ 16,038	\$ 332	\$ 648	\$ 17,018
Credit loss expense	12,938	49	869	13,856
Write-offs, net of recoveries	(8,857)	5	(324)	(9,176)
Balance at June 30, 2025	<u>\$ 20,119</u>	<u>\$ 386</u>	<u>\$ 1,193</u>	<u>\$ 21,698</u>

(\$ in thousands)	Commercial Services ⁽¹⁾	Government Solutions	Parking Solutions	Total
Balance at January 1, 2024	\$ 15,661	\$ 2,426	\$ 426	\$ 18,513
Credit loss expense	9,158	106	42	9,306
Write-offs, net of recoveries	(6,221)	(2)	(29)	(6,252)
Balance at June 30, 2024	<u>\$ 18,598</u>	<u>\$ 2,530</u>	<u>\$ 439</u>	<u>\$ 21,567</u>

- (1) This primarily consists of receivables from drivers of rental cars 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. The allowance for credit losses for driver-billed receivables was 85% and 93% of the total Commercial Services allowance for credit losses as of June 30, 2025 and 2024, respectively.

Remaining Performance Obligations

Deferred revenue represents amounts that have been invoiced in advance and are expected to be recognized as revenue in future periods, and it primarily relates to Government Solutions and Parking Solutions customers. As of June 30, 2025 and December 31, 2024, the Company had approximately \$12.5 million and \$11.8 million of deferred revenue in the Government Solutions segment, respectively. The Company recognized \$1.4 million and \$2.4 million of revenue excluding exchange rate impact during the three months ended June 30, 2025 and 2024, respectively, and \$5.6 million and \$5.4 million, of revenue excluding exchange rate impact during the six months ended June 30, 2025 and 2024, respectively, related to amounts that were included in deferred revenue as of December 31, 2024 and 2023. As of June 30, 2025 and December 31, 2024 the Company had approximately \$21.8 million and \$21.7 million of deferred revenue in the Parking Solutions segment, respectively. The Company recognized \$7.8 million and \$6.8 million of revenue during the three months ended June 30, 2025 and 2024, respectively, and \$17.8 million and \$15.4 million, of revenue during the six months ended June 30, 2025 and 2024, respectively, related to amounts that were included in deferred revenue as of December 31, 2024 and 2023.

Remaining performance obligations represent the amount of contracted future revenue not yet recognized as the amounts relate to undelivered performance obligations, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods. The Company elected the practical expedients to omit disclosure for the amount of the transaction price allocated to remaining performance obligations with original expected contract length of one year or less and the amount that relates to variable consideration allocated to a wholly unsatisfied performance obligation to transfer a distinct good or service within a series of distinct goods or services that form a single performance obligation. As of June 30, 2025, total transaction price allocated to performance obligations in the Government Solutions segment that were unsatisfied or partially unsatisfied was \$169.5 million, of which \$75.9 million is expected to be recognized as revenue in the next twelve months and the rest over the remaining performance obligation period.

Interest Rate Swap

In December 2022, the Company entered into a cancellable interest rate swap agreement to hedge its exposure to interest rate fluctuations associated with the LIBOR (now transitioned to Term Secured Overnight Financing Rate, "**SOFR**") portion of the variable interest rate on its 2021 Term Loan (as defined below). Under the interest rate swap agreement, the Company paid a fixed rate of 5.17% and the counterparty paid a variable interest rate. The Company entered into an International Swaps and Derivatives Association, Inc. Master Agreement with the counterparty which provided for the net settlement of all, or a specified group, of derivative transactions through a single payment. The notional amount on the interest rate swap was \$675.0 million. The Company had the option to effectively terminate the interest rate swap agreement starting in December 2023, and monthly thereafter until December 2025. The Company treated the interest rate swap as an economic hedge for accounting purposes and any changes in the fair value of the derivative instrument (including accrued interest) and related cash receipts or payments were recorded in the condensed consolidated statements of operations within the gain on interest rate swap line item. The Company exercised its option to cancel the interest rate swap agreement during the third quarter of fiscal year 2024. The following details the components of the gain on interest rate swap for the respective periods:

<u>(\$ in thousands)</u>	<u>Three Months Ended</u> <u>June 30, 2024</u>	<u>Six Months Ended</u> <u>June 30, 2024</u>
Change in fair value	\$ 249	\$ 147
Cash receipts	(272)	(566)
Total gain on interest rate swap	<u>\$ (23)</u>	<u>\$ (419)</u>

The effect of remeasurement to fair value was recorded within the operating activities section and the monthly cash proceeds received were recorded within the investing activities section in the condensed consolidated statements of cash flows. See Note 7, *Fair Value of Financial Instruments*, for further discussion on the fair value measurement of the interest rate swap.

Recent Accounting Pronouncements

Accounting Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (the “*FASB*”) issued Accounting Standards Update (“*ASU*”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU requires companies to disclose specific categories in the rate reconciliation, provide additional disclosure for reconciling items that exceed proscribed thresholds, and enhance disclosure regarding income taxes paid and sources of income (loss) from continuing operations including the tax expense (or benefit) disaggregated by federal, state and foreign taxes. The guidance is effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of this standard on its financial statements and disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement- Reporting Comprehensive Income- Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The ASU requires public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period at a disaggregated level. The guidance is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this standard on its financial statements and disclosures.

3. Prepaid Expenses and Other Current Assets

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

(\$ in thousands)	June 30, 2025	December 31, 2024
Prepaid services	\$ 18,581	\$ 17,359
Prepaid tolls	7,709	8,751
Costs to fulfill a customer contract	3,005	3,710
Deposits	2,787	3,057
Other	4,253	9,770
Total prepaid expenses and other current assets	<u>\$ 36,335</u>	<u>\$ 42,647</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	Parking Solutions	Total
Balance at December 31, 2024	\$ 420,167	\$ 213,382	\$ 102,066	\$ 735,615
Foreign currency translation adjustment	5,994	781	—	6,775
Balance at June 30, 2025	<u>\$ 426,161</u>	<u>\$ 214,163</u>	<u>\$ 102,066</u>	<u>\$ 742,390</u>

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

(\$ in thousands)	June 30, 2025		December 31, 2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Trademarks	\$ 4,815	\$ 2,334	\$ 4,667	\$ 1,972
Patent	500	167	500	117
Customer relationships	560,817	379,855	557,958	348,138
Developed technology	40,215	23,074	38,659	19,260
Gross carrying value of intangible assets	606,347	<u>\$ 405,430</u>	601,784	<u>\$ 369,487</u>
Less: accumulated amortization	(405,430)		(369,487)	
Intangible assets, net	<u>\$ 200,917</u>		<u>\$ 232,297</u>	

Amortization expense was \$16.4 million and \$16.7 million for the three months ended June 30, 2025 and 2024, respectively, and was \$33.1 million and \$33.5 million for the six months ended June 30, 2025 and 2024, respectively.

Estimated amortization expense in future years is expected to be:

(\$ in thousands)	
Remainder of 2025	\$ 31,450
2026	57,818
2027	28,573
2028	22,519
2029	21,526
Thereafter	39,031
Total	\$ 200,917

5. Accrued Liabilities

Accrued liabilities consist of the following at:

(\$ in thousands)	June 30, 2025	December 31, 2024
Accrued salaries and wages	\$ 26,103	\$ 34,310
Current portion of operating lease liabilities	6,912	6,925
Restricted cash due to customers	5,883	2,858
Accrued interest payable	4,225	4,211
Advanced deposits	3,762	2,993
Income taxes payable	2,807	662
Other	11,894	22,021
Total accrued liabilities	\$ 61,586	\$ 73,980

6. Long-term Debt, Net

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

(\$ in thousands)	June 30, 2025	December 31, 2024
2021 Term Loan, due 2028	\$ 691,059	\$ 695,568
Senior Notes, due 2029	350,000	350,000
Less: original issue discounts	(1,950)	(2,322)
Less: unamortized deferred financing costs	(7,679)	(9,035)
Total long-term debt, net	\$ 1,031,430	\$ 1,034,211

2021 Term Loan

In March 2021, VM Consolidated, Inc. ("**VM Consolidated**"), 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 \$900.0 million, maturing on March 24, 2028. In connection with the 2021 Term Loan borrowings, the Company had \$4.6 million of offering discount costs and \$4.5 million in deferred financing costs, both of which were capitalized and are being amortized over the remaining life of the 2021 Term Loan.

In February 2024, VM Consolidated entered into a third amendment to the 2021 Term Loan (the “*Third Amendment*”) and in October 2024, a fourth amendment to the 2021 Term Loan (the “*Fourth Amendment*”) to refinance the 2021 Term Loan (the “*Refinancing Transactions*”). Pursuant to the Third and Fourth Amendments, the interest rate was reduced by an aggregate 1.00% to SOFR plus 2.25% from SOFR plus 3.25%, with the SOFR floor unchanged at 0.00%. The credit spread adjustment, ranging from 0.11448% to 0.71513%, was eliminated. In addition, the 2021 Term Loan was amended to remove a provision for principal repayments which were previously required to be paid in quarterly installments. The Company evaluated the Refinancing Transactions on a lender-by-lender basis and accounted accordingly for debt extinguishment and debt modification costs (for the portion of the transactions that did not meet the accounting criteria for debt extinguishment).

During each of the six months ended June 30, 2025 and 2024, the Company made early repayments of \$4.5 million on the 2021 Term Loan, and as a result the total principal outstanding was \$691.1 million as of June 30, 2025.

The Company recorded less than \$0.1 million of loss on extinguishment of debt during both the three and six months ended June 30, 2025, related to the write-off of pre-existing deferred financing costs and discounts in connection with the early repayments. It recognized a \$0.6 million loss on extinguishment of debt for the six months ended June 30, 2024, related to the write-off of pre-existing deferred financing costs and discounts in connection with the refinancing of the 2021 Term Loan in February 2024.

The 2021 Term Loan bears interest based at the Company’s option, on either (i) SOFR plus an applicable margin of 2.25% per annum, or (ii) an alternate base rate plus an applicable margin of 1.25% per annum. As of June 30, 2025, the interest rate on the 2021 Term Loan was 6.6%.

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), 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%

Senior Notes

In March 2021, VM Consolidated 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.

Interest on the Senior Notes is fixed at 5.50% per annum and is payable on April 15 and October 15 of each year. 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
2025	101.375%
2026 and thereafter	100.000%

The Revolver

The Company has a Revolving Credit Agreement (the “*Revolver*”). On May 15, 2025, the Company exercised its option to increase the commitments under the terms of the Revolver and entered into a fourth amendment to the Revolver which increased the existing commitment from \$75.0 million to \$125.0 million available for loans and letters of credit. The Revolver matures on December 18, 2026. 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) SOFR plus an applicable margin, or (2) an alternate base rate, plus an applicable margin. The margin percentage applied to (1) SOFR 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. There is a credit spread adjustment of 0.10% for a one-month duration, 0.15% for a three-month duration, and 0.25% for a six-month duration, in addition to SOFR and the applicable margin percentages. There were no outstanding borrowings on the Revolver as of June 30, 2025 or December 31, 2024. The availability to borrow was \$123.9 million, net of \$1.1 million of outstanding letters of credit at June 30, 2025.

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 \$1.1 million of outstanding letters of credit as of June 30, 2025.

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. Substantially all of the Company’s assets are pledged as collateral to secure the Company’s indebtedness under the 2021 Term Loan. At June 30, 2025, the Company was compliant with all debt covenants in its debt agreements.

Interest Expense, Net

The Company recorded interest expense, including amortization of deferred financing costs and discounts, of \$16.6 million and \$18.8 million for the three months ended June 30, 2025 and 2024, respectively, and \$33.2 million and \$38.5 million for the six months ended June 30, 2025 and 2024, respectively.

The weighted average effective interest rate on the Company’s outstanding borrowings was 6.2% as of June 30, 2025 and as of December 31, 2024.

7. Fair Value of Financial Instruments

Accounting Standards Codification 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, net was calculated based upon available market information. The carrying value and the estimated fair value of long-term debt, net are as follows:

(\$ in thousands)	Level in Fair Value Hierarchy	June 30, 2025		December 31, 2024	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2021 Term Loan	2	\$ 684,076	\$ 696,242	\$ 687,203	\$ 699,916
Senior Notes	2	347,354	345,625	347,008	341,250

The Company has an equity investment measured at cost with a carrying value of \$2.0 million and \$1.9 million as of June 30, 2025 and December 31, 2024, respectively, and is only adjusted to fair value if there are identified events that would indicate a need for an upward or downward adjustment or changes in circumstances that may indicate impairment. The estimation of fair value requires the use of significant unobservable inputs, such as voting rights and obligations in the securities held, and is therefore classified within Level 3 of the fair value hierarchy. There were no identified events that required a fair value adjustment during the six months ended June 30, 2025 and 2024.

The recurring fair value measurement of the interest rate swap was valued based on observable inputs for similar assets and liabilities including swaption values and other observable inputs for interest rates and yield curves and was classified within Level 2 of the fair value hierarchy.

The following presents the changes in the fair value of the interest rate swap in the gross balances within the below line items for the three and six months ended June 30, 2024:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024		2024	
Prepaid expenses and other current assets				
Beginning balance	\$	841	\$	689
Change in fair value of interest rate swap		(42)		110
Ending balance	\$	<u>799</u>	\$	<u>799</u>
Other non-current assets				
Beginning balance	\$	577	\$	627
Change in fair value of interest rate swap		(207)		(257)
Ending balance	\$	<u>370</u>	\$	<u>370</u>

The Company separately classified the current and non-current components based on the value of settlements due within 12 months (current) and greater than 12 months (non-current). The Company exercised its option to cancel the interest rate swap during the third quarter of fiscal year 2024.

8. Net Income Per Share

Basic net income per share is calculated by dividing net income by the weighted average shares outstanding during the period, without consideration of common stock equivalents. Diluted net 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 income per share are as follows:

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income	\$	38,575	\$	34,223
Denominator:				
Weighted average shares - basic		159,478		166,064
Common stock equivalents		2,065		2,551
Weighted average shares - diluted		<u>161,543</u>		<u>168,615</u>
Net income per share - basic	\$	0.24	\$	0.21
Net income per share - diluted	\$	0.24	\$	0.20
Antidilutive shares excluded from diluted net income per share:				
Performance share units		325		11
Restricted stock units		20		—
Total antidilutive shares excluded		<u>345</u>		<u>11</u>

9. Income Taxes

The Company's interim income tax 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.

The Company's effective income tax rate was 26.7% and 28.1% for the three months ended June 30, 2025 and 2024, respectively, and 27.2% and 26.8% for the six months ended June 30, 2025 and 2024, respectively.

New Legislation

On July 4, 2025, the One Big Beautiful Bill Act ("**OBBBA**") was enacted in the U.S. The OBBBA makes permanent key elements of the Tax Cuts and Jobs Act, including 100% bonus depreciation, domestic research cost expensing, and the business interest expense limitation. The Company is currently evaluating the impact of this legislation but is expecting a reduction to the U.S. income tax liability and net deferred tax assets. The results of this evaluation will be reflected in the Company's Form 10-Q for the quarter ended September 30, 2025.

10. Stockholders' Equity

Share Repurchases and Retirement

In November 2022, the Company's Board of Directors authorized a share repurchase program for up to an aggregate amount of \$100.0 million of the Company's outstanding shares of Class A common stock, par value \$0.0001 (the "**Class A Common Stock**"), over an 18-month period.

The Company paid \$8.1 million to repurchase 449,432 shares of its Class A Common Stock through open market transactions during fiscal year 2023. On September 5, 2023, the Company used the remaining availability under the share repurchase program for an accelerated share repurchase ("**ASR**") and paid approximately \$91.9 million to receive an initial delivery of 4,131,551 shares of its Class A Common Stock in accordance with an ASR agreement with a third-party financial institution. The final settlement occurred on January 12, 2024, at which time, the Company received an additional 534,499 shares of Class A Common Stock calculated using a volume-weighted average price over the term of the ASR agreement. In connection with the settlement, the Company reduced the par value from common stock and \$1.8 million from additional paid-in capital calculated using an average share price, with an offset of \$1.8 million to accumulated deficit on the condensed consolidated statements of stockholders' equity.

In October 2023, the Company's Board of Directors authorized a share repurchase program for up to an aggregate amount of \$100.0 million of its outstanding shares of Class A Common Stock over an 18-month period. In June 2024, the Company entered into a share repurchase agreement with a stockholder, pursuant to which it repurchased, directly from the stockholder, 2.0 million shares for an aggregate purchase price of \$51.5 million. The repurchased shares were subsequently retired. In addition, the Company recorded approximately \$0.4 million for direct costs related to the excise tax payable on net share repurchases. In connection with this repurchase, the Company reduced the par value from common stock and \$6.7 million from additional paid-in capital calculated using an average share price, with an offset of \$45.2 million to accumulated deficit on the condensed consolidated statements of stockholders' equity.

After the Company repurchased an aggregate 3.5 million shares for approximately \$87.3 million in fiscal year 2024, in December 2024, the Company's Board of Directors authorized the repurchase of up to an additional \$100.0 million of its outstanding shares under the then-existing program, providing the Company with approximately \$112.7 million available for repurchases. On December 11, 2024, the Company entered into an ASR agreement with a third-party financial institution and paid \$112.7 million to receive an initial delivery of 3,821,958 shares of its Class A Common Stock. The final settlement occurred on March 3, 2025, at which time, the Company received an additional 685,934 shares of Class A Common Stock calculated using a volume-weighted average price over the term of the ASR agreement. In connection with the settlement, the Company reduced the par value from common stock and \$2.4 million from additional paid-in capital calculated using an average share price, with an offset of \$2.4 million to accumulated deficit on the condensed consolidated statements of stockholders' equity. In addition, the Company recorded less than \$0.1 million within accrued liabilities related to the excise taxes payable on net share repurchases on the condensed consolidated balance sheets as of June 30, 2025. All repurchased shares were subsequently retired. The prior repurchase authorization expired on April 30, 2025.

New Share Purchase Program

On May 17, 2025, the Company's Board of Directors authorized a new share repurchase program for up to an aggregate amount of \$100.0 million of the Company's outstanding shares of Class A Common Stock. Under the repurchase program, the Company may purchase shares of Class A Common Stock until November 2026 through open market purchases, in privately negotiated transactions or by other means, including trading plans intended to qualify under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, and ASR agreements, each as permitted under applicable rules and regulations. The amount and timing of repurchases will be determined at the Company's discretion and will depend on a variety of factors, including price, general business and market conditions, applicable legal requirements, and alternative investment opportunities. The repurchase program does not obligate the Company to acquire any particular amount of Class A Common Stock or at any specific time intervals and may be modified, suspended or terminated at any time at the Company's discretion. The Company has not yet repurchased shares of Class A Common Stock under this program.

11. Stock-Based Compensation

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

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Operating expenses	\$ 1,503	\$ 1,073	\$ 2,601	\$ 2,139
Selling, general and administrative expenses	5,776	5,517	11,134	10,009
Total stock-based compensation expense	\$ 7,279	\$ 6,590	\$ 13,735	\$ 12,148

12. Tax Receivable Agreement

In October 2018, the Company entered into a Tax Receivable Agreement ("*TRA*") with PE Greenlight Holdings, LLC. On August 3, 2022, PE Greenlight Holdings, LLC sold and transferred to Lakeside Smart Holdco L.P ("*Lakeside*"), all of its rights, remaining interests and obligations as of that date under the TRA. The TRA provides for the payment to Lakeside of 50.0% of the net cash savings, if any, in U.S. federal, state and local income tax that the Company actually realizes (or is deemed to realize in certain circumstances) under the agreement. The Company generally retains the benefit of the remaining 50.0% of these cash savings. The Company estimated the potential maximum benefit to be paid will be approximately \$70.0 million, and recorded an initial liability and corresponding charge to equity at the inception of the TRA.

At June 30, 2025, the TRA liability was \$43.2 million of which approximately \$5.2 million was the current portion and \$38.0 million was the non-current portion, both of which are included in the respective tax receivable agreement liability line items on the condensed consolidated balance sheets. During the second quarter of 2025, the Company made an estimated payment of \$5.0 million related to the 2024 tax year.

13. Commitments and Contingencies

The Company has issued various letters of credit under contractual arrangements with certain of its domestic and international vendors and customers. Outstanding letters of credit under these arrangements totaled \$1.1 million at June 30, 2025. Additionally, the Company had \$2.4 million of bank guarantees at June 30, 2025 required to support bids and contracts with certain international customers.

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.

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 accrued estimated amounts related to legal proceedings as of June 30, 2025 and December 31, 2024 within accrued liabilities on the condensed consolidated balance sheets. The ultimate cost of litigation or settlement could be materially different than the amount of the current estimates and accruals and could have a material adverse impact on the Company's consolidated financial position, results of operations, or cash flows.

Brantley v. City of Gretna is a class action lawsuit filed in the 24th Judicial District Court of Jefferson Parish, Louisiana against the City of Gretna (the "**City**") and its safety camera vendor, Redflex Traffic Systems, Inc. in April 2016. The Company acquired Redflex Traffic Systems, Inc. as part of its June 2021 purchase of Redflex Holdings Limited. The plaintiff class, which was certified on March 30, 2021, alleges that the City's safety camera program was implemented and operated in violation of local ordinances and the state constitution, including that the City's hearing process violated the plaintiffs' due process rights for lack of a "neutral" arbiter of liability for traffic infractions. Plaintiffs seek recovery of traffic infraction fines paid. The City and Redflex Traffic Systems, Inc. appealed the trial court's ruling granting class certification, which was denied, and their petition for discretionary review of the certification ruling by the Louisiana Supreme Court was declined. The parties entered into a settlement agreement and preliminary approval was granted by the court in April 2025. A final settlement amount has not yet been determined and requires final approval from the court.

14. Segment Reporting

The Company has three operating and reportable segments, Commercial Services, Government Solutions and Parking Solutions. Commercial Services offers toll and violation management solutions and title and registration services to RACs, Direct Fleets, FMCs and violation-issuing authorities. Government Solutions implements and administers traffic safety programs and products for municipalities and government agencies of all sizes. Parking Solutions provides an integrated suite of parking software and hardware solutions to its customers.

The operating and reportable segments were determined based on how the Company's Chief Operating Decision Maker ("**CODM**") regularly reviews the operating results of the various components of the Company for which discrete financial information is available, including based on the nature of the products and services and the type of customer. The Company defines the CODM as its Chief Executive Officer. The Company's CODM primarily uses actual revenues and segment profit (defined below) as compared to previously budgeted amounts to evaluate the operating performance, allocate resources and deploy capital to the segments.

Segment performance is based on revenues and income from operations before depreciation, amortization, 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. 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 included in segment profit below consists primarily of credit card rebates earned on the prepayment of tolling transactions and gains or losses on foreign currency transactions, and excludes certain non-operating expenses inapplicable to segments.

The Company adopted ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* in the fourth quarter of fiscal year 2024, and as a result, updated the presentation of financial information by reportable segment. In addition, the CODM does not use discrete asset information to evaluate operating performance at the segment level, as such, the Company has not reported assets disaggregated by reportable segment.

The following tables set forth financial information by segment for the respective periods:

(\$ in thousands)	For the Three Months Ended June 30, 2025			
	Commercial Services	Government Solutions	Parking Solutions	Total
Service revenue	\$ 109,050	\$ 97,971	\$ 16,456	\$ 223,477
Product sales	—	9,129	3,419	12,548
Total revenue	109,050	107,100	19,875	236,025
Cost of service revenue, excluding depreciation and amortization	638	348	3,643	4,629
Cost of product sales	—	6,300	2,646	8,946
Operating expenses	23,501	52,415	3,898	79,814
Selling, general and administrative expenses	18,823	17,660	6,500	42,983
Loss on disposal of assets, net	—	318	—	318
Other income, net	(5,954)	(21)	(11)	(5,986)
Segment profit	\$ 72,042	\$ 30,080	\$ 3,199	\$ 105,321
Interest expense, net				16,572
Loss on extinguishment of debt				23
Other reconciling items ⁽¹⁾				36,124
Income before income taxes				<u>\$ 52,602</u>

(1) This consists of depreciation and amortization expense, stock-based compensation and other costs to reconcile to total income before income taxes.

	For the Three Months Ended June 30, 2024			
(\$ in thousands)	Commercial Services	Government Solutions	Parking Solutions	Total
Service revenue	\$ 103,985	\$ 91,469	\$ 16,563	\$ 212,017
Product sales	—	6,246	4,163	10,409
Total revenue	103,985	97,715	20,726	222,426
Cost of service revenue, excluding depreciation and amortization	679	473	3,489	4,641
Cost of product sales	—	4,473	3,375	7,848
Operating expenses	23,189	46,153	4,488	73,830
Selling, general and administrative expenses	15,757	16,743	6,644	39,144
Loss on disposal of assets, net	—	53	4	57
Other income, net	(5,126)	(37)	(82)	(5,245)
Segment profit	\$ 69,486	\$ 29,857	\$ 2,808	\$ 102,151
Interest expense, net				18,845
Gain on interest rate swap				(23)
Other reconciling items ⁽¹⁾				35,737
Income before income taxes				<u>\$ 47,592</u>

(1) This consists of depreciation and amortization expense, stock-based compensation and other costs to reconcile to total income before income taxes.

	For the Six Months Ended June 30, 2025			
(\$ in thousands)	Commercial Services	Government Solutions	Parking Solutions	Total
Service revenue	\$ 210,439	\$ 191,953	\$ 32,987	\$ 435,379
Product sales	—	16,969	6,931	23,900
Total revenue	210,439	208,922	39,918	459,279
Cost of service revenue, excluding depreciation and amortization	1,238	1,036	7,138	9,412
Cost of product sales	—	11,563	5,415	16,978
Operating expenses	45,579	99,376	7,500	152,455
Selling, general and administrative expenses	38,405	36,963	13,758	89,126
Loss on disposal of assets, net	—	642	—	642
Other income, net	(9,922)	(158)	(15)	(10,095)
Segment profit	\$ 135,139	\$ 59,500	\$ 6,122	\$ 200,761
Interest expense, net				33,208
Loss on extinguishment of debt				48
Other reconciling items ⁽¹⁾				70,070
Income before income taxes				<u>\$ 97,435</u>

(1) This consists of depreciation and amortization expense, stock-based compensation and other costs to reconcile to total income before income taxes.

(\$ in thousands)	For the Six Months Ended June 30, 2024			
	Commercial Services	Government Solutions	Parking Solutions	Total
Service revenue	\$ 199,874	\$ 181,744	\$ 33,120	\$ 414,738
Product sales	—	10,158	7,260	17,418
Total revenue	199,874	191,902	40,380	432,156
Cost of service revenue, excluding depreciation and amortization	1,150	1,032	6,764	8,946
Cost of product sales	—	7,052	6,082	13,134
Operating expenses	44,668	89,755	8,981	143,404
Selling, general and administrative expenses	33,254	34,971	13,070	81,295
Loss on disposal of assets, net	—	140	6	146
Other income, net	(9,496)	(87)	(115)	(9,698)
Segment profit	\$ 130,298	\$ 59,039	\$ 5,592	\$ 194,929
Interest expense, net				38,480
Gain on interest rate swap				(419)
Loss on extinguishment of debt				595
Other reconciling items ⁽¹⁾				69,709
Income before income taxes				\$ 86,564

(1) This consists of depreciation and amortization expense, stock-based compensation and other costs to reconcile to total income before income taxes.

The Company provides information on credit loss expense by reportable segment, refer to Note 2, *Significant Accounting Policies*, for additional details.

The Company primarily operates within the United States, Australia, Canada, United Kingdom and in various other countries in Europe and Asia. The following table details the revenues from international operations for the respective periods:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Australia	\$ 16,129	\$ 14,956	\$ 32,577	\$ 27,433
Canada	7,112	8,675	15,270	16,739
United Kingdom	8,066	4,218	13,897	9,377
All other	1,854	1,006	2,864	1,673
Total international revenues	\$ 33,161	\$ 28,855	\$ 64,608	\$ 55,222

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

The following discussion and analysis of our financial condition and results of operations should be read together with our Annual Report, and our financial statements and the related notes included in Part I, Item 1 “Financial Statements” of this Report. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Please refer to the section in this Report entitled “Cautionary Note Regarding Forward-Looking Statements.”

Overview

We are a leading provider of smart mobility technology solutions, principally operating throughout the United States, Australia, Europe and Canada. We make transportation safer, smarter and more connected through our integrated, data-driven solutions, including toll and violations management, title and registration services, automated safety and traffic enforcement and commercial parking management. We bring together vehicles, hardware, software, data and people to solve transportation challenges for customers around the world, including commercial fleet owners such as rental car companies (“**RACs**”), direct commercial fleet owner-operators (“**Direct Fleets**”) and fleet management companies (“**FMCs**”), as well as governments, universities, parking operators, healthcare facilities, transportation hubs and violation-issuing authorities. Our vision is to continue to develop and use technology and data intelligence to make transportation safer, smarter and more connected globally.

Our Segments

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

- Our Commercial Services segment offers toll and violation management solutions and title and registration services for commercial fleet customers, including RACs and FMCs in North America. In Europe, we provide tolling and violations processing services.
- Our Government Solutions segment offers photo enforcement solutions and services to its customers. We provide complete, end-to-end speed, red-light, school bus stop arm and bus lane enforcement solutions. Our international operations primarily involve the sale of traffic enforcement products and recurring maintenance services related to the equipment and software.
- Our Parking Solutions segment provides an integrated suite of parking software, transaction processing and hardware solutions to universities, municipalities, commercial parking operators and health care facilities in the United States and Canada.

Segment performance is based on revenues and income from operations before depreciation, amortization 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 under long-term contracts and a reoccurring service revenue model. We continue to execute our strategy to grow revenue organically year-over-year and focus on initiatives that support our long-term strategy. During the periods presented, we:

- Increased total revenue by \$27.1 million, or 6.3%, from \$432.2 million in the six months ended June 30, 2024 to \$459.3 million in the same period in 2025. The increase was mainly due to service revenue resulting from increased travel volume in the Commercial Services segment and the growth from bus lane and school bus stop arm enforcement programs, back-office software-as-a-service (“**SaaS**”) programs and higher product sales in the Government Solutions segment.
- Generated cash flows from operating activities of \$138.1 million and \$74.4 million for the six months ended June 30, 2025 and 2024, respectively. Our cash on hand was \$147.7 million as of June 30, 2025.
- Lowered interest expense by \$5.3 million for the six months ended June 30, 2025 compared to the same period in 2024 due to debt refinancing in fiscal year 2024, further discussed below.

Recent Events

NYCDOT Contract

On March 31, 2025, the City of New York Department of Transportation (“**NYCDOT**”) announced that it identified the Company as the vendor to manage New York City’s automated enforcement camera safety programs for an expected five-year period after our current contract expires in December 2025. The New York City automated enforcement program remains an active procurement. We are currently engaged in contract negotiations with NYCDOT and if the contract terms and pricing are materially different from our current contract, or if the parties ultimately fail to consummate a new agreement, it could have a material adverse effect on our business, financial condition and results of operations.

Amendment to the Revolving Credit Agreement

On May 15, 2025, we entered into a fourth amendment to the Revolving Credit Agreement (the “**Revolver**”) which increased the existing commitment from \$75.0 million to \$125.0 million available for loans and letters of credit. The remaining terms of the Revolver were unchanged including the maturity date of December 18, 2026. There were no outstanding borrowings on the Revolver as of June 30, 2025 or December 31, 2024. The availability to borrow was \$123.9 million, net of \$1.1 million of outstanding letters of credit at June 30, 2025.

Share Repurchases and Retirement

In October 2023, our Board of Directors authorized a share repurchase program for up to an aggregate amount of \$100.0 million of our outstanding shares of Class A common stock, par value \$0.0001 (the “**Class A Common Stock**”) over an 18-month period. After we repurchased an aggregate 3.5 million shares for approximately \$87.3 million in fiscal year 2024, in December 2024, our Board of Directors authorized the repurchase of up to an additional \$100 million of our outstanding shares under the then-existing program, providing us with approximately \$112.7 million available for repurchases. On December 11, 2024, we entered into an accelerated share repurchase (“**ASR**”) agreement with a third-party financial institution and paid \$112.7 million to receive an initial delivery of 3,821,958 shares of our Class A Common Stock. The final settlement occurred on March 3, 2025, at which time, we received an additional 685,934 shares calculated using a volume-weighted average price over the term of the ASR agreement. All repurchased shares were subsequently retired. The authorization under this share repurchase program ended on April 30, 2025.

On May 17, 2025, our Board of Directors authorized a new share repurchase program for up to an aggregate amount of \$100.0 million of our outstanding shares of Class A Common Stock. Under the repurchase program, we may purchase shares of Class A Common Stock until November 2026 through open market purchases, in privately negotiated transactions or by other means, including trading plans intended to qualify under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, and ASR agreements, each as permitted under applicable rules and regulations. The amount and timing of repurchases will be determined at our discretion and will depend on a variety of factors, including price, general business and market conditions, applicable legal requirements, and alternative investment opportunities. The repurchase program does not obligate us to acquire any particular amount of Class A Common Stock or at any specific time intervals and may be modified, suspended or terminated at any time at our discretion. We have not yet repurchased shares of Class A Common Stock under this program.

New Corporate Headquarters Lease

On May 29, 2025, we entered into a lease agreement for our new corporate headquarters building in Mesa, Arizona and began recording lease expense when we obtained access to the building to begin tenant improvements. Accordingly, we modified our existing corporate headquarters lease term to end in early 2026 when we expect to relocate to the new building.

Key Factors Affecting Our Results of Operations

We believe that our performance and future success depends on a number of factors that present opportunities for us but also pose risks and challenges, including those discussed below and in our Annual Report on Form 10-K titled “Risk Factors” and in Part II, Item 1A of this Quarterly Report.

Macroeconomic Conditions

Our business is susceptible to a number of industry-specific and global macroeconomic factors that may cause our actual results of operations to differ from our historical results of operations or current expectations. The factors and trends that we currently believe are or will be most impactful to our results of operations and financial condition include the following: the inflationary impact on items such as wages and travel-related costs, future travel demand, legislation regarding the adoption, expansion or prohibition of automated enforcement and traffic safety technology by local, state or national governments, and the impact of the government regulations and actions, including tariffs and trade protection measures. We continue to monitor the potential favorable or unfavorable impacts of these and other factors on our business, financial condition, and results of operations.

Travel Demand

Our Commercial Services segment is largely impacted by its customer demand which in turn is impacted by a variety of factors including seasonality, demand for business and leisure travel, reductions in the level of air travel, higher airfare costs, increases in energy prices, general international, national and local economic conditions and cycles, and consumer confidence, as well as other factors affecting travel levels, such as military conflicts, terrorist incidents, natural disasters and epidemic diseases.

We monitor the Transportation and Security Administration passenger volume (“*TSA Passenger Volume*”) as one of several measures for Commercial Services revenue growth. TSA Passenger Volume measures the number of passengers screened by the TSA at United States airports, which correlates to the number of vehicles rented by travelers and toll road usage. TSA Passenger Volume in the second quarter of 2025 was about 1% less than TSA Passenger Volume for the same period in 2024.

Electronic Tolling Penetration

Our Commercial Services segment, which offers automated toll and violations management solutions to fleet customers, is impacted by the number of toll roads in the United States and Europe and the geographic concentration of such roads. We monitor the expansion and penetration of toll roadways across the United States and Europe and the percentage of toll roads that rely on cashless or all-electronic infrastructure.

Enabling Legislation

Our Government Solutions segment is positively impacted, in significant part, by enabling legislation that permits photo enforcement programs at the federal, state and local level in the United States. Accordingly, we depend on national, state and local governments authorizing the use of automated photo enforcement and not otherwise materially restricting its use.

Primary Components of Our Operating Results

Revenues

Service Revenue. Our Commercial Services segment generates service revenue primarily through the operation and management of tolling programs and processing violations for RACs, FMCs and other large fleet customers. These solutions are full-service offerings by which we enroll the license plates of our customers’ vehicles and transponders with tolling authority accounts, pay tolls and violations on the customers’ behalf and, through proprietary technology, integrate with customer data to match the toll or violation 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 and registrations.

Our Government Solutions segment generates service revenue through the operation and maintenance of photo enforcement systems. 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.

Our Parking Solutions segment generates service revenue mainly from offering software as a service (“*SaaS*”), subscription fees, professional services and citation processing services related to parking management solutions to its customers.

Product Sales. Product sales are generated by the sale of photo enforcement equipment in the Government Solutions segment and specialized hardware in the Parking Solutions segment. Customer buying patterns vary greatly from period to period related to product sales.

Costs and Expenses

Cost of Service Revenue, Excluding Depreciation and Amortization. Cost of service revenue, excluding depreciation and amortization consists of recurring service costs, collection and other third-party costs in our 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 and costs to develop hardware sold to Parking Solutions customers.

Operating Expenses. Operating expenses primarily include payroll and payroll-related costs (including stock-based compensation), subcontractor costs, payment processing and other operational costs, including 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.

Gain on Interest Rate Swap. Gain on interest rate swap related to the changes associated with the derivative instrument re-measured to fair value at the end of the reporting period and the related periodic cash receipts or payments.

Loss on Extinguishment of Debt. Loss on extinguishment of debt consists of the write-off of pre-existing 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 credit card transactions, gains or losses on foreign currency transactions and other non-operating expenses.

Results of Operations

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

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 June 30,					
	2025	2024	Percentage of Revenue		Increase (Decrease) 2025 vs 2024	
			2025	2024	\$	%
Service revenue	\$ 223,477	\$ 212,017	94.7%	95.3%	\$ 11,460	5.4%
Product sales	12,548	10,409	5.3%	4.7%	2,139	20.5%
Total revenue	236,025	222,426	100.0%	100.0%	13,599	6.1%
Cost of service revenue, excluding depreciation and amortization	4,629	4,641	2.0%	2.1%	(12)	(0.3)%
Cost of product sales	8,946	7,848	3.8%	3.5%	1,098	14.0%
Operating expenses	81,317	74,903	34.5%	33.7%	6,414	8.6%
Selling, general and administrative expenses	48,466	46,343	20.5%	20.8%	2,123	4.6%
Depreciation, amortization and (gain) loss on disposal of assets, net	29,473	27,522	12.4%	12.4%	1,951	7.1%
Total costs and expenses	172,831	161,257	73.2%	72.5%	11,574	7.2%
Income from operations	63,194	61,169	26.8%	27.5%	2,025	3.3%
Interest expense, net	16,572	18,845	7.0%	8.5%	(2,273)	(12.1)%
Gain on interest rate swap	—	(23)	—	(0.0)%	23	(100.0)%
Loss on extinguishment of debt	23	—	0.0%	—	23	n/a
Other income, net	(6,003)	(5,245)	(2.5)%	(2.4)%	(758)	14.5%
Total other expenses	10,592	13,577	4.5%	6.1%	(2,985)	(22.0)%
Income before income taxes	52,602	47,592	22.3%	21.4%	5,010	10.5%
Income tax provision	14,027	13,369	6.0%	6.0%	658	4.9%
Net income	\$ 38,575	\$ 34,223	16.3%	15.4%	\$ 4,352	12.7%

Service Revenue. Service revenue increased by \$11.5 million, or 5.4%, to \$223.5 million for the three months ended June 30, 2025 from \$212.0 million for the three months ended June 30, 2024, representing 94.7% and 95.3% of total revenue, respectively. The following table depicts service revenue by segment:

(\$ in thousands)	Three Months Ended June 30,					
	2025	2024	Percentage of Revenue		Increase (Decrease) 2025 vs 2024	
			2025	2024	\$	%
Service revenue						
Commercial Services	\$ 109,050	\$ 103,985	46.2%	46.8%	\$ 5,065	4.9%
Government Solutions	97,971	91,469	41.5%	41.1%	6,502	7.1%
Parking Solutions	16,456	16,563	7.0%	7.4%	(107)	(0.6)%
Total service revenue	\$ 223,477	\$ 212,017	94.7%	95.3%	\$ 11,460	5.4%

Commercial Services service revenue increased by \$5.1 million, or 4.9%, from \$104.0 million for the three months ended June 30, 2024 to \$109.1 million for the three months ended June 30, 2025. The increase was primarily due to increased product adoption and tolling activity compared to the prior year which contributed to a \$2.7 million growth in RAC tolling revenue during the three months ended June 30, 2025, compared to the same period in 2024. In addition, we derived \$2.2 million of increased revenue from our European operations, partially offset by lower revenue generated from our FMC customers due to customer churn and modest weakness attributable to macroeconomic factors compared to the same period in 2024.

Government Solutions service revenue increased by \$6.5 million, or 7.1%, from \$91.5 million for the three months ended June 30, 2024, to \$98.0 million for the three months ended June 30, 2025. The increase was primarily driven by the expansion of bus lane and school bus stop arm enforcement programs contributing \$4.6 million, with the remaining increase driven primarily by speed and red-light enforcement programs.

Parking Solutions service revenue decreased slightly to \$16.5 million for the three months ended June 30, 2025, from \$16.6 million for the three months ended June 30, 2024. The increased revenue from SaaS product offerings was offset by a decrease in subscription and professional services revenue related to parking management solutions.

Product Sales. Product sales were \$12.5 million and \$10.4 million for the three months ended June 30, 2025 and 2024, respectively. Product sales increased by \$2.1 million, which was due to a \$2.9 million increase in product sales to international customers in the Government Solutions segment which was partially offset by a decrease in product sales from the Parking Solutions segment. Customer buying patterns vary greatly from period to period related to product sales.

Cost of Service Revenue, Excluding Depreciation and Amortization. Cost of service revenue, excluding depreciation and amortization remained flat at \$4.6 million for both the three months ended June 30, 2025 and 2024.

Cost of Product Sales. Cost of product sales increased by \$1.1 million from \$7.8 million in the three months ended June 30, 2024 to \$8.9 million in the three months ended June 30, 2025, which was in line with the increase in product sales discussed above.

Operating Expenses. Operating expenses increased by \$6.4 million, or 8.6%, from \$74.9 million for the three months ended June 30, 2024 to \$81.3 million for the three months ended June 30, 2025. The increase in 2025 compared to the prior period was primarily in the Government Solutions business for approximately \$6.3 million due to increases in subcontractor costs, wages and operational equipment, partially offset by a decrease in operating expenses in the Parking Solutions business. Operating expenses as a percentage of total revenue increased from 33.7% to 34.5% for the three months ended June 30, 2024 and 2025, respectively. The following table presents operating expenses by segment:

(\$ in thousands)	Three Months Ended June 30,				Increase (Decrease)	
	2025	2024	Percentage of Revenue		2025 vs 2024	
			2025	2024	\$	%
Operating expenses						
Commercial Services	\$ 23,501	\$ 23,189	10.0%	10.4%	\$ 312	1.3%
Government Solutions	52,415	46,153	22.2%	20.7%	6,262	13.6%
Parking Solutions	3,898	4,488	1.7%	2.1%	(590)	(13.1)%
Operating expenses by segment	79,814	73,830	33.9%	33.2%	5,984	8.1%
Other expenses	1,503	1,073	0.6%	0.5%	430	40.1%
Total operating expenses	\$ 81,317	\$ 74,903	34.5%	33.7%	\$ 6,414	8.6%

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to \$48.5 million for the three months ended June 30, 2025 compared to \$46.3 million for the same period in 2024. This is primarily due to a \$2.0 million increase in professional services and \$1.7 million increase in credit loss expense, partially offset by a decrease in restructuring expenses compared to the same period in the prior year. Selling, general and administrative expenses as a percentage of total revenue decreased from 20.8% to 20.5% for the three months ended June 30, 2024 and 2025, respectively. The following table presents selling, general and administrative expenses by segment:

(\$ in thousands)	Three Months Ended June 30,					
			Percentage of Revenue		Increase (Decrease)	
	2025	2024	2025	2024	\$	%
Selling, general and administrative expenses						
Commercial Services	\$ 18,823	\$ 15,757	8.0%	7.1%	\$ 3,066	19.5%
Government Solutions	17,660	16,743	7.5%	7.5%	917	5.5%
Parking Solutions	6,500	6,644	2.7%	3.0%	(144)	(2.2)%
Selling, general and administrative expenses by segment	42,983	39,144	18.2%	17.6%	3,839	9.8%
Other expenses	5,483	7,199	2.3%	3.2%	(1,716)	(23.8)%
Total selling, general and administrative expenses	\$ 48,466	\$ 46,343	20.5%	20.8%	\$ 2,123	4.6%

Depreciation, Amortization and (Gain) Loss on Disposal of Assets, Net. Depreciation, amortization and (gain) loss on disposal of assets, net, increased by \$2.0 million to \$29.5 million for the three months ended June 30, 2025 from \$27.5 million for the same period in 2024. This was primarily due to an increase in depreciation expense for the Commercial Services and Government Solutions businesses in the 2025 period.

Interest Expense, Net. Interest expense, net decreased by approximately \$2.2 million from \$18.8 million for the three months ended June 30, 2024 to \$16.6 million for the same period in 2025. This was primarily attributable to voluntary principal prepayments made during 2024 and 2025 reducing the balance of the 2021 Term Loan (as defined below) and a 50 basis-point reduction in the interest rate from refinancing our debt in October 2024 coupled with decreasing SOFR rates. See “*Liquidity and Capital Resources*” below.

Gain on Interest Rate Swap. We recorded a gain of less than \$(0.1) million during the three months ended June 30, 2024, of which \$0.2 million is associated with the derivative instrument re-measured to fair value at the end of the reporting period offset by \$(0.3) million related to the monthly cash proceeds on the interest rate swap. We exercised our option to cancel the interest rate swap agreement effective the end of the third quarter of 2024.

Loss on Extinguishment of Debt. We recorded less than \$0.1 million of loss on extinguishment of debt during the three months ended June 30, 2025 related to the write-off of pre-existing deferred financing costs and discounts in connection with the early repayment on the 2021 Term Loan.

Other Income, Net. Other income, net was \$6.0 million for the three months ended June 30, 2025 compared to \$5.2 million for the three months ended June 30, 2024. The increase was primarily from non-operating income from foreign currency transactions mainly in the Commercial Services business.

Income Tax Provision. Income tax provision was \$14.0 million representing an effective tax rate of 26.7% for the three months ended June 30, 2025 compared to a tax provision of \$13.4 million, with an effective tax rate of 28.1% for the same period in 2024.

Net Income. We had net income of \$38.6 million for the three months ended June 30, 2025, as compared to a net income of \$34.2 million for the three months ended June 30, 2024. The \$4.4 million increase in net income was primarily due to the decrease in interest expense and the other statement of operations activity discussed above.

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

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)	Six Months Ended June 30,					
	2025	2024	Percentage of Revenue		Increase (Decrease) 2025 vs 2024	
			2025	2024	\$	%
Service revenue	\$ 435,379	\$ 414,738	94.8%	96.0%	\$ 20,641	5.0%
Product sales	23,900	17,418	5.2%	4.0%	6,482	37.2%
Total revenue	459,279	432,156	100.0%	100.0%	27,123	6.3%
Cost of service revenue, excluding depreciation and amortization	9,412	8,946	2.0%	2.1%	466	5.2%
Cost of product sales	16,978	13,134	3.7%	3.0%	3,844	29.3%
Operating expenses	155,056	145,543	33.8%	33.7%	9,513	6.5%
Selling, general and administrative expenses	99,967	94,514	21.8%	21.9%	5,453	5.8%
Depreciation, amortization and (gain) loss on disposal of assets, net	57,287	54,497	12.5%	12.6%	2,790	5.1%
Total costs and expenses	338,700	316,634	73.8%	73.3%	22,066	7.0%
Income from operations	120,579	115,522	26.2%	26.7%	5,057	4.4%
Interest expense, net	33,208	38,480	7.2%	8.9%	(5,272)	(13.7)%
Gain on interest rate swap	—	(419)	—	(0.1)%	419	(100.0)%
Loss on extinguishment of debt	48	595	0.0%	0.1%	(547)	(91.9)%
Other income, net	(10,112)	(9,698)	(2.2)%	(2.2)%	(414)	4.3%
Total other expenses	23,144	28,958	5.0%	6.7%	(5,814)	(20.1)%
Income before income taxes	97,435	86,564	21.2%	20.0%	10,871	12.6%
Income tax provision	26,521	23,192	5.8%	5.3%	3,329	14.4%
Net income	\$ 70,914	\$ 63,372	15.4%	14.7%	\$ 7,542	11.9%

Service Revenue. Service revenue increased by \$20.6 million, or 5.0%, to \$435.4 million for the six months ended June 30, 2025 from \$414.7 million for the six months ended June 30, 2024, representing 94.8% and 96.0% of total revenue, respectively. The following table depicts service revenue by segment:

(\$ in thousands)	Six Months Ended June 30,					
	2025	2024	Percentage of Revenue		Increase (Decrease) 2025 vs 2024	
			2025	2024	\$	%
Service revenue						
Commercial Services	\$ 210,439	\$ 199,874	45.8%	46.3%	\$ 10,565	5.3%
Government Solutions	191,953	181,744	41.8%	42.1%	10,209	5.6%
Parking Solutions	32,987	33,120	7.2%	7.6%	(133)	(0.4)%
Total service revenue	\$ 435,379	\$ 414,738	94.8%	96.0%	\$ 20,641	5.0%

Commercial Services service revenue increased by \$10.6 million, or 5.3%, from \$199.9 million for the six months ended June 30, 2024 to \$210.4 million for the six months ended June 30, 2025. The increase was primarily due to increased product adoption and tolling activity compared to the prior year. These factors contributed to a \$6.9 million growth in RAC tolling revenue and the remaining increase was driven mainly by an increase of \$2.0 million from European operations during the six months ended June 30, 2025, compared to the same period in 2024.

Government Solutions service revenue increased by \$10.2 million, or 5.6%, from \$181.7 million for the six months ended June 30, 2024, to \$192.0 million for the six months ended June 30, 2025. The increase was primarily driven by \$8.4 million from the expansion of bus lane and school bus stop arm enforcement programs and the remaining increase is mainly from speed and red-light enforcement programs.

Parking Solutions service revenue decreased slightly to \$33.0 million for the six months ended June 30, 2025, from \$33.1 million for the six months ended June 30, 2024. The increased revenue from SaaS product offerings was offset by a decrease in subscription and professional services related to parking management solutions.

Product Sales. Product sales were \$23.9 million and \$17.4 million for the six months ended June 30, 2025 and 2024, respectively. Product sales increased by \$6.5 million due to a \$6.8 million increase in product sales to international customers in the Government Solutions segment which was partially offset by a decrease in product sales from the Parking Solutions segment. Customer buying patterns vary greatly from period to period related to product sales.

Cost of Service Revenue, Excluding Depreciation and Amortization. Cost of service revenue, excluding depreciation and amortization increased from \$8.9 million for the six months ended June 30, 2024 to \$9.4 million for the six months ended June 30, 2025, mainly due to increased recurring service and third-party costs for our segments.

Cost of Product Sales. Cost of product sales increased by approximately \$3.9 million from \$13.1 million in the six months ended June 30, 2024 to \$17.0 million in the six months ended June 30, 2025, which was in line with the increase in product sales discussed above.

Operating Expenses. Operating expenses increased by \$9.5 million, or 6.5%, from \$145.5 million for the six months ended June 30, 2024 to approximately \$155.1 million for the six months ended June 30, 2025. The increase in 2025 compared to the prior year was primarily in the Government Solutions business for approximately \$9.6 million due to increases in subcontractor and operational equipment costs, partially offset by a decrease in operating expenses in the Parking Solutions business. Operating expenses as a percentage of total revenue increased slightly from 33.7% to 33.8% for the six months ended June 30, 2024 and 2025, respectively. The following table presents operating expenses by segment:

(\$ in thousands)	Six Months Ended June 30,					
			Percentage of Revenue		Increase (Decrease)	
	2025	2024	2025	2024	2025 vs 2024	
				\$	%	
Operating expenses						
Commercial Services	\$ 45,579	\$ 44,668	9.9%	10.3%	\$ 911	2.0%
Government Solutions	99,376	89,755	21.6%	20.8%	9,621	10.7%
Parking Solutions	7,500	8,981	1.7%	2.1%	(1,481)	(16.5)%
Operating expenses by segment	152,455	143,404	33.2%	33.2%	9,051	6.3%
Other expenses	2,601	2,139	0.6%	0.5%	462	21.6%
Total operating expenses	\$ 155,056	\$ 145,543	33.8%	33.7%	\$ 9,513	6.5%

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to \$100.0 million for the six months ended June 30, 2025 compared to \$94.5 million for the same period in 2024. This is primarily due to a \$4.6 million increase in credit loss expense and \$3.6 million in increased professional services fees, partially offset by a decrease in restructuring expenses compared to the same period in 2024. Selling, general and administrative expenses as a percentage of total revenue decreased slightly from 21.9% to 21.8% for the six months ended June 30, 2024 and 2025, respectively. The following table presents selling, general and administrative expenses by segment:

(\$ in thousands)	Six Months Ended June 30,					
			Percentage of Revenue		Increase (Decrease)	
	2025	2024	2025	2024	2025 vs 2024	
				\$	%	
Selling, general and administrative expenses						
Commercial Services	\$ 38,405	\$ 33,254	8.4%	7.7%	\$ 5,151	15.5%
Government Solutions	36,963	34,971	8.0%	8.1%	1,992	5.7%
Parking Solutions	13,758	13,070	3.0%	3.0%	688	5.3%
Selling, general and administrative expenses by segment	89,126	81,295	19.4%	18.8%	7,831	9.6%
Other expenses	10,841	13,219	2.4%	3.1%	(2,378)	(18.0)%
Total selling, general and administrative expenses	\$ 99,967	\$ 94,514	21.8%	21.9%	\$ 5,453	5.8%

Depreciation, Amortization and (Gain) Loss on Disposal of Assets, Net. Depreciation, amortization and (gain) loss on disposal of assets, net, increased by \$2.8 million to \$57.3 million for the six months ended June 30, 2025 from \$54.5 million for the same period in 2024. This was primarily due to an increase in depreciation expense related to equipment and software in the 2025 period compared to the 2024 period.

Interest Expense, Net. Interest expense, net decreased by \$5.3 million from \$38.5 million for the six months ended June 30, 2024 to \$33.2 million for the same period in 2025. This was primarily attributable to voluntary principal prepayments made during 2024 and 2025 reducing the balance of the 2021 Term Loan and a 50 basis-point reduction in the interest rate from refinancing our debt in October 2024 coupled with decreasing SOFR rates. See “Liquidity and Capital Resources” below.

Gain on Interest Rate Swap. We recorded a \$(0.4) million gain during the six months ended June 30, 2024, of which \$0.2 million is associated with the derivative instrument re-measured to fair value at the end of the reporting period offset by \$(0.6) million related to the monthly cash proceeds on the interest rate swap. We exercised our option to cancel the interest rate swap agreement effective the end of the third quarter of 2024.

Loss on Extinguishment of Debt. We recorded less than \$0.1 million of loss on extinguishment of debt during the six months ended June 30, 2025 related to the write-off of pre-existing deferred financing costs and discounts in connection with the early repayments on the 2021 Term Loan. We recorded a \$0.6 million loss on extinguishment of debt during the six months ended June 30, 2024 related to the write-off of pre-existing deferred financing costs and discounts in connection with the refinancing of the 2021 Term Loan in February 2024.

Other Income, Net. Other income, net was \$10.1 million for the six months ended June 30, 2025 compared to approximately \$9.7 million for the six months ended June 30, 2024. The increase was mainly from non-operating income from foreign currency transactions in the 2025 period.

Income Tax Provision. Income tax provision was \$26.5 million representing an effective tax rate of 27.2% for the six months ended June 30, 2025 compared to a tax provision of \$23.2 million, with an effective tax rate of 26.8% for the same period in 2024.

Net Income. We had net income of \$70.9 million for the six months ended June 30, 2025, as compared to a net income of \$63.4 million for the six months ended June 30, 2024. The \$7.5 million increase in net income was primarily due to the increase in service revenue and product sales, a decrease in interest expense and the other statement of operations activity discussed above.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows from operations and the available borrowing under our Revolver.

We believe that our existing cash and cash equivalents, cash flows provided by operating activities and our ability to borrow under our Revolver will be sufficient to meet operating cash requirements, service debt obligations and fund potential share repurchases for at least the next 12 months and thereafter for the foreseeable future. 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.

We have incurred significant long-term debt as a result of acquisitions completed in prior years. 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. On May 15, 2025, we exercised our option to increase the commitments under the terms of the Revolver and entered into a fourth amendment to the Revolver which increased the existing commitment from \$75.0 million to \$125.0 million available for loans and letters of credit. As of June 30, 2025, we had no outstanding borrowings and \$123.9 million available for borrowing, net of letters of credit, under our Revolver. Our cash on hand was \$147.7 million as of June 30, 2025.

In fiscal year 2024, we refinanced the 2021 Term Loan which reduced the interest rate by an aggregate 1.00% and eliminated the applicable credit spread adjustment. We made early repayments of approximately \$2.3 million and \$4.5 million on our 2021 Term Loan during the three and six months ended June 30, 2025, and as a result, the total principal outstanding on the 2021 Term Loan was \$691.1 million as of June 30, 2025.

At June 30, 2025, the Tax Receivable Agreement liability was approximately \$43.2 million. During the second quarter of 2025, we made an estimated payment of \$5.0 million related to the 2024 tax year. We expect to make payments of approximately \$5.2 million per year for the next eight years and approximately \$1.1 million in the final year.

Share Repurchases and Retirement

In October 2023, our Board of Directors authorized a share repurchase program for up to an aggregate amount of \$100.0 million of our outstanding shares of Class A Common Stock over an 18-month period. After we repurchased an aggregate 3.5 million shares for approximately \$87.3 million in fiscal year 2024, in December 2024, our Board of Directors authorized the repurchase of up to an additional \$100.0 million of our outstanding shares under the then-existing program, providing us with approximately \$112.7 million available for repurchases. On December 11, 2024, we entered into an ASR agreement with a third-party financial institution and paid \$112.7 million to receive an initial delivery of 3,821,958 shares of our Class A Common Stock. The final settlement occurred on March 3, 2025, at which time, we received an additional 685,934 shares calculated using a volume-weighted average price over the term of the ASR agreement. All repurchased shares were subsequently retired. The authorization under this repurchase program ended on April 30, 2025.

During the second quarter of 2025, we paid approximately \$1.7 million for excise taxes related to 2024 net share repurchases.

On May 17, 2025, our Board of Directors authorized a new share repurchase program for up to an aggregate amount of \$100.0 million of our outstanding shares of Class A Common Stock. Under the repurchase program, we may purchase shares of Class A Common Stock until November 2026 through open market purchases, in privately negotiated transactions or by other means, including trading plans intended to qualify under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, and ASR agreements, each as permitted under applicable rules and regulations. The amount and timing of repurchases will be determined at our discretion and will depend on a variety of factors, including price, general business and market conditions, applicable legal requirements, and alternative investment opportunities. The repurchase program does not obligate us to acquire any particular amount of Class A Common Stock or at any specific time intervals and may be modified, suspended or terminated at any time at our discretion. We have not yet repurchased shares of Class A Common Stock under this program.

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

(\$ in thousands)	Six Months Ended June 30,	
	2025	2024
Net cash provided by operating activities	\$ 138,113	\$ 74,368
Net cash used in investing activities	(56,019)	(27,677)
Net cash used in financing activities	(10,920)	(60,917)

Cash Flows from Operating Activities

Cash provided by operating activities increased by \$63.7 million from \$74.4 million for the six months ended June 30, 2024 to \$138.1 million for the six months ended June 30, 2025. Net income year-over-year increased by \$7.5 million, from \$63.4 million in 2024 to \$70.9 million in 2025. The aggregate adjustments to reconcile net income to net cash provided by operating activities increased \$2.6 million mainly due to increased credit loss expense, depreciation expense and stock-based compensation, which were partially offset by a change in deferred income taxes. The aggregate changes in operating assets and liabilities increased by \$53.6 million in 2025 compared to the prior year primarily due to a reduction in the net use of working capital, of which, the majority is attributable to a large payment that reduced accounts payable and other current liabilities in the first half of 2024. In addition, changes in prepaid and other current assets also contributed to the increase in 2025 compared to the prior year.

Cash Flows from Investing Activities

Cash used in investing activities was \$56.0 million and \$27.7 million for the six months ended June 30, 2025 and 2024, respectively. The increase in cash used was primarily driven by a \$27.8 million increase for purchases of installation and service parts and property and equipment mainly for the Government Solutions business compared to the same period in the prior year.

Cash Flows from Financing Activities

Cash used in financing activities was \$10.9 million and \$60.9 million for the six months ended June 30, 2025 and 2024, respectively. The decreased use in cash from financing activities was mainly due to \$51.5 million of share repurchases in 2024 and no comparable repurchases in the current year.

Long-term Debt, Net

2021 Term Loan

In March 2021, VM Consolidated, Inc. (“***VM Consolidated***”), 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 \$900.0 million, maturing on March 24, 2028. In connection with the 2021 Term Loan borrowings, we had \$4.6 million of offering discount costs and \$4.5 million in deferred financing costs, both of which were capitalized and are being amortized over the remaining life of the 2021 Term Loan.

In February 2024, VM Consolidated entered into a third amendment to the 2021 Term Loan (the “***Third Amendment***”) and in October 2024, a fourth amendment to the 2021 Term Loan (the “***Fourth Amendment***”) to refinance the 2021 Term Loan (the “***Refinancing Transactions***”). Pursuant to the Third Amendment and Fourth Amendment, the interest rate was reduced by an aggregate 1.00% to Term Secured Overnight Financing Rate (“***SOFR***”) plus 2.25% from SOFR plus 3.25% with the SOFR floor unchanged at 0.00%. The credit spread adjustment, ranging from 0.11448% to 0.71513%, was eliminated. In addition, the 2021 Term Loan was amended to remove a provision for principal repayments which were previously required to be paid in quarterly installments.

During each of the six months ended June 30, 2025 and 2024, we made early repayments of \$4.5 million on the 2021 Term Loan, and as a result the total principal outstanding was \$691.1 million as of June 30, 2025.

We recorded less than \$0.1 million of loss on extinguishment of debt during both the three and six months ended June 30, 2025, related to the write-off of pre-existing deferred financing costs and discounts in connection with the early repayments. We recognized a \$0.6 million loss on extinguishment of debt for the six months ended June 30, 2024, related to the write-off of pre-existing deferred financing costs and discounts in connection with the refinancing of the 2021 Term Loan in February 2024.

The 2021 Term Loan bears interest based at our option, on either (i) SOFR plus an applicable margin of 2.25% per annum, or (ii) an alternate base rate plus an applicable margin of 1.25% per annum. As of June 30, 2025, the interest rate on the 2021 Term Loan was 6.6%.

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), 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%

Senior Notes

In March 2021, VM Consolidated 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.

Interest on the Senior Notes is fixed at 5.50% per annum and is payable on April 15 and October 15 of each year. We 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
2025	101.375%
2026 and thereafter	100.000%

The Revolver

On May 15, 2025, we exercised our option to increase the commitments under the terms of the Revolver and entered into a fourth amendment to the Revolver which increased the existing commitment from \$75.0 million to \$125.0 million available for loans and letters of credit. The Revolver matures on December 18, 2026. 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) SOFR plus an applicable margin, or (2) an alternate base rate, plus an applicable margin. The margin percentage applied to (1) SOFR 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. There is a credit spread adjustment of 0.10% for a one-month duration, 0.15% for a three-month duration, and 0.25% for a six-month duration, in addition to SOFR and the applicable margin percentages. There were no outstanding borrowings on the Revolver as of June 30, 2025 or December 31, 2024. The availability to borrow was \$123.9 million, net of \$1.1 million of outstanding letters of credit at June 30, 2025.

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 \$1.1 million of outstanding letters of credit as of June 30, 2025.

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. Substantially all of our assets are pledged as collateral to secure our indebtedness under the 2021 Term Loan. At June 30, 2025, we were compliant with all debt covenants in our debt agreements.

Interest Expense, Net

We recorded interest expense, including amortization of deferred financing costs and discounts, of \$16.6 million and \$18.8 million for the three months ended June 30, 2025 and 2024, respectively, and \$33.2 million and \$38.5 million for the six months ended June 30, 2025 and 2024, respectively.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet financing arrangements as of June 30, 2025.

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 financial statements and the accompanying notes. Please refer to our Annual Report for our critical accounting policies, estimates and judgments. We believe that our estimates and assumptions are reasonable in the circumstances; however, actual results could differ materially from those estimates.

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to interest rate risk due to the variable interest rate on the 2021 Term Loan described in Part I, 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 \$691.1 million at June 30, 2025. The 2021 Term Loan bears interest based, at our option, on either (i) SOFR plus an applicable margin of 2.25% per annum, or (ii) an alternate base rate plus an applicable margin of 1.25% per annum. As of June 30, 2025, the interest rate on the 2021 Term Loan was 6.6%.

Based on the June 30, 2025 balance outstanding, each 1% movement in interest rates will result in an approximately \$6.9 million change in annual interest expense.

In December 2022, we entered into a cancellable interest rate swap agreement to hedge our exposure to interest rate fluctuations associated with the LIBOR (now transitioned to SOFR) portion of the variable interest rate on our 2021 Term Loan. We exercised our option to cancel the interest rate swap effective the end of the third quarter of 2024.

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 evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2025. Based upon such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of such date.

Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2025, we completed the first phase of a multi-phase implementation of a new global enterprise resource planning (“**ERP**”) system that will replace components of our existing operating and financial systems. The implementation of the new ERP system is expected to be completed in fiscal year 2026. The implementation that has been completed to date has resulted in changes to certain of our processes and internal controls, including the implementation of new applications, interfaces and reports which support our financial reporting. The new ERP system is designed to accurately maintain the flow of financial information, enhance operational functionality and accelerate information reporting to our management. The implemented portion of the new ERP system was used during the quarter ended June 30, 2025, and the new and modified processes and controls implemented were used to prepare our consolidated financial statements for the three and six months ended June 30, 2025 included in this Report.

Except as described above, there have been no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to legal and regulatory actions that arise from time to time in the ordinary course of business, and may be subject to similar or other claims in the future. Legal disputes and other claims and proceedings may relate to, among other things, intellectual property, commercial arrangements, negligence and fiduciary duty claims, vicarious liability based on conduct of individuals or entities outside of our control, including our third-party service providers, antitrust claims, deceptive trade practices, general fraud claims and employment law claims, including compliance with wage and hour regulations. In addition to more general litigation, at times we have also been a named party in claims made against our customers, including putative class actions challenging the legality and constitutionality of automated photo enforcement and other similar programs of our Government Solutions customers, and consumer fraud claims brought against us and our Commercial Services customers alleging faulty disclosures regarding our services. From time to time, we may also be reviewed or investigated by U.S. federal, state or local regulators or regulators in the foreign jurisdictions in which we operate regarding these and other matters, including proper licensing and tax assessments. All litigation is inherently unpredictable and we could incur judgments or enter into settlements or claims in the future that could materially impact our results.

Brantley v. City of Gretna is a class action lawsuit filed in the 24th Judicial District Court of Jefferson Parish, Louisiana against the City of Gretna (the “City”) and its safety camera vendor, Redflex Traffic Systems, Inc. in April 2016. The Company acquired Redflex Traffic Systems, Inc. as part of its June 2021 purchase of Redflex Holdings Limited. The plaintiff class, which was certified on March 30, 2021, alleges that the City’s safety camera program was implemented and operated in violation of local ordinances and the state constitution, including that the City’s hearing process violated the plaintiffs’ due process rights for lack of a “neutral” arbiter of liability for traffic infractions. Plaintiffs seek recovery of traffic infraction fines paid. The City and Redflex Traffic Systems, Inc. appealed the trial court’s ruling granting class certification, which was denied, and their petition for discretionary review of the certification ruling by the Louisiana Supreme Court was declined. The parties entered into a settlement agreement and preliminary approval was granted by the court in April 2025. A final settlement amount has not yet been determined and requires final approval from the court.

We have accrued estimated amounts related to legal proceedings as of June 30, 2025 and December 31, 2024 within accrued liabilities on the condensed consolidated balance sheets. The information contained in Note 13, *Commitments and Contingencies*, included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A.

Risks Factors

Part I, Item 1A. “Risk Factors” in our Annual Report includes a discussion of our risk factors. Other than the risk factor below and the risk factor included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, there have been no material changes from the risk factors described in our Annual Report. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future SEC filings.

We cannot guarantee that our share repurchase programs will enhance long-term shareholder value. Share repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves. In addition, Congress enacted the Inflation Reduction Act in 2022, which (among other provisions) provided for a 1% excise tax on net share repurchases. This provision applies to share repurchases initiated after January 1, 2023.

In October 2023, our Board of Directors authorized a share repurchase program for up to an aggregate amount of \$100.0 million of our outstanding shares of Class A Common Stock over an 18-month period in open market, accelerated share repurchase (“ASR”) or privately negotiated transactions. In June 2024, we entered into a share repurchase agreement with a stockholder, pursuant to which we repurchased, directly from the stockholder, 2.0 million shares of our Class A Common Stock for an aggregate purchase price of \$51.5 million. During the fourth quarter of 2024, we repurchased approximately 1.5 million shares of our Class A Common Stock through open market transactions and paid \$35.8 million.

In December 2024, our Board of Directors authorized the repurchase of up to an additional \$100.0 million of our outstanding shares of Class A Common Stock under the October 2023 program, providing the Company with approximately \$112.7 million available for repurchases. On December 11, 2024, we entered into an ASR agreement with a third-party financial institution to purchase \$112.7 million of our Class A Common Stock. Pursuant to the terms of the ASR agreement, we received and retired 3,821,958 shares of our Class A Common Stock and paid \$112.7 million. The final settlement occurred on March 3, 2025, at which time we received an additional 685,934 shares of our Class A Common Stock using a volume-weighted average price over the term of the ASR agreement. All repurchased shares were subsequently retired.

We paid a total of \$200.0 million for share repurchases during the year ended December 31, 2024. In addition, we recorded approximately \$1.7 million within accrued liabilities related to the excise taxes payable on net share repurchases on the consolidated balance sheets as of December 31, 2024, which has been paid as of June 30, 2025. The prior repurchase authorization expired on April 30, 2025.

On May 17, 2025, our Board of Directors authorized a new share repurchase program to repurchase up to an aggregate amount of \$100.0 million of our outstanding shares of Class A Common Stock over an 18-month period in open market, ASR or privately negotiated transactions. We did not make any share repurchases under this program during the second quarter of 2025.

The timing, price, and quantity of purchases under the repurchase programs have been, and will continue to be, made at the discretion of our management based upon a variety of factors including share price, general and business market conditions, compliance with applicable laws and regulations, corporate and regulatory requirements, and alternative uses of capital. There is no guarantee as to the exact number of shares that we will repurchase and we cannot guarantee that share repurchase programs will enhance long-term stockholder value. Additionally, the Inflation Reduction Act of 2022 introduced a 1% excise tax on share repurchases, which has increased the costs associated with repurchasing shares of our Class A Common Stock. Our share repurchase programs could affect the trading price of our Class A Common Stock and increase volatility. In addition, our repurchases under our share repurchase programs have diminished, and could continue to diminish, our cash reserves.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Purchases of Equity Securities

We did not have any purchases of our Class A Common Stock during the three months ended June 30, 2025.

Sales of Unregistered Securities

We did not have any sales of unregistered equity securities during the three months ended June 30, 2025.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Insider Trading Arrangements

During the three months ended June 30, 2025, none of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Report.

EXHIBIT INDEX

Exhibit Number	Description	Form	Incorporated by Reference			Filed Herewith
			File No.	Exhibit	Filing Date	
3.1	Second Amended and Restated Certificate of Incorporation of Verra Mobility Corporation.	8-K	001-37979	3.1	October 22, 2018	
3.2	Amended and Restated Bylaws of Verra Mobility Corporation.	8-K	001-37979	3.1	November 9, 2023	
10.1#	Executive Employment Agreement by and between VM Consolidated, Inc. and Stacey Moser, dated as of June 24, 2025.					X
10.2	Amendment No. 4 to Revolving Credit Agreement, dated as of May 15, 2025, among Greenlight Acquisition Corporation, VM Consolidated, Inc., each of the other borrowers and guarantors party thereto, and Bank of America, N.A., as Administrative Agent and Collateral Agent and as a lender.	8-K	001-37979	10.1	May 15, 2025	
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 With Embedded Linkbase Documents.					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: August 6, 2025

By: /s/ Craig Conti
Craig Conti
Chief Financial Officer
(Principal Financial Officer)

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this “*Agreement*”) 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 Stacey Moser, 424 Bryan Ave, Sunnyvale, CA 94086 (the “*Executive*”). This Agreement shall become effective on the date of the last signatory hereto, provided, however, that the Agreement is fully executed by 24 June 2025. If the Agreement is not fully executed by 24 June 2025, it shall become null and void.

WHEREAS, the Company desires to employ Executive as its Executive Vice President and General Manager Commercial Services (“*EVP*”), and Executive desires to serve in such capacity on behalf of the Company, upon the terms and conditions hereinafter set forth; and

WHEREAS, Executive acknowledges that she 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.

1. Employment.

1.1 Employment Period. Executive’s employment hereunder will commence on or before July 21, 2025 (the “*Start Date*”). Executive shall be employed by the Company (or a Company subsidiary or affiliate) on an “at will” basis throughout the course of Executive’s employment with the Company; 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 the 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 Public Announcement. Prior to any public announcement made by the Company, Executive shall not make any public release, statement or communication concerning Executive’s acceptance of employment with the Company without the prior written approval of the Company’s Chief Executive Officer or his designee.

1.3 Duties and Responsibilities. Commencing on the Start Date, Executive shall serve as the Executive Vice President and General Manager, Commercial Services (“*Title*”) 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.

1.4 Extent of Services. Executive shall use her best efforts to carry out Executive’s duties and responsibilities under Section 1.3 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.

1.5 Principal Location of Services. Executive's "Primary Work Location" will be your permanent address that you have provided to the Company for the first eighteen (18) months of your employment following your Start Date ("Remote Work Period"). You are expected to report for work from your Primary Work Location during the Remote Work Period. If you plan to change your Primary Work Location at any time during the Remote Work Period, you shall notify the Company of your new Primary Work Location prior to making the change and as soon as possible. Executive shall be reimbursed for any travel expenses during the Remote Work Period in accordance with the Company's travel and expense policy as may be in effect from time to time.

1.6 Relocation Assistance. In connection with Executive's future relocation to the greater Phoenix metropolitan area, Executive will be entitled to relocation assistance benefits, a summary of which is attached as Exhibit A hereto. Executive shall be obligated to repay the actual expenses incurred by the Company related to shipment of household goods and home purchase expenses in the event Executive is terminated by the Company for cause (as defined in Section 3.7 below) or if Executive voluntarily terminates her employment other than for Good Reason (defined in Section 3.7), and other than due to Disability (as defined in Section 3.2) or death, within twenty four (24) months after Executive's future relocation date.

1.7 Background Screening. Executive's employment is contingent upon completion of the Company's Director & Officer Questionnaire to the Company's satisfaction, verification of Executive's eligibility to work in the United States, and the Company obtaining satisfactory results on a background investigation, reference check, and drug screening of Executive (collectively, the "**Background Check**"), which will be conducted at the Company's expense and in compliance with applicable law. If the results of Executive's Background Check do not meet the Company's satisfaction, the Agreement shall be null and void (even if executed by the Parties).

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 Forty-Five Hundred Thousand Dollars (\$450,000.00), 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.

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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 Corporation Second Amended Short-Term Incentive Plan (or any successor plan) (the “**Incentive Plan**”). Executive’s STIP Bonus target shall be 70% of the Executive’s Base Salary for the applicable plan year as defined in the Incentive Plan. The payment and amount of the STIP Bonus, if any, will be determined by the Compensation Committee based on Executive’s individual performance and Company performance, in each case measured against performance goals and targets established by the Compensation Committee.

2.3 Equity Compensation.

(a) Long-Term Incentives. During the Employment Period, Executive shall be eligible from time to time to participate in the Company’s equity incentive programs, 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 terms of the Verra Mobility Corporation Amended and Restated 2018 Equity Incentive Plan, as amended (the “**Equity Plan**”), and applicable award agreements and grant documents provided to Executive in connection with such equity compensation.

(b) First eligibility for a Long Term Incentive grant is during the next cycle following the Start Date (i.e., approximately March 2026). EVP’s initial Long-Term Incentive target will be Eight Hundred Fifty Thousand Dollars (\$850,000.00), as a combination of performance share units (“PSUs”) and restricted stock units (“RSUs”), currently split 60% RSUs/ 40% PSUs.

i. Performance Share Units. PSUs vest in three (3) years, and are based on Relative Total Stockholder Return (“**Relative TSR**”), meaning the difference, measured in percentage points (rounded to the nearest 1/100 of 1%), for the three (3) year performance period, as determined by the Compensation Committee, between the Company Annualized TSR and the Comparator Group Median Annualized TSR, all as determined in accordance with Executive’s PSU award agreement, as well as Executive’s continued service through applicable vesting period.

ii. Restricted Stock Unit Grant. RSUs are granted pursuant to a restricted stock unit award under the Equity Plan for a number of shares of Verra Mobility Class A Common Stock with a total value, as measured by the closing price of Verra Mobility’s Class A Common Stock on the Nasdaq Capital Market on the date of grant, subject to the Equity Plan and Executive’s RSU award agreement, which shall include annual time-based vesting of twenty-five percent (25%) increments on each of the successive four (4) anniversaries of the grant date and the terms of the Equity Plan and Executive’s RSU award agreement, including continued service through each applicable vesting date.

2.4 Retirement and Welfare Plans. Executive shall be eligible to participate in employee retirement and welfare benefit plans of the Company (or a Company subsidiary or affiliate) made available to the Company’s (or its subsidiaries’ or affiliates’) senior level

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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 necessary, 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.

2.7 Sign-On Bonus.

(a) Cash Sign-On Bonus. The Company shall provide a one-time sign-on cash bonus of One Hundred Thousand Dollars (\$100,000.00) (the "**Sign-On Bonus**"), subject to all required authorized withholdings. Such Sign-On Bonus shall be paid within thirty (30) days after the Executive's Start Date. Executive shall be obligated to immediately repay One Hundred Percent of the gross amount of the Sign-On Bonus received by the Executive if Executive is terminated by the Company for Cause (as defined in Section 3.7) or if Executive voluntarily terminates her employment other than for Good Reason (as defined in Section 3.7), and other than due to Disability (as defined in Section 3.2) or death, prior to the two year anniversary of the Start Date. Executive will be required to repay the Sign-on Bonus in its entirety to the Company within thirty (30) days from Executive's last day of employment.

(b) Sign-On RSUs. The first trading day after the first Compensation Committee meeting immediately following Executive's Start Date (or, if the Compensation Committee's next such meeting occurs during a blackout period, then promptly following the end of such blackout period), the Company will grant to Executive, pursuant to the terms of the Equity Plan and applicable award agreements, a grant of a restricted stock unit award under the Equity Plan for a number of shares of Verra Mobility Class A Common Stock with a total value, as measured by the closing price of Verra Mobility's Class A Common Stock on the Nasdaq Capital Market on the date of grant, equal to Six Hundred Fifty Thousand Dollars (\$650,000) (the "**Sign-On RSUs**"), which shall include annual time-based vesting of fifty percent (50%) increments on each of the successive two (2) anniversaries of the grant date and the terms of the Equity Plan and Executive's RSU award agreement, including continued service through each applicable vesting date.

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.

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(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 earned Base Salary through the date of termination (payable with the first regular Company payroll processed 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 accrued up to and including the date of termination, (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, and (iv) all accrued and unused vacation pay (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, and 8 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; 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.

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(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, guideline, policy, or program, other than the Guaranteed Payments.

(f) Executive agrees and acknowledges that if Executive fails to comply with Section 5, 6, 7, and 8 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). Nothing in this Section 3.2 shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq. and the Americans with Disabilities Act, 42 U.S.C. §12101 et seq., the California Family Rights Act, California Government Code Sections 12945.1 and 12945.2, and the California Fair Employment and Housing Act, California Government Code Section 121900, et seq.

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

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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, inquiry, audit, review, or the like that may be performed by the Company (or any subsidiary or affiliate) or any government authority or in connection with any litigation or proceeding in which the Company (or any subsidiary or affiliate) may become involved. Executive's obligations under this Section 3.6 include (without limitation) (i) making herself available to testify on behalf of the Company or a Company subsidiary or affiliate in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative; (ii) assisting the Company or a Company subsidiary or 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 subsidiary or 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 subsidiary or 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 subsidiary or 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 subsidiary or affiliate with respect to Executive's job duties or responsibilities, the operation of the Company's or its subsidiaries' or affiliates' business and affairs, or the management of the Company's or employees of a Company subsidiary or 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 subsidiary or 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 in its sole but reasonable discretion 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

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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 Executive Vice President and Chief People Officer;

(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

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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) during the course of employment with the Company, 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 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. "**Confidential Information**" means an item of information or compilation of information in any form (tangible or intangible) related to the Company's Business that Executive acquires during Executive's employment that the Company has not made public or authorized public disclosure of, and that is not readily ascertainable through proper means to persons outside the Company who have the ability to use or disclose it and are not obligated to keep the item or compilation confidential. Confidential Information includes but is not limited to trade secrets as defined by statute or, if not applicable statute, by common law, 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, 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. "Confidential Information" also includes all physical embodiments, in any medium now known or hereafter devised, of such Confidential Information, including but not limited to, drawings, video and/or audio recordings, training manuals, decks (proposals), cassettes, disks, filmstrips, electronic mail, customer lists, contracts, reports, financial reports, manuals, and correspondence. Executive acknowledges that items of Confidential Information are the Company's valuable assets and have economic value, actual or potential, because they are not

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generally known by the public or others who could use them to their own economic benefit and/or to the competitive disadvantage of the Company. Confidential Information does not include information that is readily available to the public other than by reason of a breach of Executive's obligations under this Agreement or other improper or illegal means. Due to its special value and utility as a compilation, a confidential compilation of information by the Company will remain protected as Confidential Information even if individual items of information in it are public. To protect the Company's business, Executive agrees that any Confidential Information that Executive receives during Executive's employment with the Company must be kept confidential, both during and after Executive's employment with the Company. The Company will retain all of the same rights and remedies related to information that would qualify as a trade secret as it would have absent this Agreement.

(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

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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) Nothing in this Agreement will be construed to prohibit Executive from opposing or reporting an event that Executive reasonably and in good faith believes is a violation of law to the relevant enforcement agency (such as the Securities and Exchange Commission, Equal Employment Opportunity Commission, or Department of Labor), requires notice to or approval from the Company before doing so, or prohibits Executive from truthfully testifying or cooperating in an investigation conducted by such a government agency. 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. Further, Executive's non-disclosure obligations do not prohibit use of generally available knowledge, skill and education that is not specific to the Company but instead knowledge generic to the industry or Executive's profession. Nothing in this agreement prevents Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful.

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.

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(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.

(d) This Section 6 will be limited so as to comply with Cal. Lab. Code, § 2870 which provides that: "(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer." This notice shall satisfy Cal. Lab. Code §2872.

7. No Unfair Competition and No Solicitation. Executive acknowledges that the consideration provided for in Section 2 is additional consideration being given for Executive's promises in this Section 7, as set forth below.

a. **Obligations During Employment.** During the Employment Period, Executive will remain loyal to the Company and will not engage in any conduct that competes with business interests of the Company, diverts business opportunities away from the Company, or interferes with existing or prospective client or other key business relationships that the Company has an interest in maintaining. This duty of loyalty includes, but is not limited to, an obligation to avoid the following conduct:

i. Agreement Not to Work for Competitors. Executive agrees that during Executive's employment, Executive will not become an employee, officer,

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director, trustee member, or consultant, or otherwise perform services for any person or legal entity that is a competitor of a Client or provides services similar to those provided by, in development by, or contemplated as being provided by, the Company during Executive's employment. "Client" refers to (i) any entity or person that is a client of the Company on the Termination Date or, if Executive is still employed, on the date of Executive's alleged violation of this Agreement; (ii) any entity or person that was a client of the Company at any time during the one (1)-year period immediately preceding the Termination Date, or if Executive is still employed, during the one (1)-year period immediately preceding Executive's alleged violation of this Agreement; (iii) any prospective client to whom the Company had made a formal presentation or similar offering of services during the one (1)-year period immediately preceding the Termination Date or, if Executive is still employed, during the one (1)-year period immediately preceding Executive's alleged violation of this Agreement; and/or (iv) any prospective client to whom the Company makes a new business presentation (or similar offering of services) within six (6) months after Executive ceases to be employed by the Company (but only if initial discussions between the Company and such prospective client relating to the Company's services occurred prior to Executive's separation, and only if Executive actively participated in or supervised such discussions).

- ii.(ii) Non-Solicitation of Clients. In addition, during Executive's employment, Executive will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of Company: solicit, induce or attempt to induce any Client to terminate, diminish, or materially alter in a manner harmful to the Company its relationship with the Company; or solicit, perform, provide or attempt to perform or provide any services for a Client or that are provided by or contemplated to be provided by the Company.
- b. No Solicitation of Employees. During the Employment Period, Executive agrees that Executive will not, without the prior written consent of the Company, directly or indirectly, whether as an employee, officer, director, independent contractor, consultant, stockholder, partner, or otherwise, engage in or assist others to: solicit, induce, encourage, or participate in soliciting, inducing, or encouraging any employee of Company to terminate his or her relationship with Company to work for any other person or company. During the Employment Period and for so long thereafter as the information is not publicly available, Executive will not use Confidential Information regarding employees of the Company that Executive was provided or acquired knowledge as a consequence of Executive's employment at the Company to help recruit such employees to leave the Company and work for another employer or to assist in hiring away a Company employee, without advance written authorization from the Company to do so.

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- c. **Waiver.** The Company will consider granting a reasonable written request by Executive for a waiver of the post-employment restrictions of Section 7(b).
- d. **Violation.** It will be considered a violation of this Section 7 if Executive engages in any or all of the described activities whether as an individual on Executive's own behalf, or indirectly as a partner, joint venturer, employee, agent, salesperson, consultant, officer, manager, or director of any firm, association, partnership, corporation, or other entity, or as an equity holder of any competing enterprise in which Executive or Executive's spouse, child or parent owns, directly or indirectly, individually or in the aggregate, more than one percent (1%) of the outstanding stock.
- e. **Acknowledgement.** Executive agrees that the restrictions set forth in this Section 7 are in addition to, and not a substitute for, any separate restrictive covenants entered into by Executive with the Company, including but not limited to, those contained in any stock option or stock purchase documentation. Executive further agrees that the limitations contained in this Section 7 are reasonable with respect to subject matter, the activities restricted, the time period, and the geographical area, and that the potential harm to Company of the non-enforcement of the restrictions outweighs any harm to Executive that may be caused by enforcement of such restrictions, by injunction or otherwise. Executive also acknowledges that but for Executive's employment with the Company, Executive would not have come into contact or have associated with the Company's Clients.
- f. **Tolling.** If it is judicially determined that Executive has violated any of Executive's obligations in this Section 7, then the period applicable to each obligation that has been violated will automatically be extended by a period of time equal in length to the period during which such violation occurred; provided that this extension will be capped so that once Executive has complied with the violated restrictions for the originally proscribed length of time, the extension will expire.
- g. This Section 7 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 engaging in unfair competition with the Company.

8. Non-Disparagement. During Executive's employment and at all times following Executive's termination of employment for any reason, Executive shall not make, directly or indirectly, to any person or entity, including but not limited to the Company's present, future, and/or former employees and/or clients, and/or the press, any negative, derogatory or disparaging oral, written and/or electronic statements about the Company, their services, or Executive's

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employment with and/or separation from employment with the Company, or do anything which damages the Company or any of its services, reputation, good will, financial status, or business or client relationships. Executive further agrees that this includes any of the preceding referenced negative, derogatory or disparaging oral, written and/or electronic statements whether: (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, Indeed, Glassdoor, Facebook, and the like); 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.

9. General Provisions.

(a) Executive acknowledges and agrees that, for purposes of Sections 5, 6, 7, and 8 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 Section 7 of this Agreement is 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

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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, and 8 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 California 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, and 8 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, and 8 hereof.

(f) Executive's obligations under Sections 5, 6, 7, and 8 shall survive the termination of Executive's employment in accordance with their terms as allowed under the law, 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, and 8 or render them unenforceable.

(g) Nothing in Section 5 (Confidentiality) or Section 8 (Non-Disparagement) shall prevent Executive from discussing or disclosing conduct, or the existence of a settlement involving conduct, that Executive reasonably believed to be illegal discrimination, illegal harassment, illegal retaliation, a wage and hour violation, or sexual assault, or that is recognized as illegal under state, federal, or common law, or that is recognized as against a clear mandate of public policy, where the conduct occurred at the workplace, at work-related events coordinated by or through the employer, between employees and/or independent contractors, or between an employer and an employee or independent contractor, whether on or off the employment premises.

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10. 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.

11. 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, and 8, shall survive termination of Executive's employment as allowed under law and any termination of this Agreement for any reason to the extent necessary to the intended preservation of such rights and obligations.

12. 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

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Attn: Chief Legal 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.

13. 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 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.

14. 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.

15. 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.

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16. 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).

17. 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.

18. Governing Law; Jurisdiction. This Agreement shall be governed by and interpreted under the laws of the State of California without giving effect to (i) any conflicts-of-law provisions or choice of law provisions of the State of California 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 California, 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 California or the state courts of California, 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.

19. 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

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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.

20. 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.

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(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.*]

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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: Chief Executive Officer
Date: June 24, 2025

STACEY MOSER

/s/ Stacey Moser
Date: June 24, 2025

**Certification of Principal Executive Officer
Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a)
as Adopted 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;
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; and
 - 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.

Dated: August 6, 2025

By: /s/ David Roberts
David Roberts
President and Chief Executive Officer

**Certification of Principal Financial Officer
Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Craig Conti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Verra Mobility Corporation;
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; and
 - 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.

Dated: August 6, 2025

By: /s/ Craig Conti
Craig Conti
Chief Financial Officer

VERRA MOBILITY CORPORATION
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

In connection with the quarterly report on Form 10-Q of Verra Mobility Corporation (the “*Company*”) for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “*Report*”), I, David Roberts, President and Chief Executive Officer of the Company, hereby certify, pursuant to 17 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 Report 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.

Dated: August 6, 2025

By: /s/ David Roberts
David Roberts
President and Chief Executive Officer

VERRA MOBILITY CORPORATION
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

In connection with the quarterly report on Form 10-Q of Verra Mobility Corporation (the “*Company*”) for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “*Report*”), I, Craig Conti, Chief Financial Officer of the Company, hereby certify, pursuant to 17 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 Report 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.

Dated: August 6, 2025

By: /s/ Craig Conti
Craig Conti
Chief Financial Officer
