UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2019

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 000-21783

8X8, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware	**77-0142404**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

2125 O'Nel Drive
San Jose, CA 95131
(Address of Principal Executive Offices)

(408) 727-1885

(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
COMMON STOCK, PAR VALUE $.001 PER SHARE	EGHT	New York Stock Exchange

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 reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒ The number of shares of the Registrant's Common Stock outstanding as of July 24, 2019 was 99,287,508.

FORM 10-Q
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Forward-Looking Statements and Risk Factors

Statements contained in this quarterly report on Form 10-Q, or Quarterly Report, regarding our expectations, beliefs, estimates, intentions or strategies are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends," and similar expressions are intended to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Actual results and trends may differ materially from historical results and those projected in any such forward-looking statements depending on a variety of factors. These factors include, but are not limited to:

- market acceptance of new or modified existing services and features we may offer from time to time,
- customer acceptance and demand for our cloud communication and collaboration services, including voice, contact center, video, messaging, and communication APIs,
- competitive pressures, and any changes in the competitive dynamics of the markets in which we compete,
- the quality and reliability of our services,
- customer cancellations and rate of churn,
- our ability to scale our business,
- customer acquisition costs,
- our reliance on infrastructure of third-party network services providers,
- risk of failure in our physical infrastructure,
- risk of defects or bugs in our software,
- our ability to maintain the compatibility of our software with third-party applications and mobile platforms,
- continued compliance with industry standards and regulatory requirements in the United States and foreign countries in which we make our software solutions available, and the costs of such compliance,
- risks relating to the acquisition and integration of businesses we have acquired (most recently, Wavecell Pte. Ltd.) or may acquire in the future, particularly if the acquired business operates in a different market space from us or is based in a region where we do not have significant operations,
- the amount and timing of costs associated with recruiting, training and integrating new employees,
- timing and extent of improvements in operating results from increased spending in marketing, sales, and research and development,
- introduction and adoption of our cloud software solutions in markets outside of the United States,
- risk of cybersecurity breaches,
- risks related to our senior convertible notes and the related capped call transactions,
- general economic conditions that could adversely affect our business and operating results,
- implementation and effects of new accounting standards and policies in our reported financial results, and
- potential future intellectual property infringement claims and other litigation that could adversely impact our business and operating results.

The forward-looking statements may also be impacted by the additional risks faced by us as described in this Quarterly Report, including those set forth under the section entitled "Risk Factors." All forward-looking statements included in this Quarterly Report are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report, which attempts to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Our fiscal year ends on March 31 of each calendar year. Each reference to a fiscal year in this Quarterly Report, refers to the fiscal year ended March 31 of the calendar year indicated (for example, fiscal 2020 refers to the fiscal year ended March 31, 2020). Unless the context requires otherwise, references to "we," "us," "our," "8x8" and the "Company" refer to 8x8, Inc. and its consolidated subsidiaries.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

8X8, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, unaudited)

	June 30, 2019	March 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 269,025	$ 276,583
Short-term investments	27,486	69,899
Accounts receivable, net	23,361	20,181
Deferred sales commission costs	16,815	15,601
Other current assets	20,441	15,127
Total current assets	357,128	397,391
Property and equipment, net	57,717	52,835
Operating lease, right-of-use assets	18,058	—
Intangible assets, net	10,125	11,680
Goodwill	39,403	39,694
Long-term investments	21,667	—
Restricted cash	8,100	8,100
Deferred sales commission costs, non-current	36,843	33,693
Other assets	9,452	2,965
Total assets	$ 558,493	$ 546,358
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 32,723	$ 32,280
Accrued compensation	22,088	18,437
Accrued taxes	11,602	13,862
Operating lease liabilities, current	7,063	—
Deferred revenue	4,088	3,336
Other accrued liabilities	11,270	6,790
Total current liabilities	88,834	74,705
Operating lease liabilities, non-current	12,044	—
Convertible senior notes, net	219,208	216,035
Other liabilities, non-current	8,260	6,228
Total liabilities	328,346	296,968
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock	97	96
Additional paid-in capital	522,501	506,949
Accumulated other comprehensive loss	(7,884)	(7,353)
Accumulated deficit	(284,567)	(250,302)
Total stockholders' equity	230,147	249,390
Total liabilities and stockholders' equity	$ 558,493	$ 546,358

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts; unaudited)

	Three Months Ended June 30,	
	2019	**2018**
Service revenue	$ 92,372	$ 78,121
Product revenue	4,303	5,104
Total revenue	96,675	83,225
Cost of revenue and operating expenses:		
Cost of service revenue	31,967	24,549
Cost of product revenue	5,724	6,281
Research and development	18,331	13,050
Sales and marketing	53,599	40,495
General and administrative	19,607	14,833
Total operating expenses	129,228	99,208
Loss from operations	(32,553)	(15,983)
Other (expense) income, net	(1,564)	719
Loss before provision for income taxes	(34,117)	(15,264)
Provision for income taxes	148	91
Net loss	$ (34,265)	$ (15,355)
Net loss per share:		
Basic and diluted	$ (0.36)	$ (0.16)
Weighted-average common shares outstanding:		
Basic and diluted	96,429	93,064

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands, unaudited)

	Three Months Ended June 30,	
	2019	**2018**
Net loss	$ (34,265)	$ (15,355)
Other comprehensive loss, net of tax		
Unrealized gain on investments in securities	121	113
Foreign currency translation adjustment	(652)	(1,672)
Comprehensive loss	$ (34,796)	$ (16,914)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except shares, unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at March 31, 2019	96,119,888	96	506,949	(7,353)	(250,302)	249,390
Issuance of common stock under stock plans, less withholding	451,308	1	1,493	—	—	1,494
Stock-based compensation expense	—	—	14,059	—	—	14,059
Unrealized investment gain (loss)	—	—	—	121	—	121
Foreign currency translation adjustment	—	—	—	(652)	—	(652)
Net loss	—	—	—	—	(34,265)	(34,265)
Balance at June 30, 2019	96,571,196	97	522,501	(7,884)	(284,567)	230,147

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at March 31, 2018	92,847,354	93	425,790	(5,645)	(201,464)	218,774
Issuance of common stock under stock plans, less withholding	403,377	—	777	—	—	777
Stock-based compensation expense	—	—	9,304	—	—	9,304
Unrealized investment gain (loss)	—	—	—	113	—	113
Foreign currency translation adjustment	—	—	—	(1,672)	—	(1,672)
Adjustment from adoption of ASU 2016-9	—	—	—	—	39,901	39,901
Net loss	—	—	—	—	(15,355)	(15,355)
Balance at June 30, 2018	93,250,731	93	435,871	(7,204)	(176,918)	251,842

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Three Months Ended June 30,	
	2019	**2018**
Cash flows from operating activities:		
Net loss	$ (34,265)	$ (15,355)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	2,325	2,061
Amortization of intangible assets	1,524	1,432
Amortization of capitalized software	3,805	1,685
Amortization of debt discount and issuance costs	3,173	—
Amortization of deferred sales commission costs	4,189	3,253
Operating lease expense, net of accretion	2,085	—
Non-cash lease expenses	—	1,200
Stock-based compensation	13,597	8,911
Other	1,026	372
Changes in assets and liabilities:		
Accounts receivable, net	(3,765)	(1,497)
Deferred sales commission costs	(8,707)	(5,052)
Other current and non-current assets	(5,740)	(419)
Accounts payable and accruals	(588)	3,905
Deferred revenue	832	293
Net cash (used in) provided by operating activities	(20,509)	789
Cash flows from investing activities:		
Purchases of property and equipment	(1,984)	(1,223)
Purchase of businesses	—	(2,625)
Capitalized software development costs	(7,738)	(5,112)
Proceeds from maturities of investments	4,600	18,400
Proceeds from sales of investments	29,793	11,914
Purchases of investments	(13,500)	(19,534)
Net cash provided by investing activities	11,171	1,820
Cash flows from financing activities:		
Finance lease payments	(130)	(277)
Tax-related withholding of common stock	(23)	(229)
Proceeds from issuance of common stock under employee stock plans	1,520	1,007
Net cash provided by financing activities	1,367	501
Effect of exchange rate changes on cash	413	(256)
Net (decrease) increase in cash and cash equivalents, and restricted cash	(7,558)	2,854
Cash, cash equivalents, and restricted cash at the beginning of the period	284,683	39,803
Cash, cash equivalents, and restricted cash at the end of the period	$ 277,125	$ 42,657
Supplemental cash flow information		
Income taxes paid	$ 218	$ 127

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, Inc.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

8x8, Inc. ("8x8" or the "Company") was incorporated in California in February 1987 and was reincorporated in Delaware in December 1996. The unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company conducts its operations through one reportable segment.

The Company is a leading cloud provider of enterprise Software-as-a-Service (SaaS) communications solutions, that enable businesses of all sizes to communicate faster and smarter across voice, video meetings, chat and contact centers, transforming both employee and customer experiences with communications that work simply, integrate seamlessly, and perform reliably. From one proprietary cloud technology platform, customers have access to unified communications, team collaboration, video conferencing, contact center, data and analytics and other services. Since fiscal 2004, substantially all revenue has been generated from the sale of communications services and related hardware. Prior to fiscal 2003, the Company's main business was Voice over Internet Protocol semiconductors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND CONSOLIDATION

The Company's fiscal year ends on March 31 of each calendar year. Each reference to a fiscal year in these notes to the condensed consolidated financial statements refers to the fiscal year ended March 31 of the calendar year indicated (for example, fiscal 2020 refers to the fiscal year ending March 31, 2020).

The accompanying interim condensed consolidated financial statements are unaudited and have been prepared on substantially the same basis as our annual consolidated financial statements for the fiscal year ended March 31, 2019 with the exception of new lease accounting guidance discussed in the recently adopted accounting principles section below. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), regarding interim financial reporting.

In the opinion of the Company's management, these interim condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of our financial position, results of operations, and cash flows for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

The March 31, 2019 year-end condensed consolidated balance sheet data in this document were derived from audited consolidated financial statements and does not include all of the disclosures required by GAAP. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the fiscal year ended March 31, 2019 and notes thereto included in the Company's fiscal 2019 Annual Report on Form 10-K.

The results of operations and cash flows for the interim periods included in these condensed consolidated financial statements are not necessarily indicative of the results to be expected for any future period or the entire fiscal year.

The condensed consolidated financial statements include the accounts of 8x8 and its subsidiaries. All material intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, including, but not limited to, those related to bad debts, returns reserve for expected cancellations, income and sales tax liabilities, stock-based compensation, and litigation and other contingencies. The Company bases its estimates on historical experience

and on various other assumptions. Actual results could differ from those estimates under different assumptions or conditions.

RECLASSIFICATIONS AND OTHER CHANGES

Certain prior year amounts in the statement of cash flows have been reclassified to conform with current year presentation.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparation of these condensed consolidated financial statements are disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2019 filed with the SEC on May 21, 2019, and there have been no changes to the Company's significant accounting policies during the three months ended June 30, 2019 except for the accounting policies described below that were updated as a result of adopting Accounting Standards Update ("ASU") 2016-02, *Leases*. All amounts and disclosures set forth herein are in compliance with this standard.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective April 1, 2019, the Company adopted ASU No. 2016-02 (“ASU 2016-02”), *Leases* using the modified retrospective transition approach utilizing the effective date as the date of initial application. ASU 2016-02 establishes a new lease accounting model for leases, which requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet, but lease expense will be recognized on the income statement in a manner similar to previous requirements. Prior years presented have not been adjusted for ASU 2016-02 and continue to be reported in accordance with our historical accounting policy.

The new standard provides a number of optional practical expedients in transition. The Company has elected the package of practical expedients permitted under the new lease standard, which among other things, allows the carryforward the historical lease classification. As a result, there was no impact to opening retained earnings. The new standard also provides a practical expedient for an entity’s ongoing accounting. The Company has elected such practical expedient to not separate lease and non-lease components for all leases. It also made an accounting policy election to not recognize right-of-use assets and lease liabilities on the balance sheet for leases with a term of 12 months or less and will recognize lease payments as an expense on a straight-line basis over the lease term.

The adoption of the new lease standard resulted in the recognition of right-of-use assets and lease liabilities of approximately $20.0 million and $21.4 million, respectively, for existing operating leases. The adoption of the new lease standard did not have a material impact on the Company's accumulated deficit as of April 1, 2019. For additional information on leases and the impact of the new lease standard, refer to Note 6.

RECENT ACCOUNTING PRONOUNCEMENTS

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-13, *Fair Value Measurement (Topic 820)*, which makes modifications to disclosure requirements on fair value measurements. The amendment is effective for public companies with fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently assessing the impact of this pronouncement to its condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40)*, which reduces complexity for the accounting for costs of implementing a cloud computing service arrangement. The amendment is effective for public companies with fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently assessing the impact of this pronouncement to its condensed consolidated financial statements.

3. REVENUE RECOGNITION

Revenue Recognition

The Company recognizes service revenue, mainly from subscription services to its cloud-based voice, call center, video and collaboration solutions using the five-step model as prescribed by ASC 606:

• Identification of the contract, or contracts, with a customer;

• Identification of the performance obligations in the contract;

• Determination of the transaction price;

• Allocation of the transaction price to the performance obligations in the contract; and

• Recognition of revenue when or as, the Company satisfies a performance obligation.

The Company identifies performance obligations in contracts with customers, which may include subscription services and related usage, product revenue and professional services. The transaction price is determined based on the amount the Company expects to be entitled to receive in exchange for transferring the promised services or products to the customer. The transaction price in the contract is allocated to each distinct performance obligation in an amount that represents the relative amount of consideration expected to be received in exchange for satisfying each performance obligation. Revenue is recognized when performance obligations are satisfied. Revenues are recorded based on the transaction price excluding amounts collected on behalf of third parties such as sales and telecommunication taxes, which are collected on behalf of and remitted to governmental authorities. The Company usually bills its customers on a monthly basis. Contracts typically range from annual to multi-year agreements with payment terms of net 30 days or less. The Company occasionally allows a 30-day period to cancel a subscription and return products shipped for a full refund.

Judgments and Estimates

The estimation of variable consideration for each performance obligation requires the Company to make subjective judgments. The Company has service-level agreements with customers warranting defined levels of uptime reliability and performance. Customers may get credits or refunds if the Company fails to meet such levels. If the services do not meet certain criteria, fees are subject to adjustment or refund representing a form of variable consideration. The Company may impose minimum revenue commitments ("MRC") on its customers at the inception of the contract. Thus, in estimating variable consideration for each of these performance obligations, the Company assesses both the probability of MRC occurring and the collectability of the MRC, of which both represent a form of variable consideration.

The Company enters into contracts with customers that regularly include promises to transfer multiple services and products, such as subscriptions, products, and professional services. For arrangements with multiple services, the Company evaluates whether the individual services qualify as distinct performance obligations. In its assessment of whether a service is a distinct performance obligation, the Company determines whether the customer can benefit from the service on its own or with other readily available resources, and whether the service is separately identifiable from other services in the contract. This evaluation requires the Company to assess the nature of each individual service offering and how the services are provided in the context of the contract, including whether the services are significantly integrated, highly interrelated, or significantly modify each other, which may require judgment based on the facts and circumstances of the contract.

When agreements involve multiple distinct performance obligations, the Company allocates arrangement consideration to all performance obligations at the inception of an arrangement based on the relative standalone selling prices ("SSP") of each performance obligation. Usage fees deemed to be variable consideration meet the allocation exception for variable consideration. Where the Company has standalone sales data for its performance obligations which are indicative of the price at which the Company sells a promised good or service separately to a customer, such data is used to establish SSP. In instances where standalone sales data is not available for a particular performance obligation, the Company estimates SSP by the use of observable market and cost-based inputs. The Company continues to review the factors used to establish list price and will adjust standalone selling price methodologies as necessary on a prospective basis.

Service Revenue

Service revenue from subscriptions to the Company's cloud-based technology platform is recognized over time on a ratable basis over the contractual subscription term beginning on the date that the platform is made available to the customer. Payments received in advance of subscription services being rendered are recorded as a deferred revenue. Usage fees, either bundled or not bundled, are recognized when the Company has a right to invoice. Professional services for configuration, system integration, optimization, customer training or education are primarily billed on a fixed-fee basis and are performed by the Company directly or, alternatively, customers may also choose to perform these services themselves or engage their own third-party service providers. Professional services revenue is recognized over time as the services are rendered.

When a contract with a customer is signed, the Company assesses whether collection of the fees under the arrangement is probable. The Company estimates the amount to reserve for uncollectible amounts based on the aging of the contract balance, current and historical customer trends, and communications with its customers. These reserves are recorded as operating expenses against the contract asset (Accounts Receivable). In the normal course of business, the Company records revenue reductions for customer credits.

Product Revenue

The Company recognizes product revenue for telephony equipment at a point in time, when transfer of control has occurred, which is generally upon shipment. Sales returns are recorded as a reduction to revenue estimated based on historical experience.

Contract Assets

Contract assets are recorded for those parts of the contract consideration not yet invoiced but for which the performance obligations are completed. The revenue is recognized when the customer receives services or equipment for a reduced consideration at the onset of an arrangement, for example, when the initial month's services or equipment are discounted. Contract assets are included in other current or non-current assets in the condensed consolidated balance sheets, depending on if their reduction will be recognized during the succeeding twelve-month period or beyond.

Deferred Revenue

Deferred revenues represent billings or payments received in advance of revenue recognition and is recognized upon transfer of control. Balances consist primarily of annual plan subscription services and professional and training services not yet provided as of the balance sheet date. Deferred revenues that will be recognized during the succeeding twelve-month period are recorded as current deferred revenues in the condensed consolidated balance sheets, with the remainder recorded as other non-current liabilities in the condensed consolidated balance sheets.

Costs to Obtain a Customer Contract

Sales commissions and related expenses are considered incremental and recoverable costs of acquiring customer contracts. These costs are capitalized as current or non-current assets and amortized on a straight-line basis over the anticipated benefit period, which is five years. The benefit period was estimated by taking into consideration the length of customer contracts, technology lifecycle, and other factors. This amortization expense is recorded in sales and marketing expense within the Company's condensed consolidated statement of operations.

Disaggregation of Revenue

The Company disaggregates its revenue by geographic region. See Note 12 for more information.

Contract Balances

The following table provides information about receivables, contract assets and deferred revenues from contracts with customers (in thousands):

	June 30, 2019
Accounts receivable, net	$ 23,361
Contract assets	$ 9,375
Deferred revenue - current	$ 4,088
Deferred revenue - non-current	$ 67

Changes in the contract assets and the deferred revenue balances during the three months ended June 30, 2019 are as follows (in thousands):

	June 30, 2019	March 31, 2019	$ Change
Contract assets	$ 9,375	$ 5,717	$ 3,658
Deferred revenue	$ 4,155	$ 3,342	$ 813

The change in contract assets was primarily driven by the recognition of revenue that has not yet been billed. The increase in deferred revenues was due to billings in advance of performance obligations being satisfied. Revenues of $2.7 million recognized during the three months ended June 30, 2019, were included in the deferred revenues balance at the beginning of the period, which was offset by additional deferrals during the period.

Remaining Performance Obligations

The Company's subscription terms typically range from one to four years. Contract revenue as of June 30, 2019, that has not yet been recognized was approximately $190.0 million. This excludes contracts with an original expected length of one year or less. The Company expects to recognize revenue on most of the remaining performance obligation over the next 36 months.

4. FAIR VALUE MEASUREMENTS

Cash, cash equivalents, and available-for-sale investments (in thousands):

As of June 30, 2019	Amortized Costs	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cash and Cash Equivalents	Short-Term Investments	Long-Term Investments
Cash	$ 23,533	$ —	$ —	$ 23,533	$ 23,533	$ —	$ —
Level 1:							
Money market funds	240,905	—	—	240,905	240,905	—	—
Treasury securities	2,910	2	—	2,912	—	—	2,912
Subtotal	267,348	2	—	267,350	264,438	—	2,912
Level 2:							
Corporate bonds	40,128	122	(3)	40,247	—	23,613	16,634
Commercial paper	6,176	—	(2)	6,174	4,587	1,587	—
Municipal securities	2,098	23	—	2,121	—	—	2,121
Agency bond	2,289	—	(3)	2,286	—	2,286	—
Subtotal	50,691	145	(8)	50,828	4,587	27,486	18,755
Total assets	$ 318,039	$ 147	$ (8)	$ 318,178	$ 269,025	$ 27,486	$ 21,667

As of March 31, 2019	Amortized Costs	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cash and Cash Equivalents	Short-Term Investments
Cash	$ 25,364	$ —	$ —	$ 25,364	$ 25,364	$ —
Level 1:						
Money market funds	251,219	—	—	251,219	251,219	—
Subtotal	276,583	—	—	276,583	276,583	—
Level 2:						
Corporate debt	46,516	51	(29)	46,538	—	46,538
Municipal securities	5,511	17	—	5,528	—	5,528
Asset backed securities	13,596	9	(17)	13,588	—	13,588
Agency bond	4,260	—	(15)	4,245	—	4,245
Subtotal	69,883	77	(61)	69,899	—	69,899
Total assets	$ 346,466	$ 77	$ (61)	$ 346,482	$ 276,583	$ 69,899

Contractual maturities of investments as of June 30, 2019 are set forth below (in thousands):

	Estimated Fair Value
Due within one year	$ 27,486
Due after one year	21,667
Total	$ 49,153

Historically, the Company had maintained all investments as short-term investments on its balance sheet, as the Company could liquidate these investments at any time and did not limit its liquidation of investments by contractual maturity date. Given the recent issuance of the convertible senior note, and the associated increased cash, cash equivalents and investment balances. The Company expects to hold certain investments for at least 12-months from the reporting date and will record these investments in either short-term or long-term investments in alignment with the contractual maturity dates.

As of June 30, 2019, the estimated fair value of the Company's outstanding convertible senior notes (the Notes) was $219.2 million. The fair value of the Notes was determined based on the closing price for the Notes on the last trading day of the reporting period and is considered as Level 2 in the fair value hierarchy.

5. INTANGIBLE ASSETS AND GOODWILL

The carrying value of intangible assets consisted of the following (in thousands):

	June 30, 2019			March 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology	$ 19,894	$ (10,911)	$ 8,983	$ 25,702	$ (15,409)	$ 10,293
Customer relationships	6,125	(4,983)	1,142	9,467	(8,080)	1,387
Total acquired identifiable intangible assets	$ 26,019	$ (15,894)	$ 10,125	$ 37,277	$ (25,597)	$ 11,680

At June 30, 2019, annual amortization of intangible assets, based upon our existing intangible assets and current useful lives, is estimated to be the following (in thousands):

	Amount
Remaining 2020	$ 4,573
2021	3,557
2022	1,766
2023	229
Total	$ 10,125

The following table provides a summary of the changes in the carrying amounts of goodwill (in thousands):

	Total
Balance at March 31, 2019	$ 39,694
Foreign currency translation	(291)
Balance at June 30, 2019	$ 39,403

6. RIGHT-OF-USE ASSETS AND LEASES

The Company primarily leases facilities for office and data center space under non-cancellable operating leases for its U.S. and international locations that expire at various dates through 2026. For leases with a term greater than 12 months, the Company recognizes a right-of-use asset and a lease liability based on the present value of lease payments over the lease term. The Company's leases have remaining terms of one to seven years and some of the leases include a Company option to extend the lease term for one to five years, or more, which if reasonably certain to exercise, the Company includes in the determination of lease payments. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of the Company's leases do not provide a readily determinable implicit rate, the Company uses the incremental borrowing rate at lease commencement, which was determined using a portfolio approach, based on the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The Company uses the implicit rate when a rate is readily determinable. Operating lease expense is recognized on a straight-line basis over the lease term.

Leases with an initial term of 12 months or less are not recognized on the balance sheet and the expense for these short-term leases is recognized on a straight-line basis over the lease term. Common area maintenance fees (or CAMs) and other charges related to these leases continue to be expensed as incurred. Short-term lease expense was not material to the Company's condensed consolidated statements of operations for the three months ended June 30, 2019. Variable lease payments are not included in the lease payments to measure the lease liability and are expensed as incurred.

The following table provides the components of the Company's lease right-of-use assets and liabilities as of June 30, 2019 (in thousands):

	June 30, 2019
Assets	
Operating lease, right-of-use assets	$ 18,058
Liabilities	
Operating lease liabilities, current	$ 7,063
Operating lease liabilities, non-current	12,044
Total operating lease liabilities	$ 19,107

During the three months ended June 30, 2019, operating lease expense was approximately $2.1 million. Variable lease cost and short-term lease cost were immaterial during the three months ended June 30, 2019.

The following table presents supplemental information for the three months ended June 30, 2019 (in thousands, except for weighted average):

Weighted average remaining lease term	3.9 years
Weighted average discount rate	4.0%
Cash paid for amounts included in the measurement of lease liabilities	$ 2,252
Operating cash flow from operating leases	$ 2,252

The following table presents maturity of lease liabilities under the Company's non-cancelable operating leases as of June 30, 2019 (in thousands):

Remaining 2020	$ 6,008
2021	5,666
2022	4,275
2023	1,381
2024	1,111
Thereafter	2,221
Total lease payments	$ 20,662
Less: imputed interest	(1,555)
Present value of lease liabilities	$ 19,107

As of June 30, 2019, the Company does not have any additional operating leases that have not yet commenced and as such, have not yet been recognized on the Company’s condensed condensed consolidated balance sheet.

The Company's lease agreement (the "Agreement") with CAP Phase I, a Delaware limited liability company (the "Landlord") for the Coleman property is not included in the right-of-use assets and operating lease liabilities as of June 30, 2019. On April 30, 2019, the Company entered into an assignment and assumption of the Company's previously executed lease agreement with the Landlord, and Roku Inc., a Delaware corporation ("Roku"), whereby the Company assigned to Roku this lease that had been executed between the Company and the Landlord on January 23, 2018. Pursuant to the Agreement, the Company expects to be released from all of its obligations under the Lease and related standby letter of credit by the end of the Company’s fiscal year ending March 31, 2022 or shortly thereafter. The Company has entered into a new lease for its headquarters in Campbell, California, see note 13.

7. COMMITMENTS AND CONTINGENCIES

Other Commitments, Indemnifications and Contingencies

From time to time, the Company receives inquiries from various state and municipal taxing agencies with respect to the remittance of sales, use, telecommunications, excise, and income taxes. Several jurisdictions currently are conducting tax audits of the Company's records. The Company collects from its customers or has accrued for taxes that it believes are required to be remitted. The amounts that have been remitted have historically been within the

accruals established by the Company. The Company adjusts its accrued taxes when facts relating to specific exposures warrant such adjustment.

Legal Proceedings

The Company, from time to time may be involved in a variety of claims, lawsuits, investigations and other proceedings, including patent infringement claims, employment litigation, regulatory compliance matters and contractual disputes, that can arise in the normal course of the Company's operations.

Litigation is inherently unpredictable and subject to significant uncertainties, and there can be no assurances that favorable final outcomes will be obtained. Future litigation could be costly to defend, could impose significant burdens on employees and cause the diversion of management's attention, and could upon resolution have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

8. CONVERTIBLE SENIOR NOTES AND CAPPED CALL

Convertible Senior Notes

In February 2019, the Company issued $287.5 million aggregate principal amount of 0.50% convertible senior notes (the "Notes") due 2024 in a private placement, including the exercise in full of the initial purchasers' option to purchase additional notes. The Notes are senior unsecured obligations of the Company and interest is payable semiannually in arrears on February 1 and August 1 of each year, beginning on August 1, 2019. The Notes will mature on February 1, 2024, unless earlier repurchased, redeemed, or converted. The total net proceeds from the debt offering, after deducting initial purchase discounts, debt issuance costs, and costs of the capped call transactions described below, were approximately $245.8 million.

Each $1,000 principal amount of the Notes is initially convertible into 38.9484 shares of the Company’s common stock, par value $0.001, which is equivalent to an initial conversion price of approximately $25.68 share. The conversion rate is subject to adjustment upon the occurrence of certain specified events but will not be adjusted for any accrued and unpaid interest. In addition, upon the occurrence of certain corporate events that occur prior to the maturity date or following the Company's issuance of a notice of redemption, in each case as described in the Indenture, the Company will, in certain circumstances, increase the conversion rate for a holder that elects to convert its Notes in connection with such a corporate event or during the relevant redemption period.

The Notes will be convertible at certain times and upon the occurrence of certain events in the future. Further, on or after October 1, 2023, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Notes, regardless of the foregoing circumstances.

Upon conversion, the Company will satisfy its conversion obligation by paying or delivering, as the case may be, cash, shares of common stock, or a combination of cash and shares of common stock, at the Company's election. The Company’s current intent is to settle the principal amount of the Notes in cash upon conversion.

During the three months ended June 30, 2019, the conditions allowing holders of the Notes to convert were not met.

The Company may not redeem the Notes prior to February 4, 2022. On or after February 4, 2022, the Company may redeem for cash all or part of the Notes, at the redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if the last reported sale price of the common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides a redemption notice. If a fundamental change (as defined in the indenture governing the notes) occurs at any time, holders of Notes may require the Company to repurchase for cash all or any portion of their Notes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Notes are senior unsecured obligations and will rank senior in right of payment to any of the Company’s indebtedness that is expressly subordinated in right of payment to the Notes; equal in right of payment with the Company’s existing and future liabilities that are not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of current or future subsidiaries of the Company.

The net carrying amount of the liability component of the Notes was as follows (in thousands):

	June 30, 2019	March 31, 2019
Principal	$ 287,500	$ 287,500
Unamortized debt discount	(67,730)	(70,876)
Unamortized issuance costs	(562)	(589)
Net carrying amount	$ 219,208	$ 216,035

Interest expense related to the Notes was as follows (in thousands):

	Three Months Ended June 30, 2019
Contractual interest expense	$ 359
Amortization of debt discount	3,146
Amortization of issuance costs	26
Total interest expense	$ 3,531

Capped Call

In connection with the pricing of the Notes, the Company entered into privately negotiated capped call transactions ("Capped Calls") with certain counterparties. The Capped Calls each have an initial strike price of approximately $25.68 per share, subject to certain adjustments, which corresponds to the initial conversion price of the Notes. The Capped Calls have initial cap prices of $39.50 per share, subject to certain adjustments. The Capped Calls are expected to partially offset the potential dilution to the Company's Common Stock upon any conversion of the Notes, with such offset subject to a cap based on the cap price. The Capped Calls cover, subject to anti-dilution adjustments, approximately 11.2 million shares of the Company's Common Stock. The Capped Calls are subject to adjustment upon the occurrence of specified extraordinary events affecting the Company, including merger events, tender offers and announcement events. In addition, the Capped Calls are subject to certain specified additional disruption events that may give rise to a termination of the Capped Calls, including nationalization, insolvency or delisting, changes in law, failures to deliver, insolvency filings and hedging disruptions. For accounting purposes, the Capped Calls are separate transactions, and not part of the terms of the Notes. As these transactions meet certain accounting criteria, the Capped Calls are recorded in stockholders' equity and are not accounted for as derivatives. The cost of $33.7 million incurred to purchase the Capped Calls was recorded as a reduction to additional paid-in capital and will not be remeasured.

9. STOCK-BASED COMPENSATION

The following tables summarize information pertaining to the stock-based compensation expense from stock options and stock awards (in thousands, except weighted-average grant-date fair value and recognition period):

	Three Months Ended June 30,	
	2019	2018
Cost of service revenue	$ 1,731	$ 1,026
Research and development	3,864	2,194
Sales and marketing	3,921	2,398
General and administrative	4,081	3,293
Total	$ 13,597	$ 8,911

	Three Months Ended June 30,	
	2019	2018
Stock options outstanding at the beginning of the period:	3,114	3,998
Options granted	—	81
Options exercised	(124)	(115)
Options canceled and forfeited	(16)	(73)
Options outstanding at the end of the period:	2,974	3,891
Weighted-average fair value of grants during the period	$ —	$ 8.57
Total intrinsic value of options exercised during the period	$ 1,402	$ 1,186
Weighted-average remaining recognition period at period-end (in years)	2.46	2.35
Stock awards outstanding at the beginning of the period:	7,820	5,939
Stock awards granted	1,147	948
Stock awards vested	(329)	(299)
Stock awards canceled and forfeited	(445)	(168)
Stock awards outstanding at the end of the period:	8,193	6,420
Weighted-average fair value of grants during the period	$ 22.40	$ 22.20
Weighted-average remaining recognition period at period-end (in years)	2.11	2.40
Total unrecognized compensation expense at period-end	$ 109,422	$ 67,025

Stock Repurchases

In May 2017, the Company's board of directors authorized the Company to purchase up to $25.0 million of its common stock from time to time (the "2017 Repurchase Plan"). The 2017 Repurchase Plan expires when the maximum purchase amount is reached, or upon the earlier revocation or termination by the board of directors. The remaining amount available under the 2017 Repurchase Plan at June 30, 2019 was approximately $7.1 million. There were no stock repurchases under the 2017 Repurchase Plan during the three month period ended June 30, 2019.

10. INCOME TAXES

The Company's effective tax rate was -0.4% and -0.6% for the three months ended June 30, 2019 and 2018, respectively. The difference in the effective tax rate and the U.S. federal statutory rate was primarily due to the full valuation allowance the Company continues to maintain against its deferred tax assets. The effective tax rate is calculated by dividing the income tax provision by net loss before income tax expense.

11. NET LOSS PER SHARE

The following table summarizes the computation of basic and diluted net loss per share (in thousands, except share and per share data):

	Three Months Ended June 30,	
	2019	2018
Numerator:		
Net loss available to common stockholders	$ (34,265)	$ (15,355)
Denominator:		
Common shares - basic and diluted	96,429	93,064
Net loss per share		
Basic and diluted	$ (0.36)	$ (0.16)

The following shares attributable to outstanding stock options and stock awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive (in thousands):

	Three Months Ended June 30,	
	2019	2018
Stock options	2,974	3,891
Stock awards	8,188	6,420
Potential shares to be issued from ESPP	636	620
Total anti-dilutive shares	11,798	10,931

12. GEOGRAPHICAL INFORMATION

The following tables set forth the geographic information for each period (in thousands):

	Three Months Ended June 30,	
	2019	2018
Revenue by geographic area:		
Americas (principally US)	$ 86,736	$ 74,865
Europe (principally UK)	9,939	8,360
	$ 96,675	$ 83,225

	June 30, 2019	March 31, 2019
Property and equipment by geographic area:		
Americas (principally US)	$ 50,866	$ 45,639
Europe (principally UK)	6,851	7,196
	$ 57,717	$ 52,835

13. SUBSEQUENT EVENTS

New Company Headquarters

On July 3, 2019, the Company entered into a lease for a new company headquarters to rent approximately 177,815 square feet of office space as the sole tenant in a new five-story office building located at 675 Creekside Way, Campbell, CA 95008. The Company plans to move to this new location by March 31, 2020.

The lease is for a 132-month term, anticipated to begin on January 1, 2020. The Company has the option to extend the lease for two additional five-year terms, on substantially the same terms and conditions as the prior term, but with the base rent rate adjusted to fair market value at that time.

Base rent is approximately $657,900 per month for the first 12 months of the lease, with the rate increasing by approximately 3% on each anniversary of the lease. The Company is responsible for paying its share of building and common area expenses. The Company is entitled to full rent abatement during the first 12 months of the lease term. The Company is also entitled to a tenant improvement allowance of approximately $15.4 million. The Company will pay to the landlord a security deposit in the amount of approximately $2 million, which may be drawn down in the event the Company defaults under the lease.

Wavecell Acquisition

On July 17, 2019, the Company entered into a Share Purchase Agreement (the “Share Purchase Agreement”) with Wavecell Pte. Ltd., a corporation incorporated under the laws of the Republic of Singapore (“Wavecell”), the equity holders of Wavecell (collectively, the “Sellers”), and Qualgro Partners Pte. Ltd., in its capacity as the representative of the equity holders of Wavecell. Pursuant to the Share Purchase Agreement, the Company acquired all of the outstanding shares and other equity interests of Wavecell (the “Transaction”) for total consideration of approximately $125 million, comprised of approximately $69.0 million in cash and $56 million in shares of common stock of the Company. The Transaction is subject to customary purchase price adjustments and escrow and holdback arrangements as provided in the Share Purchase Agreement. Upon the closing of the Transaction, Wavecell became a wholly-owned subsidiary of the Company. The Share Purchase Agreement contains representations, warranties and covenants customary for acquisitions of this type.

8x8 issued an aggregate of 2,628,761 shares of its common stock in connection with the closing of the Transaction, including certain shares for employee retention purposes subject to vesting based on time-based and performance-based criteria for Wavecell employees.

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 in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. As discussed in the section titled "Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below, those discussed in "Forward-Looking Statements" and those discussed in the section titled "Risk Factors" under Part II, Item 1A in this Quarterly Report on Form 10-Q.

BUSINESS OVERVIEW

We are a leading cloud provider of voice, video, chat, contact center, and enterprise-class API solutions powered by one global communications platform. From one proprietary cloud technology platform, customers have access to unified communications, team collaboration, video conferencing, contact center, data and analytics and other services.

As of June 30, 2019, our customers are spread across more than 150 countries and range from small businesses to large enterprises with more than 10,000 employees. In recent years, we have increased our focus on the mid-market and enterprise customer sectors, and for the three months ended June 30, 2019, we generated a majority of our new subscription services revenue from customers in these business sectors.

We generate revenue primarily from the sale of subscriptions to our software services to customers. The remainder of our revenues has historically been comprised of professional services revenue and product revenues from the sale of office phones and other equipment. We define a "customer" as one or more legal entities to which we provide services pursuant to a single contractual arrangement. In some cases, we may have multiple billing relationships with a single customer (for example, where we establish separate billing accounts for a parent company and each of its subsidiaries).

Historically, our flagship services have been Virtual Office, a unified communications solution, and Virtual Contact Center, a contact center solution. In 2018, we began selling our 8x8 X Series, our next generation suite of services, which consist of service plans designated X1, X2, etc., through X8. With 8x8 X Series, we provide both unified communications and contact center functionality from a single platform, with a single interface, in the high-end set of our service plans (X5 through X8). We also offer more basic, cost-efficient unified communications services in X1 through X4. During the three months ended June 30, 2019, nearly all of our new customers purchased service plans for 8x8 X Series, although we continue to have a significant number of customers subscribed to our Virtual Office and Virtual Contact Center platforms. We have begun migrating these customers from our legacy platforms to 8x8 X Series, and we intend to accelerate the pace of migrations during the remainder fiscal years 2020 and fiscal 2021. These migrations will require us to incur professional services costs that we may not be able to recover from our customers, and there is also a risk that we will experience an increase in churn during this migration period.

SUMMARY AND OUTLOOK

Our first quarter results illustrate the fundamental strength in our business as service revenue for the quarter was $92.4 million and grew 18.2% year-over-year. We continued to show an increase in our average monthly service revenue per customer ("ARPC"), as we are selling more to mid-market and enterprise customers.

Since the beginning of fiscal 2018, we have de-emphasized profitability as a short-term corporate goal and have focused instead on making investments necessary to accelerate growth. This decision was based, in part, on our belief that the communications market is at an inflection point in the shift of businesses from legacy on-premise solutions to cloud services. We believe that this industry trend will continue in fiscal 2020 and beyond. Accordingly, we believe that it is in the Company's interest to continue to invest heavily in our business--in particular, to build our technology platform further, grow internationally, and expand our sales and marketing activities, particularly in the channel--in order to allow us to scale efficiently and capture market share during this phase of industry disruption.

We plan to continue making significant upfront investments in activities to acquire more customers. We plan to continue investing in our direct marketing efforts, which includes our sales force, new e-commerce solutions, and digital marketing spend. We also intend to continue investing in our indirect channel to acquire more third-party selling agents to help sell our solutions. Should these upfront investments not result in additional revenue from new or existing customers, our operating results may be adversely impacted.

COMPONENTS OF RESULTS OF OPERATIONS

Service Revenue

Service revenue consists primarily of our cloud communication and collaboration subscription services, and to a lesser extent, usage and professional services fees.

We plan to continue to drive and increased service revenue through increased sales and marketing efforts, geographic expansion of our platform outside the United States, and through strategic acquisitions of new technologies and businesses.

Product Revenue

Product revenue consists primarily of revenues from sales of IP telephones in conjunction with our cloud telephony service. Product revenue is dependent on the number of customers who choose to purchase an IP telephone in conjunction with our service instead of using the solution on their cell phone, computer or other compatible device.

Cost of Service Revenue

Cost of service revenue primarily consists of costs associated with network operations and related personnel, technology licenses, amortization of internally developed software, and other costs such as customer service, which includes deployment and technical support costs. Cost of service also includes other communication origination and termination services provided by third-party carriers and outsourced customer service call center operations. We expect that cost of revenue will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue.

Cost of Product Revenue

The cost of product revenue consists primarily of IP telephones, estimated warranty obligations and direct and indirect costs associated with product purchasing, scheduling, shipping and handling.

Research and Development

Research and development expenses consist primarily of personnel and related costs, consulting, and equipment costs necessary for us to conduct our development and engineering efforts.

We plan to continue to hire employees to support our research and development efforts to expand the capabilities and scope of our platform and enhance the user experience. We expect that research and development expenses will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel and related overhead costs for sales and marketing. Such costs also include sales commissions, trade shows, advertising and other marketing, demand generation, channel, and promotional expenses. We plan to continue to invest in sales and marketing to attract and retain customers on our platform and increase our brand awareness. We expect that sales and marketing expenses will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue.

General and Administrative

General and administrative expenses consist primarily of personnel and related costs for finance, human resources, legal and general management, as well as professional services fees. We expect that our general and administrative expenses will increase in absolute dollars in future periods as we grow our business and vary from period-to-period as a percentage of revenue.

Other (Expense) Income, net

Other (expense) income, net, primarily consisted of interest expense related to the convertible notes, offset by income earned on our cash, cash equivalents and investments.

Provision for Income Taxes

Our provision for income taxes consists primarily of state minimum taxes in the United States. As we expand the scale of our international business activities, any changes in the U.S. and foreign taxation of such activities may increase our overall provision for income taxes in the future. We have a valuation allowance for our U.S. deferred tax assets, including federal and state net operating loss carryforwards, or NOLs. We expect to maintain this valuation allowance until it becomes more likely than not that the benefit of our federal and state deferred tax assets will be realized by way of expected future taxable income in the United States.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our condensed consolidated financial statements and the notes thereto.

Service revenue	**Three Months Ended June 30, 2019**	**2018**	**Dollar Change**	**Percent Change**
	(dollar amounts in thousands)			
Three months ended	$ 92,372	$ 78,121	$ 14,251	18.2%
Percentage of total revenue	95.5%	93.9%		

Service revenue increased for the three months ended June 30, 2019 compared with the same period of the previous fiscal year primarily due to an increase in our business customer subscriber base (net of customer churn), and an increase in the average service revenue from each customer on a monthly basis in the three months ended June 30, 2019 as compared to the same prior year period.

Product revenue	**Three Months Ended June 30, 2019**	**2018**	**Dollar Change**	**Percent Change**
	(dollar amounts in thousands)			
Three months ended	$ 4,303	$ 5,104	$ (801)	(15.7)%
Percentage of total revenue	4.5%	6.1%		

Product revenue decreased during the three months ended June 30, 2019 compared with the same period in the prior fiscal year, primarily due to decreased equipment unit sales to customers combined with product discounts and promotions during the three months ended June 30, 2019.

No customer represented greater than 10% of the Company's total revenues for the three months ended June 30, 2019 or 2018.

Cost of service revenue	**Three Months Ended June 30, 2019**	**2018**	**Dollar Change**	**Percent Change**
	(dollar amounts in thousands)			
Three months ended	$ 31,967	$ 24,549	$ 7,418	30.2%
Percentage of service revenue	34.6%	31.4%		

Cost of service revenue for the three months ended June 30, 2019 increased over the same prior year period and faster than revenue growth primarily due to a $2.7 million increase in personnel and related costs, a $1.8 million increase in amortization of intangibles and capitalized software expenses, and a $0.8 million increase in consulting and outside services. These increases were partially offset by a decrease of $0.8 million in third-party network services expenses.

Cost of product revenue	**Three Months Ended June 30, 2019**	**2018**	**Dollar Change**	**Percent Change**
	(dollar amounts in thousands)			
Three months ended	$ 5,724	$ 6,281	$ (557)	(8.9)%
Percentage of product revenue	133.0%	123.1%		

The cost of product revenue for the three months ended June 30, 2019 decreased over the same prior year period primarily due to the decrease in the number of telephones shipped to customers. The increase in negative margin

was due to the product discounts and promotions during the three months ended June 30, 2019.

Research and development	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Dollar Change	Percent Change
	(dollar amounts in thousands)			
Three months ended	$ 18,331	$ 13,050	$ 5,281	40.5%
Percentage of total revenue	19.0%	15.7%		

Research and development expenses for the three months ended June 30, 2019 increased over the same prior year period primarily due to a $4.2 million increase in personnel and related costs, a $2.0 million increase in stock-based compensation expense, as well as other smaller cost increases. These increases were offset by a $2.2 million increase in costs that were capitalized for internally developed software.

Sales and marketing	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Dollar Change	Percent Change
	(dollar amounts in thousands)			
Three months ended	$ 53,599	$ 40,495	$ 13,104	32.4%
Percentage of total revenue	55.4%	48.7%		

Sales and marketing expenses for the three months ended June 30, 2019 increased over the same prior year period primarily due to a $6.5 million increase in personnel and related costs, a $7.1 million increase in advertising and marketing expenses, and a $2.7 million increase in stock-based compensation costs, as well as other smaller cost increases. These cost increases were partially offset by $2.7 million commission costs that were capitalized.

General and administrative	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Dollar Change	Percent Change
	(dollar amounts in thousands)			
Three months ended	$ 19,607	$ 14,833	$ 4,774	32.2%
Percentage of total revenue	20.3%	17.8%		

General and administrative expenses for the three months ended June 30, 2019 increased over the same prior year period primarily due to a $2.9 million increase related to personnel and related costs and $1.2 million in expenses incurred related our recent acquisition. Refer to Part I, Note 13 of Notes to Unaudited Consolidated Financial Statements.

Other (expense) income, net	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Dollar Change	Percent Change
	(dollar amounts in thousands)			
Three months ended	$ (1,564)	$ 719	$ (2,283)	(317.5)%
Percentage of total revenue	(1.6)%	0.9%		

Other (expense) income, net changed for the three months ended June 30, 2019 over the same prior year period primarily due to an increase of $3.5 million related contractual interest expense, amortization of debt discount, and amortization of issuance costs associated with our convertible notes issued in the fourth quarter of fiscal year 2019. Refer to Part 1, Note 8 of Notes to Unaudited Consolidated Financial Statements. We had no such similar costs in the same prior year period.

Provision for income taxes	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Dollar Change
	(dollar amounts in thousands)		
Three months ended	$ 148	$ 91	$ 57
Percentage of loss before provision for income taxes	-0.4 %	-0.6 %	

For the three months ended June 30, 2019 and 2018, we recorded income tax expense of $0.1 million and $0.1 million, respectively, related to state minimum taxes and income taxes from our foreign operations.

Our effective tax rate was -0.4% and -0.6% for the three months ended June 30, 2019 and 2018, respectively. The change in our effective tax rate was primarily due to the full valuation allowance we continue to maintain against our deferred tax asset.

We estimate our annual effective tax rate at the end of each quarter. In estimating the annual effective tax rate, we consider, among other things, annual pre-tax income, permanent tax differences, the geographic mix of pre-tax income and the application and interpretations of existing tax laws. We record the tax effect of certain discrete items, which are unusual or occur infrequently, in the interim period in which they occur, including changes in judgment about deferred tax valuation allowances. The determination of the effective tax rate reflects tax expense and benefit generated in certain domestic and foreign jurisdictions. However, jurisdictions with a year-to-date loss where no tax benefit can be recognized are excluded from the annual effective tax rate.

Liquidity and Capital Resources

As of June 30, 2019, we had $318.2 million of cash, cash equivalents and investments. In addition, we had $8.1 million in deposits as restricted cash in support of a letter of credit, securing a lease for the Coleman facility in San Jose, California. By comparison, at March 31, 2019, we had $346.5 million of cash, cash equivalents and investments as well as the $8.1 million in deposit as restricted cash. These cash, cash equivalents, restricted cash and investments balances as of June 30, 2019 do not reflect cash payments made for our recent acquisition of WaveCell. We believe that our existing cash, cash equivalents and investment balances, and our anticipated cash flows from operations will be sufficient to meet our working capital and expenditure requirements for the next 12-months.

Historically, the Company had maintained all investments as short-term investments on its balance sheet, as the Company could liquidate these investments at any time and did not limit its liquidation of investments by contractual maturity date. Given the recent issuance of the convertible senior note, and the associated increased cash, cash equivalents and investment balances. The Company expects to hold certain investments for at least 12-months from the reporting date and will record these investments in either short-term or long-term investments in alignment with the contractual maturity dates.

Period-over-Period Changes

Net cash used in operating activities for the three months ended June 30, 2019 was $20.5 million, compared with $0.8 million provided by operating activities for the three months ended June 30, 2018. Cash used in or provided by operating activities has historically been affected by:

- the amount of net income or loss;
- the amount of non-cash expense items such as deferred income tax, depreciation, amortization and impairments;
- the expense associated with stock options and stock-based awards; and
- changes in working capital accounts, particularly in the timing of collections from receivable and payments of obligations.

Net cash provided by investing activities was $11.2 million in the three months ended June 30, 2019, compared with $1.8 million provided by investing activities in three months ended June 30, 2018. The cash provided by investing activities during the three months ended June 30, 2019 was primarily related to $20.9 million of proceeds from sales and maturities of investments, net of purchases of investments. This was partially offset by $2.0 million of property and equipment investments and capitalized internal software development costs of $7.7 million.

Net cash provided by financing activities was $1.4 million in the three months ended June 30, 2019, compared with $0.5 million provided by financing activities in the three months ended June 30, 2018. Our financing activities for the three months ended June 30, 2019 provided cash of $1.5 million from the issuance of common stock under employee incentive plans. These inflows were partially offset by $0.1 million in payments for finance lease obligations.

Contractual Obligations

	Payments due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Senior convertible notes	287,500	—	—	287,500	—
Interest on senior convertible notes	7,116	1,366	2,875	2,875	—
Operating leases that commence after June 30, 2019	95,058	248	12,729	18,436	63,645
Total Contractual Obligations	95,058	248	12,729	18,436	63,645

CRITICAL ACCOUNTING POLICIES & ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of assets and liabilities. On an on-going basis, we evaluate our critical accounting policies and estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes during the three months ended June 30, 2019 to our critical accounting policies and estimates previously disclosed in our Form 10-K for the fiscal year ended March 31, 2019, except for our adoption of ASU 2016-02 as discussed in Notes 2 and 6 of the Notes to the Unaudited Condensed Consolidated Financial Statements.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

See Item 1 of Part I, "Notes to Unaudited Consolidated Financial Statements - Note 2 - Significant Accounting Pronouncements."

RECENT ACCOUNTING PRONOUNCEMENTS

See Item 1 of Part I, "Notes to Unaudited Consolidated Financial Statements - Note 2 - Significant Accounting Pronouncements."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Fluctuation Risk

The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Some of the securities in which we invest may be subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. To minimize this risk, we may maintain our portfolio of cash equivalents and investments of short durations in a variety of securities, including commercial paper, money market funds, debt securities and certificates of deposit.

As of June 30, 2019, we had $219.2 million outstanding on our 0.50% convertible senior notes due 2024. The values of the Notes are exposed to interest rate risk. Generally, the fair market value of our fixed interest rate Notes will increase as interest rates fall and decrease as interest rates rise. In addition, the fair values of the Notes are affected by our stock price. The fair market value of the Notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines in value. However, we carry the Notes at face value less unamortized discount on our balance sheet, and we present the fair value for required disclosure purposes only.

We do not believe that a hypothetical 10% change in interest rates would have a material impact on our interest income or expenses, convertible senior notes, or financial statements for any periods presented.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the British Pound, causing both our revenue and our operating results to be impacted by fluctuations in the exchange rates.

Gains or losses from the translation of certain cash balances, accounts receivable balances and intercompany balances that are denominated in these currencies impact our net income (loss). A hypothetical decrease in all foreign currencies against the US dollar of 10%, would not result in a material foreign currency loss on foreign-denominated balances, at June 30, 2019. As our foreign operations expand, our results may be more impacted by fluctuations in the exchange rates of the currencies in which we do business.

At this time, we do not, but we may in the future, enter into financial instruments to hedge our foreign currency exchange risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Disclosure Controls) that are designed to ensure that information we are required to disclose in reports filed or submitted under the Securities and Exchange Act of 1934 is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

As of the end of the period covered by this Quarterly Report on Form 10-Q, under the supervision of our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our Disclosure Controls. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our Disclosure Controls were effective as of June 30, 2019.

Limitations on the Effectiveness of Controls

Our management, including the Chief Executive Officer and Chief Financial Officer, do not expect that our Disclosure Controls or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Changes in Internal Control over Financial Reporting

During the first quarter of fiscal year 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 7, “Legal Proceedings” of Notes to Unaudited Consolidated Financial Statements under ITEM 1. FINANCIAL STATEMENTS of PART I is incorporated by reference in response to this item.

ITEM 1A. RISK FACTORS

If any of the following risks actually occur, our business, results of operations and financial condition could suffer significantly.

Our success depends on acquiring new customers and retaining and selling additional services to existing customers.

Our future success depends on our ability to significantly increase revenue generated from sales of our cloud software solutions to business customers, including small and mid-size businesses (SMBs) as well as mid-market and larger enterprises. To increase our revenue, we must add new customers and encourage existing customers to continue their subscriptions (on terms favorable to us), increase their usage of our services, and/or purchase additional services from us. For customer demand and adoption of our cloud communications solutions to grow, the quality, cost and feature benefits of these services must compare favorably to those of competing services. For example, our cloud unified communications and contact center services must continue to evolve so that high-quality service and features can be consistently offered at competitive prices. As our target markets mature, or as competitors introduce lower cost and/or more differentiated products or services that compete or are perceived to compete with ours, we may be unable to renew or extend our agreements with existing customers or attract new customers, or new business from existing customers, on favorable terms, or at all, which could have an adverse effect on our revenue and growth.

The rate at which our existing customers purchase any new or enhanced services we may offer depends on a number of factors, including general economic conditions, the importance of these additional features and services to our customers, the quality and performance of our cloud communications solutions, and the price at which we offer them. If our customers react negatively to our new or enhanced service offerings, such as our recently launched X Series suite of services or our recently acquired communications API platform-as-a-service (CPaaS) product, or our efforts to upsell are otherwise not as successful as we anticipate, our business may suffer. Our sales strategies must also continue to evolve and adapt as our market matures, for example through the offering of additional customer self-service tools and automation for the SMB sector and the development of new and more sophisticated sales channels that leverage the strengths of our partners. In addition, marketing and selling new and

enhanced features and services may require increasingly sophisticated and costly sales and marketing efforts that may require us to incur additional expenses and negatively impact the results of our operations.

To support the successful marketing and sale of our services to new and existing customers, we must continue to offer high-quality training, implementation, and customer support. Providing these services effectively requires that our customer support personnel have industry-specific technical knowledge and expertise, which may make it difficult and costly for us to locate and hire qualified personnel, particularly in the competitive labor market in Silicon Valley where we are headquartered. Our support personnel also require extensive training on our products and services, which may make it difficult to scale up our support operations rapidly or effectively. The importance of high-quality customer support will increase as we expand our business globally and pursue new mid-market and enterprise customers. If we do not help our customers quickly resolve post-implementation issues and provide effective ongoing support, our ability to sell additional features and services to existing customers will suffer and our reputation may be harmed.

If the emerging market for cloud communications services does not continue to grow and if we do not increase our market share, our future business could be harmed.

The market for cloud communications services is evolving rapidly and is characterized by an increasing number of market entrants. As is typical of a rapidly evolving industry, the demand for and market acceptance of, cloud communications services is uncertain. Our success will depend to a substantial extent on the widespread adoption of cloud communications services as a replacement for legacy on-premise systems. Many larger organizations have invested substantial technical and financial resources and personnel to integrate legacy on-premise communications systems into their businesses and, therefore, may be reluctant or unwilling to migrate to cloud communications services such as ours. It is difficult to predict client adoption rates and demand for our solution, the future growth rate and size of the cloud communications service market, or the entry of competitive products and services. The expansion of the cloud communications services market depends on a number of factors, including the refresh rate for legacy on-premise systems, cost, performance and perceived value associated with cloud communications services, as well as the ability of providers of cloud communications solutions to address security, stability and privacy concerns. If we or other cloud communications service providers experience security incidents, loss of client data, disruptions in service or other problems, the market for cloud communications services as a whole, including our services, may be harmed. If the demand for cloud communications services fails to develop or develops more slowly than we anticipate, it could significantly harm our business.

Our success in the cloud communications market depends in part on developing and maintaining effective distribution channels. If we fail to develop and maintain these channels, it could harm our ability to increase our revenues.

A portion of our revenue is generated through our direct sales. This channel is driven largely by sales agents—including inside and field-based sales agents—who market and sell our services products and services to customers. Our future success requires continuing to develop and maintain a successful direct sales organization that identifies and closes a significant portion of sales opportunities in the market for cloud communications services. If we fail to do so, or if our sales agents are not successful in their sales efforts, we may be unable to meet our revenue growth targets.

A portion of our business revenue is generated through indirect channel sales. These channels consist of master agents, independent software vendors (ISVs), system integrators, value-added resellers (VARs), and service providers. We typically contract directly with the end customer and use these channel partners to identify, qualify and manage prospects throughout the sales cycle—although we also have arrangements with a number of partners who resell our services to their own customers, with whom we do not contract or contract only to a limited extent. These channels may generate an increasing portion of our revenue in the future. Our continued success requires continuing to develop and maintain successful relationships with these channel partners and increasing the portion of sales opportunities that they refer to us. If we fail to do so, or if our channel partners are not successful in their sales efforts, we may be unable to meet our revenue growth targets.

As we increase sales to enterprise customers, our average sales cycle has become longer and more challenging.

We currently derive a majority of our revenues from sales of our cloud software solutions to mid-market and larger enterprises, and we believe that increasing our sales to these customers is key to our future growth. Our sales cycle, which is the time between initial contact with a potential customer and the ultimate sale to that customer, is often lengthy and unpredictable for larger enterprise customers. Many of our prospective enterprise customers do not have prior experience with cloud-based communications and, therefore, typically spend significant time and resources evaluating our solutions before they purchase from us. Similarly, we typically spend more time and effort

determining their requirements and educating these customers about the benefits and uses of our solutions. Enterprise customers also tend to demand more customizations, integrations and additional features than SMB customers. As a result, we may be required to divert more sales and engineering resources to a smaller number of large transactions than we have in the past, which means that we will have less personnel available to support other sectors, or that we will need to hire additional personnel, which would increase our operating expenses.

It is often difficult for us to forecast when a potential enterprise sale will close, the size of the customer's initial service order and the period over which the implementation will occur, any of which may impact the amount of revenue we recognize or the timing of revenue recognition. Enterprise customers may delay their purchases from one quarter to another as they assess their budget constraints, negotiate early contract terminations with their existing providers or wait for us to develop new features. Any delay in closing, or failure to close, a large enterprise sales opportunity in a particular quarter or year could significantly harm our projected growth rates and cause the amount of new sales we book to vary significantly from quarter to quarter. We also may have to delay revenue recognition on some of these transactions until the customer's technical or implementation requirements have been met.

In some cases, we may enter into a contract with a large enterprise customer, such as a preferred vendor agreement, that has little or no minimum purchase commitment but establishes the terms on which the customer's affiliates, clients or franchisees (as the case may be) may order services from us in the future. We may expend significant time and resources becoming a preferred vendor without booking significant sales from the opportunity until months or years after we sign the initial agreement. If we are unsuccessful in selling our services to the prospective purchasers under these agreements, we may not recognize revenue in excess of the expenses we incur in pursuing these opportunities, which could adversely impact our results of operations and cash flow.

We face significant risks in implementing and supporting the services we sell to mid-market and larger enterprises and, if we do not manage these efforts effectively, our recurring service revenue may not grow at the rate we expected, and our business and results of operations could be harmed.

We have a limited history of selling our services to larger businesses and have experienced, and may continue to experience, new challenges in configuring and providing ongoing support for the solutions we sell to large customers.

Larger customers' networks are often more complex than those of smaller customers, and the configuration of our services for these customers generally require participation from the customer’s information technology (IT) team. There is no guaranty that the customer will make available to us the necessary personnel and other resources for a successful configuration of services. The lack of local resources may prevent us from properly configuring our services for the customer, which can in turn adversely impact the quality of services that we deliver over our customers' networks, and/or may result in delays in the implementation of our services. This may create a public perception that we are unable to deliver high quality of service to our customers, which could harm our reputation and make it more difficult to attract new customers and retain existing customers. Moreover, larger customers tend to require higher levels of customer service and individual attention (including periodic business reviews and in-person visits, for example), which may increase our costs for implementing and delivering services. If a customer is unsatisfied with the quality of services we provide or the quality of work performed by us or a third party, we may decide to incur costs beyond the scope of our contract with the customer in order to address the situation and protect our reputation, which may in turn reduce or eliminate the profitability of our contract with the customer. In addition, negative publicity related to our larger customer relationships, regardless of its accuracy, could harm our reputation and make it more difficult for us to compete for new business with current and prospective customers.

We also face challenges building and training an integrated sales force capable of addressing the services and features of our comprehensive service suite, as well as a staff of expert engineering and customer support personnel capable of addressing the full range of implementation and configuration issues that tend to arise more frequently with larger customers. Also, we have only limited experience in developing and managing sales channels and distribution arrangements for larger businesses. If we fail to effectively execute the sale, configuration and ongoing support of our services to mid-market and larger enterprises, our results of operations and our overall ability to grow our customer base could be materially and adversely affected.

Intense competition in the markets in which we compete could prevent us from increasing or sustaining our revenue growth and increasing or maintaining profitability and cause us to incur losses, which could harm our business.

The cloud communications industry is competitive, and we expect it to become increasingly competitive in the future. We may also face competition from companies in adjacent or overlapping industries.

In connection with our unified communication services, we face competition from other providers of cloud communication services, such as RingCentral, Zoom, Fuze, Vonage, Dialpad, Nextiva and Shoretel (acquired by Mitel in 2017). In connection with our cloud contact center services, we face competition from other providers of cloud and premise-based contact center software services, such as NICE/inContact, Five9 and Interactive Intelligence.

In addition, because many of our target customers have historically purchased communications services from incumbent telephone companies along with legacy on-premises communication equipment, we compete with these customers' existing providers. These competitors include, for example, AT&T, CenturyLink, Comcast and Verizon Communications in the United States, as well as local incumbent communications providers in the international markets where we operate, such as Vodafone, Telefonica, Orange, America Movil and Deutsche Telekom, all in conjunction with on-premises hardware solutions from companies like Avaya, Cisco and Mitel. We may face competition from large Internet and cloud service companies such as Google Inc., Amazon Inc., Oracle Corporation and Microsoft Corporation, any of which might launch a new cloud-based business communications service, expand its existing offerings or acquire other cloud-based business communications companies in the future.

Many of our current and potential competitors have longer operating histories, significantly greater resources and brand awareness, and a larger base of customers than we have. As a result, these competitors may have greater credibility with our existing and potential customers. They also may adopt more aggressive pricing policies and devote greater resources to the development, promotion and sale of their products and services. Our competitors may also offer bundled service arrangements that present a more differentiated or better integrated product and services to customers. Increased competition could require us to lower our prices, reduce our sales revenue, lower our gross profits or cause us to incur losses and/or cause us to lose market share. In addition, many of our customers are not subject to long-term contractual commitments and have the ability to switch from our services to our competitors' offerings on relatively short notice. Given the significant price competition in the markets for our services, we may be at a disadvantage compared with those competitors who have substantially greater resources than us or may otherwise be better positioned to withstand an extended period of downward pricing pressure. The adverse impact of a shortfall in our revenues may be magnified by our inability to adjust our expenses to compensate for such shortfall. Announcements, or expectations, as to the introduction of new products and technologies by our competitors or us could cause customers to defer purchases of our existing products and services, which also could have a material adverse effect on our business, financial condition or operating results.

The market for cloud software solutions is subject to rapid technological change, and we depend on new product and service introductions in order to maintain and grow our business, including in particular our recently launched X Series service line.

We operate in an emerging market that is characterized by rapid changes in customer requirements, frequent introductions of new and enhanced products and services, and continuing and rapid technological advancement. To compete successfully in this emerging market, we must continue to design, develop, manufacture, and sell highly scalable new and enhanced cloud software solutions products and services that provide higher levels of performance and reliability at lower cost. If we are unable to develop new products and services that address our customers' needs, to deliver our cloud software solution applications in one seamless integrated service offering that addresses our customers' needs, or to enhance and improve our products and services in a timely manner, we may not be able to achieve or maintain adequate market acceptance of our services. Our ability to grow is also subject to the risk of future disruptive technologies. Access and use of our products and services is provided via the cloud, which, itself, has been disruptive to the previous premises-based model.

If new technologies emerge that are able to deliver communications and collaboration solutions services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete.

If we are unable to develop new features and services internally due to factors such as competitive labor markets, high employee turnover, lack of management ability or a lack of other research and development resources, we may miss market opportunities. Further, many of our competitors have historically spent a greater amount of funds on their research and development programs, and those that do not may be acquired by larger companies that would allocate greater resources to our competitors' research and development programs. In addition, there is no guaranty that our research and development efforts will succeed, or that our new products and services will enable us to maintain or grow our revenue or recover our development costs. Our failure to maintain adequate research and development resources, to compete effectively with the research and development programs of our competitors and to successfully monetize our research and development efforts could materially and adversely affect our business and results of operations.

We launched our new service line, branded "X Series," in July 2018. We market X Series as an array of packaged offerings (designated X2, X4, etc.), which start at the most basic version of our unified communications solution, and add engagement capabilities at each new level, with the top-tier X Series packages combining unified communications and contact center services into a single offering. Customer demand for our X Series offerings will depend on a number of factors, including, for example, factors inherent to the product itself, such as quality of service, reliability, feature availability, and ease of use; and factors relating to our ability to implement, support and market and sell the service effectively. More fundamentally, the success of X Series may depend on whether the market for unified communications, collaborations and contact center services is trending towards convergence of these three solutions into a single system, as we are predicting. We cannot be certain that this market trend will occur according to the timeline we are expecting, or at all. For example, if the various components of our service were to become commoditized and standardized in a way that diminishes the benefits of a single platform for customers, there may be less demand for a unified suite of services like X Series. Low customer demand could make it more difficult for us to win the business of new customers or gain additional business from existing customers, either of which in turn could cause our service revenue to grow more slowly than we expect, or to remain flat or even decrease in future periods.

We have a history of losses and are uncertain of our future profitability.

We recorded a net operating loss of approximately $34.3 million for the three months ended June 30, 2019 and ended the period with an accumulated deficit of approximately $284.6 million. We expect to continue to incur operating losses in the near future as we continue to invest in growth. During our fiscal year ending March 31, 2020, we intend to increase significantly our investments in sales and marketing (and digital demand generation in particular), and in research and development, among other areas of our business, in order to compete more successfully for the business of companies that are transitioning to cloud communications and otherwise position ourselves to take advantage of long-term revenue-generating opportunities.

As we increase our investments in these areas, we will likewise need to increase our rate of revenue growth in order to generate and sustain operating profitability in future periods. The investments we expect to make in fiscal 2020 and beyond may not generate the returns that we anticipate, which could adversely impact our financial condition and make it more difficult for us to grow revenue and/or achieve profitability in the time period that we expect, or at all. Given our history of fluctuating revenues and operating losses, we cannot be certain that we will be able to achieve or maintain operating profitability in the future.

Our churn rate may increase in future periods due to customer cancellations or other factors, which may adversely impact our revenue or require us to spend more money to grow our customer base.

Our customers may discontinue their subscriptions for our services after the expiration of their initial subscription period, which typically range from one to four years. In addition, our customers may renew for lower subscription amounts or for shorter contract lengths. We may not accurately predict cancellation rates for our customers. Our cancellation rates may increase or fluctuate as a result of a number of factors, including customer usage, pricing changes, number of applications used by our customers, customer satisfaction with our service, the acquisition of our customers by other companies, the availability of alternative technologies, and deteriorating general economic conditions. If our customers do not renew their subscriptions for our service or decrease the amount they spend with us, our revenue will decline and our business will suffer.

Because of churn, we must acquire new customers on an ongoing basis to maintain our existing level of customers and revenues. As a result, marketing expenditures are an ongoing requirement of our business. If our churn rate increases, we will have to acquire even more new customers in order to maintain our existing revenues. We incur significant costs to acquire new customers, and those costs are an important factor in determining our net profitability. Therefore, if we are unsuccessful in retaining customers or are required to spend significant amounts to acquire new customers beyond those budgeted, our revenue could decrease and our net loss could increase.

Our rate of customer cancellations may increase in future periods due to a number of factors, some of which are beyond our control, such as the financial condition of our customers or the state of credit markets. In addition, a single, protracted service outage or a series of service disruptions, whether due to our services or those of our carrier partners, may result in a sharp increase in customer cancellations.

Due to the length of our sales cycle, especially in adding new mid-market and larger enterprises as customers, we may also experience delays in acquiring new customers to replace those that have terminated our services. Such delays would be exacerbated if general economic conditions worsen. An increase in churn, particularly in challenging economic times, could have a negative impact on the results of our operations.

We may not be able to scale our business efficiently or quickly enough to meet our customers' growing needs, in which case our operating results could be harmed.

As usage of our cloud software solutions by mid-market and larger enterprises expands and as customers continue to integrate our services across their enterprises, we are required to devote additional resources to improving our application architecture, integrating our products and applications across our technology platform, integrating with third-party systems, and maintaining infrastructure performance. To the extent we increase our customer base and as our customers gain more experience with our services, the number of users and transactions managed by our services, the amount of data transferred, processed and stored by us, the number of locations where our service is being accessed, and the volume of communications managed by our services have in some cases, and may in the future, expand rapidly. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support and services and regulatory compliance, to serve our growing customer base. Any failure or delay in these efforts could cause impaired system performance and reduced customer satisfaction. These issues could reduce the attractiveness of our cloud software solutions to customers, resulting in decreased sales to new customers, lower renewal rates by existing customers, the issuance of service credits, or requested refunds, which could hurt our revenue growth and our reputation. These system upgrades and the expansion of our support and services have been and will continue to be expensive and complex, requiring management time and attention and increasing our operating expenses. We could also face inefficiencies or operational failures as a result of our efforts to scale our infrastructure and information technology systems. There are inherent risks associated with upgrading, improving and expanding our information technology systems and we cannot be sure that the expansion and improvements to our infrastructure and systems will be fully or effectively implemented on a timely basis, if at all. These efforts may reduce revenue and our margins and adversely impact our financial results.

We face risks related to acquisitions now (such as our recent acquisition of Wavecell Pte. Ltd.) and in the future that may divert our management's attention, result in dilution to our stockholders and consume resources that are necessary to sustain and grow our existing business.

Although we have acquired several small companies and business units in recent years, we have limited experience with purchasing and integrating other businesses. We may not be able to identify suitable acquisition candidates in the future, or negotiate and complete acquisitions on favorable terms.

If appropriate opportunities present themselves, we may decide to acquire such companies, or their products, technologies or assets. Acquisitions involve numerous risks, and there is no guarantee that we will ultimately strengthen our competitive position or achieve other benefits expected from the transaction. Among other risks we may encounter in connection with acquisitions:

- We may experience difficulty and delays in integrating the products, technology platform, operations, systems and personnel of the acquired business with our own, particularly if the acquired business is outside of our core competencies and current geographic markets.
- We may not be able to manage the acquired business, or the integration process, effectively, which may limit our ability to realize the financial and strategic benefits we expected from the transaction.
- The acquisition and integration may divert management’s attention from our day-to-day operations and disrupt the ordinary functioning of our ongoing business.
- We may have difficulty establishing and maintaining appropriate governance, reporting relationships, policies, controls and procedures for the acquired business, particularly if it is based in a country or region where we did not previously operate.
- Any failure to successfully manage the integration process may also adversely impact relationships with our employees, suppliers, customers and business partners, or those of the acquired business, and may result in increased churn or the loss of key customers, business partners or employees for our business or those of the acquired business.
- We may become subject to new or more stringent regulatory compliance obligations and costs by virtue of the acquisition, including risks related to international acquisitions that may operate in new jurisdictions or geographic areas where we may have no or limited experience;
- We may become subject to litigation, investigations, proceedings, fines or penalties arising from or relating to the transaction or the acquired business, and any resulting liabilities may exceed our forecasts.

- We may acquire businesses with different revenue models, increased customer concentration risks, and different contractual relationships, such as our recent acquisition of Wavecell which bills customers primarily on an usage-based basis as opposed to a subscription basis.

- We may assume long-term contractual obligations, commitments or liabilities (for example, those relating to leased facilities), which could adversely impact our efforts to achieve and maintain profitability and impair our cash flow.

- We may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges.

- The acquisition may create a drag on our overall revenue growth rate or increase our net loss, which could lead analysts and investors to reduce their valuation of our company.

In addition, we may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could affect our financial condition or the value of our capital stock. The sale of equity to finance any such acquisitions could result in dilution to our stockholders. If we incur more debt, it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to flexibly operate our business.

As a result of these potential problems and risks, among others, businesses that we may acquire or invest in may not produce the revenue, competitive advantages, or business synergies that we anticipate, and the results and effects of any such acquisition may not be favorable enough to justify the amount of consideration we pay or the other investments we make in the acquired business.

Because our long-term growth strategy involves continued expansion outside the United States, our business will be susceptible to risks associated with international operations.

An important component of our growth strategy involves the further expansion of our operations and customer base internationally. We have formed several subsidiaries outside the United States, including a Romanian subsidiary that contributes significantly to our research and development efforts. We have also acquired two UK-based companies and, most recently, a Singapore-based company with operations in Southeast Asia. The risks and challenges associated with sales and other operations outside the United States are different in some ways from those associated with our operations in the United States, and we have a limited history addressing those risks and meeting those challenges. Our current international operations and future initiatives, including Southeast Asia, will involve a variety of risks, including:

- localization of our services, including translation into foreign languages and associated expenses;

- regulation of our services as traditional telecommunications services, requiring us to obtain authorizations or licenses to operate in foreign jurisdictions, or alternatively preventing us from selling our full suite of services, or any services at all, in such jurisdictions;

- changes in a specific country or region's regulatory requirements, taxes, trade laws, or political or economic conditions;

- increased competition from regional cloud communications competitors in the various geographic markets in which we compete now and in the future, which may have different sales cycles, selling processes, and feature requirements which may limit our ability to compete effectively in different regions globally;

- more stringent regulations relating to data security and the unauthorized use of, access to, and transfer of, commercial and personal information, particularly in the EU;

- differing labor regulations, especially in the EU and Latin America, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;

- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;

- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems and regulatory systems;

- increased travel, real estate, infrastructure and legal compliance costs associated with international operations;

- different pricing environments, longer sales cycles, longer accounts receivable payment cycles and other collection difficulties;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions if we chose to do so in the future;
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- laws and business practices favoring local competitors or general preferences for local vendors;
- limited or insufficient intellectual property protection;
- political instability or terrorist activities;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act, the UK Bribery Act 2010, trade and export laws such as those enforced by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury, and similar laws and regulations in other jurisdictions; and
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash.

We have limited experience in operating our business internationally, which increases the risk that any potential future expansion efforts that we may undertake will not be successful. We expect to invest substantial time and resources to expand our international operations. If we are unable to do this successfully and in a timely manner, our business and operating results could be materially adversely affected.

To provide our services, we rely on third parties for all of our network connectivity and co-location facilities.

We currently use the infrastructure of third-party network service providers, including the services of Equinix, Inc. and CenturyLink, Inc. in the United States, to provide all of our cloud services over their networks rather than deploying our own network connectivity.

We also rely on third-party network service providers to originate and terminate substantially all of the PSTN calls using our cloud-based services. We leverage the infrastructure of third-party network service providers to provide telephone numbers, PSTN call termination and origination services, and local number portability for our customers rather than deploying our own network throughout the United States and internationally. This decision has resulted in lower capital and operating costs for our business in the short-term, but has reduced our operating flexibility and ability to make timely service changes. If any of these network service providers cease operations or otherwise terminate the services that we depend on, the delay in switching our technology to another network service provider, if available, and qualifying this new service provider could have a material adverse effect on our business, financial condition or operating results. The rates we pay to our network service providers may also increase, which may reduce our profitability and increase the retail price of our service.

There can be no assurance that these service providers will be able or willing to supply cost-effective services to us in the future or that we will be successful in signing up alternative or additional providers. Although we believe that we could replace our current providers, if necessary, our ability to provide service to our subscribers could be impacted during any such transition, which could have an adverse effect on our business, financial condition or results of operations. The loss of access to, or requirement to change, the telephone numbers we provide to our customers also could have a material adverse effect on our business, financial condition or operating results.

Due to our reliance on these service providers, when problems occur in a network, it may be difficult to identify the source of the problem. The occurrence of hardware and software errors, whether caused by our service or products or those of another vendor, may result in the delay or loss of market acceptance of our products and services and any necessary revisions may force us to incur significant expenses. Under the terms of the "end-to-end" service level commitments that we make for the benefit of qualifying customers, we are potentially at risk for service problems experienced by these service providers. Customers who do not qualify for these enhanced service level commitments may nevertheless hold us responsible for these service issues and seek service credits, early termination rights or other remedies. Accordingly, service issues experienced by our service provider partners may harm our reputation as well as our business, financial condition or operating results.

Internet access providers and Internet backbone providers may be able to block, degrade or charge for access to, or the bandwidth use of, certain of our products and services, which could lead to additional expenses and the loss of users.

Our products and services depend on the ability of our users to access the Internet, and certain of our services require significant bandwidth to work effectively. In addition, users who access our services and applications through mobile devices, such as smartphones and tablets, must have a high-speed connection, such as Wi-Fi, 3G, 4G or LTE, to use our services and applications. Currently, this access is provided by companies that have significant and increasing market power in the broadband and Internet access marketplace, including incumbent telephone companies, cable companies and mobile communications companies. Some of these providers offer products and services that directly compete with our own offerings, which give them a significant competitive advantage. Some of these broadband providers have stated that they may exempt their own customers from data-caps or offer other preferred treatment to their customers. Other providers have stated that they may take measures that could degrade, disrupt or increase the cost of user access to certain of our services by restricting or prohibiting the use of their infrastructure to support or facilitate our offerings, or by charging increased fees to us or our users to provide our offerings, while others, including some of the largest providers of broadband Internet access services, have committed to not engaging in such behavior. These providers have the ability generally to increase their rates, which may effectively increase the cost to our customers of using our cloud software solutions.

On January 4, 2018, the Federal Communications Commission, or FCC, released an order that largely repeals rules that the FCC had in place which prevented broadband internet access providers from degrading or otherwise disrupting a broad range of services provisioned over consumers' and enterprises' broadband Internet access lines. The FCC's order became effective on June 11, 2018. The order has been appealed by numerous parties including: a number of state attorneys' general, public interest groups, associations, and companies. The appeal is before the U.S. Court of Appeals for the District of Columbia. We cannot predict whether the FCC's January 4, 2018 order (the "January 4, 2018 Order") will withstand appeal, either in whole or in part, nor when the appeal will be resolved.

Following the adoption of the January 4, 2018 Order, a number of states have passed laws establishing rules similar to those that existed prior to the effective date of the January 4, 2018 Order. States have adopted a variety of approaches in attempting to preserve the rules in place prior to the FCC Order. For example, some states have passed narrow laws where rules addressing degradation or otherwise disrupting the provision of broadband internet access services are limited to parties that offer services to government agencies whereas other states have passed laws that apply generally. For example, California passed legislation of general applicability that would prevent providers of broadband internet access services from degrading and disrupting such services when offered to third parties. The law's effective date was January 1, 2019.

There is legal uncertainty as to whether states that have passed such laws have the authority to do so if such laws could be interpreted to conflict with the January 4, 2018 Order. Due to this legal uncertainty, the U.S. Department of Justice filed a Motion for Preliminary Injunction on September 30, 2018, seeking to prevent California from enforcing its law set to become effective January 1, 2019. In response, California state officials have agreed to delay enforcement of the new law at least until appeal of the January 4, 2018 Order is resolved by the U.S. Court of Appeals for the District of Columbia Circuit.

Many of the largest providers of broadband services, like cable companies and traditional telephone companies, have publicly stated that they will not degrade or disrupt their customers' use of applications and services, like ours. If such providers were to degrade, impair or block our services, it would negatively impact our ability to provide services to our customers, likely result in lost revenue and profits, and we would incur legal fees in attempting to restore our customers' access to our services. Broadband internet access providers may also attempt to charge us or our customers additional fees to access services like ours that may result in the loss of customers and revenue, decreased profitability, or increased costs to our offerings that may make our services less competitive. We cannot predict the potential impact of the January 4, 2018 Order on us at this time.

Our physical infrastructure is concentrated in a few facilities and any failure in our physical infrastructure or services could lead to significant costs and disruptions and could reduce our revenue, harm our business reputation and have a material adverse effect on our financial results.

Our leased network and data centers are subject to various points of failure. Problems with cooling equipment, generators, uninterruptible power supply, routers, switches, or other equipment, whether or not within our control, could result in service interruptions for our customers as well as equipment damage. Because our services do not require geographic proximity of our data centers to our customers, our infrastructure is consolidated into a few large data center facilities. Any failure or downtime in one of our data center facilities could affect a significant percentage of our customers. The total destruction or severe impairment of any of our data center facilities could result in significant downtime of our services and the loss of customer data. Because our ability to attract and retain customers depends on our ability to provide customers with highly reliable service, even minor interruptions in our service could harm our reputation. Additionally, in connection with the expansion or consolidation of our existing

data center facilities from time to time, there is an increased risk that service interruptions may occur as a result of server relocation or other unforeseen construction-related issues.

We have experienced interruptions in service in the past. While we have not experienced a material increase in customer attrition following these events, the harm to our reputation is difficult to assess. We have taken and continue to take steps to improve our infrastructure to prevent service interruptions, including upgrading our electrical and mechanical infrastructure. However, service interruptions continue to be a significant risk for us and could have a material adverse impact on our business.

Any future service interruptions could:

- cause our customers to seek service credits, or damages for losses incurred;
- require us to replace existing equipment or add redundant facilities;
- affect our reputation as a reliable provider of communications services;
- cause existing customers to cancel or elect to not renew their contracts; or
- make it more difficult for us to attract new customers.

Any of these events could materially increase our expenses or reduce our revenue, which would have a material adverse effect on our operating results.

We may be required to transfer our servers to new data center facilities in the event that we are unable to renew our leases on acceptable terms, or at all, or the owners of the facilities decide to close their facilities, and we may incur significant costs and possible service interruption in connection with doing so. In addition, any financial difficulties, such as bankruptcy or foreclosure, faced by our third-party data center operators, or any of the service providers with which we or they contract, may have negative effects on our business, the nature and extent of which are difficult to predict. Additionally, if our data centers are unable to keep up with our increasing needs for capacity, our ability to grow our business could be materially and adversely impacted.

We depend on third-party vendors for IP phones and certain software endpoints, and any delay or interruption in supply by these vendors would result in delayed or reduced shipments to our customers and may harm our business.

We rely on third-party vendors for IP phones and software endpoints required to utilize our service. We currently do not have long-term supply contracts with any of these vendors. As a result, most of these third-party vendors are not obligated to provide products or services to us for any specific period, in any specific quantities or at any specific price, except as may be provided in a particular purchase order. The inability of these third-party vendors to deliver IP phones of acceptable quality and in a timely manner, particularly the sole source vendors, could adversely affect our operating results or cause them to fluctuate more than anticipated. Additionally, some of our products and services may require specialized or high-performance component parts that may not be available in quantities or in time frames that meet our requirements.

If we do not or cannot maintain the compatibility of our communications and collaboration software with third-party applications and mobile platforms that our customers use in their businesses, our revenue will decline.

The functionality and popularity of our cloud software solutions depends, in part, on our ability to integrate our services with third-party applications and platforms, including enterprise resource planning, customer relations management, human capital management and other proprietary application suites. Third-party providers of applications and application programmable interfaces, or APIs, may change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications and APIs and access to those applications and platforms in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and platforms in conjunction with our services, which could negatively impact our offerings and harm our business. If we fail to integrate our software with new third-party back-end enterprise applications and platforms used by our customers, we may not be able to offer the functionality that our customers need, which would negatively impact our ability to generate revenue and adversely impact our business.

Our services also allow our customers to use and manage our cloud software solutions on smartphones, tablets and other mobile devices. As new smart devices and operating systems are released, we may encounter difficulties supporting these devices and services, and we may need to devote significant resources to the creation, support, and maintenance of our mobile applications. In addition, if we experience difficulties in the future integrating our mobile applications into smartphones, tablets or other mobile devices or if problems arise with our relationships with

providers of mobile operating systems, such as those of Apple Inc. or Google Inc., our future growth and our results of operations could suffer.

If our software fails due to defects, bugs, vulnerabilities or similar problems, and if we fail to correct any defect or other software problems, we could lose customers, become subject to service performance or warranty claims or incur significant costs.

Our customers use our service to manage important aspects of their businesses, and any errors, defects, disruptions to our service or other performance problems with our service could hurt our reputation and may damage our customers' businesses. Our services and the systems infrastructure underlying our cloud communications platform incorporate software that is highly technical and complex. Our software has contained, and may now or in the future contain, undetected errors, bugs, or vulnerabilities, which have caused, and may in the future cause, temporary service outages for some customers. Some errors in our software code may not be discovered until after the code has been released. Any errors, bugs, or vulnerabilities discovered in our code after release could result in damage to our reputation, loss of customers, loss of revenue, or liability for service credits or damages, any of which could adversely affect our business and financial results. We implement bug fixes and upgrades as part of our regularly scheduled system maintenance, which may lead to system downtime. Even if we are able to implement the bug fixes and upgrades in a timely manner, any history of defects, or the loss, damage or inadvertent release of confidential customer data, could cause our reputation to be harmed, and customers may elect not to purchase or renew their agreements with us and subject us to service performance credits, warranty claims or increased insurance costs. The costs associated with any material defects or errors in our software or other performance problems may be substantial and could materially adversely affect our operating results.

Vulnerabilities to security breaches, cyber intrusions and other malicious acts could adversely impact our business.

Our operations depend on our ability to protect our network from interruption by damage from unauthorized entry, computer viruses or other events beyond our control. In the past, we may have been subject to denial or disruption of service, or DDOS, and we may be subject to DDOS attacks in the future. We cannot assure you that our backup systems, regular data backups, security protocols, DDOS mitigation and other procedures that are currently in place, or that may be in place in the future, will be adequate to prevent significant damage, system failure or data loss.

Critical to our provision of service is the storage, processing, and transmission of our customers' data, which may include confidential and sensitive information. Customers may use our services to store, process and transmit a wide variety of confidential and sensitive information such as credit card, bank account and other financial information, proprietary information, trade secrets or other data that may be protected by sector-specific laws and regulations like intellectual property laws, laws addressing the protection of personally identifiable information (or personal data in the European Union), as well as the Federal Communications Commission’s, or the FCC’s, customer proprietary network information (“CPNI”) rules. We may be targets of cyber threats and security breaches, given the nature of the information we store, process and transmit and the fact that we provide communications services to a broad range of businesses.

In addition, we use third-party vendors which in some cases have access to our data and our customers' data. Despite the implementation of security measures by us or our vendors, our computing devices, infrastructure or networks, or our vendors computing devices, infrastructure or networks may be vulnerable to hackers, computer viruses, worms, other malicious software programs or similar disruptive problems due to a security vulnerability in our or our vendors' infrastructure or network, or our vendors, customers, employees, business partners, consultants or other internet users who attempt to invade our or our vendors' public and private computers, tablets, mobile devices, software, data networks, or voice networks. If there is a security vulnerability in our or our vendors' infrastructure or networks that is successfully targeted, we could face increased costs, liability claims, government investigations, fines, penalties or forfeitures, class action litigation, reduced revenue, or harm to our reputation or competitive position.

Depending on the evolving nature of cyber threats, we may have to significantly increase our investment in maintaining the security of our networks and data, and our profitability may be adversely impacted, or we may have to increase the price of our services which may make our offerings less competitive with other communications providers.

If an individual obtains unauthorized access to our network, or if our network is penetrated, our service could be disrupted and sensitive information could be lost, stolen or disclosed which could have a variety of negative impacts, including legal liability, investigations by law enforcement and regulatory agencies, exposure to fines, penalties, or forfeitures, or class action litigation, any of which could harm our business reputation and have a

material negative impact on our business. In addition, to the extent we market our services as compliant with particular laws governing data privacy and security, such as the Health Insurance Portability and Accountability Act and foreign data protection laws, or provide representations or warranties as to such compliance in our customer contracts, a security breach that exposes protected information may make us susceptible to a number of contractual claims as well as claims related to our marketing. It could also potentially expose us to liability to individuals impacted by such a security breach.

Many governments have enacted laws requiring companies to notify individuals of data security incidents involving certain types of personal data including CPNI, personally identifiable information (or personal data in the European Union), financial account information, government-issued identification numbers, and other information that may lead to harming individuals if subject to an unauthorized disclosure. In addition, some of our customers contractually require notification of any data security compromise. Security compromises experienced by our competitors, by our customers or by us may lead to public disclosures, which may lead to widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could harm our reputation, erode customer confidence in the effectiveness of our security measures, negatively impact our ability to attract new customers, cause existing customers to elect not to renew their subscriptions or subject us to third-party lawsuits, federal and state government investigations, regulatory fines, penalties and forfeitures or other causes of action or liability, which could materially and adversely affect our business and operating results.

In contracts with larger enterprises, we often agree to assume liability for security breaches in excess of the amount of committed revenue from the contract. In addition, there can be no assurance that any limitations of liability provisions in our contracts for a security breach would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. Also, certain classes of information, like CPNI and information subject to state data breach notification laws in the U.S., or personal data in the European Union, can expose us to liability in the form of fines, expenses associated with federal and state government investigations, penalties and forfeitures, in addition to civil liability, if such data is breached. We cannot be sure that our existing cybersecurity insurance will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, financial condition and operating results.

Failure to comply with laws and contractual obligations related to data privacy and protection could have a material adverse effect on our business, financial condition and operating results.

We are subject to the data privacy and protection laws and regulations adopted by federal, state and foreign governmental agencies, including the European Union’s General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA"). Data privacy and protection is highly regulated in many jurisdictions and may become the subject of additional regulation in the future. For example, lawmakers and regulators worldwide are considering proposals that would require companies, like us, that encrypt users' data to ensure access to such data by law enforcement authorities. Privacy laws restrict our storage, use, processing, disclosure, transfer and protection of personal information, including credit card data, provided to us by our customers as well as data we collect from our customers and employees. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, if we fail to comply, we may be subject to fines, penalties and lawsuits, statutory damages at both the federal and state levels in the U.S., substantial fines and penalties under the European Union’s GDPR, class action lawsuits, and our reputation may suffer. We may also be required to make modifications to our data practices that could have an adverse impact on our business.

Governmental entities, class action lawyers and privacy advocates are increasingly examining companies' data collection, processing, use, storing, sharing, transferring and transmitting personal data and data linkable to individuals. Self-regulatory codes of conduct, enforcement actions by regulatory agencies, and lawsuits by private parties could impose additional compliance costs on us, negatively impacting our profitability, as well as subject us to unknown potential liabilities. These evolving laws, rules and practices may also curtail our current business activities which may also result in slimmer profit margins and reduce new opportunities.

We are also subject to the privacy and data protection-related obligations in our contracts with our customers and other third parties. Any failure, or perceived failure, by us to comply with federal, state, or international laws, including laws and regulations regulating privacy, data or consumer protection, or to comply with our contractual obligations related to privacy, could result in proceedings or actions against us by governmental entities, contractual parties or others, which could result in significant liability to us, as well as harm our reputation. Additionally, third parties on which we rely enter into contracts to protect and safeguard our customers' data. Should such parties

violate these agreements or suffer a breach, we could be subject to proceedings or actions against us by governmental entities, contractual parties or others, which could result in significant liability to us as well as harm to our reputation.

On July 12, 2016, the European Commission adopted the “Privacy Shield” which replaced the European Union (“EU”)-U.S. Safe Harbor Framework. We are currently participating in Privacy Shield and we also rely on other methods recognized under relevant EU law to transfer personal data between the EU and the U.S. Additionally, GDPR became effective on May 25, 2018, and replaces the Data Protection Directive 95/46/EC. GDPR imposes new obligations on all companies, including us, and substantially increases potential liability for all companies, including us, for failure to comply with data protection rules.

The regulatory landscape applicable to data transfers between the EU and other countries with similar data protection laws, and the U.S. remains unsettled. There is ongoing litigation in the EU, as well as calls by certain political and governmental bodies in the EU to re-evaluate data transfers between the EU and the U.S., that could negatively impact the existing legally acceptable methods for transferring data between the EU and the U.S. on which we rely as do many other companies. Moreover, while we established alternative methods to transfer data between the EU and U.S. that addressed certain legal uncertainties that previously existed, some independent data regulators have adopted the position that other forms of compliance, including the methods we rely upon now as do many other companies, are also invalid.

Like many other companies, we continue to face uncertainty with respect to the measures we have implemented. Additionally, there is continued uncertainty regarding the legality of transferring certain data between the EU and U.S. caused by: (i) ongoing litigation that could invalidate the existing method that we, along with many other companies, rely upon for compliance with relevant law; and (ii) the possibility that political and other governmental bodies may invalidate the method we, along with many other companies, rely upon to comply with relevant law. We cannot predict how or if this issue will be resolved nor can we evaluate our potential liability at this time.

Although GDPR has already gone into effect, there is still considerable uncertainty as to how to interpret and implement many of its provisions. It is particularly challenging for companies operating in the cloud services space, like us, to interpret and implement GDPR. If we fail to properly implement GDPR for any reason, we may be subject to fines and penalties. GDPR may also change our business operations in ways that we cannot currently predict that could increase our operating costs, decrease our profitability, or result in increased prices for our retail offerings that may make our services less competitive. We cannot evaluate our potential liability at this time.

The CCPA is scheduled to go into effect on January 1, 2020. As the CCPA currently stands, for California residents, it will require us to honor certain data subject rights and make certain disclosures regarding processing of personal information. It also grants California residents, the right to opt out of certain uses of personal information. The California Attorney General would be able to seek substantial monetary penalties and injunctive relief in the event of our noncompliance with the CCPA. In addition, the CCPA allows private lawsuits from California residents in the event of certain data breaches.

Difficulty executing local number porting requests could negatively impact our business.

The FCC and foreign regulators require VoIP providers to support telephone number porting within specified timeframes. In order to port telephone numbers, we rely on third party telecommunications carriers to complete the process. Often number ports take longer than the specified timeframes. For many potential customers, the ability to quickly port their existing telephone numbers into our service in a timely fashion is a very important consideration. To the extent that we cannot quickly port telephone numbers in, our ability to acquire new customers may be negatively impacted. To the extent that we cannot quickly port telephone numbers out when a customer leaves our service to go to another provider, we could be subject to regulatory enforcement action.

We could be liable for breaches of security on our website, fraudulent activities by our users, or the failure of third-party vendors to deliver credit card transaction processing services.

A fundamental requirement for operating an Internet-based, worldwide cloud software solutions and electronically billing our customers is the secure transmission of confidential information and media over public networks. Although we have developed systems and processes that are designed to protect consumer information and prevent fraudulent credit card transactions and other security breaches, failure to mitigate such fraud or breaches may subject us to costly breach notification and other mitigation obligations, class action lawsuits, investigations, fines, forfeitures or penalties from governmental agencies that could adversely affect our operating results.

The law relating to the liability of providers of online payment services is currently unsettled and states may enact their own rules with which we may not comply. We rely on third-party providers to process and guarantee payments made by our subscribers up to certain limits, and we may be unable to prevent our customers from fraudulently

receiving goods and services. Our liability risk will increase if a larger fraction of transactions effected using our cloud-based services involve fraudulent or disputed credit card transactions.

We may also experience losses due to subscriber fraud and theft of service. Subscribers have, in the past, obtained access to our service without paying for monthly service and international toll calls by unlawfully using our authorization codes or by submitting fraudulent credit card information. If our existing anti-fraud procedures are not adequate or effective, consumer fraud and theft of service could have a material adverse effect on our business, financial condition and operating results.

Natural disasters, war, terrorist attacks or malicious conduct could adversely impact our operations and could degrade or impede our ability to offer services.

Our cloud communications services rely on uninterrupted connection to the Internet through data centers and networks. Any interruption or disruption to our network, or the third parties on which we rely, could adversely impact our ability to provide service. Our network could be disrupted by circumstances outside of our control including natural disasters, acts of war, terrorist attacks or other malicious acts including, but not limited to, cyber-attacks. Our headquarters, global networks operations center and one of our third-party data center facilities are located in the San Francisco Bay Area, a region known for seismic activity. Should any of these events occur and interfere with our ability to operate our network even for a limited period of time, we could incur significant expenses, lose substantial amounts of revenue, suffer damage to our reputation, and lose customers. Such an event may also impede our customers' connections to our network, since these connections also occur over the Internet, and would be perceived by our customers as an interruption of our services, even though such interruption would be beyond our control. Any of these events could have a material adverse impact on our business.

Our infringement of a third party's proprietary technology could disrupt our business.

There has been substantial litigation in the communications, cloud communication services, semiconductor, electronics, and related industries regarding intellectual property rights and, from time to time, third parties may claim that we, our customers, our licensees or parties indemnified by us are infringing, misappropriating or otherwise violating their intellectual property rights. Third parties may also claim that our employees have misappropriated or divulged their former employers' trade secrets or confidential information. Our broad range of current and former technology, including IP telephony systems, digital and analog circuits, software, and semiconductors, increases the likelihood that third parties may claim infringement by us of their intellectual property rights. Certain technology necessary for us to provide our services may, in fact, be patented by other parties either now or in the future. If such technology were held under patent by another person, we would have to negotiate a license for the use of that technology, which we may not be able to negotiate at a price that is acceptable or at all. The existence of such a patent, or our inability to negotiate a license for any such technology on acceptable terms, could force us to cease using such technology and offering products and services incorporating such technology.

If we are found to be infringing on the intellectual property rights of any third-party in lawsuits or proceedings that may be asserted against us, we could be subject to monetary liabilities for such infringement, which could be material. We could also be required to refrain from using, manufacturing or selling certain products or using certain processes, either of which could have a material adverse effect on our business and operating results. We may continue to receive in the future, notices of claims of infringement, misappropriation or misuse of other parties' proprietary rights. There can be no assurance that we will prevail in these discussions and actions or that other actions alleging infringement by us of third-party patents will not be asserted or prosecuted against us. Furthermore, lawsuits like these may require significant time and expense to defend, may divert management's attention away from other aspects of our operations and, upon resolution, may have a material adverse effect on our business, results of operations, financial condition and cash flows.

Inability to protect our proprietary technology would disrupt our business.

We rely, in part, on patent, trademark, copyright, and trade secret law to protect our intellectual property in the United States and abroad. We seek to protect our software, documentation, and other written materials under trade secret and copyright law, which afford only limited protection. We currently have several United States patent applications pending. We cannot predict whether such pending patent applications will result in issued patents, and if they do, whether such patents will effectively protect our intellectual property. The intellectual property rights we obtain may not be sufficient to provide us with a competitive advantage, and could be challenged, invalidated, infringed or misappropriated. We may not be able to protect our proprietary rights in the United States or internationally (where effective intellectual property protection may be unavailable or limited), and competitors may independently develop technologies that are similar or superior to our technology, duplicate our technology or design around any patent of ours.

We attempt to further protect our proprietary technology and content by requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology.

Litigation may be necessary in the future to enforce our intellectual property rights, to determine the validity and scope of our proprietary rights or the rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of management time and resources and could have a material adverse effect on our business, financial condition, and operating results. Any settlement or adverse determination in such litigation would also subject us to significant liability.

We also may be required to protect our proprietary technology and content in an increasing number of jurisdictions, a process that is expensive and may not be successful, or which we may not pursue in every location. In addition, effective intellectual property protection may not be available to us in every country, and the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States and elsewhere, and from interpretations of intellectual property laws by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to obtain and maintain the intellectual property rights necessary to provide us with a competitive advantage.

We may have difficulty attracting or retaining personnel with the technical skills and experience necessary to support our growth.

Companies in the cloud communications industry compete aggressively for top talent in all areas of business, but particularly sales and marketing, professional services and engineering, where employees with industry experience, technical knowledge and specialized skill sets are particularly valued. Demand can be expected to increase if cloud communications continues to gain a greater share of the global communications market. Some of our competitors may respond to these competitive pressures by increasing employee compensation, paying more on average than we pay for the same position. Any such disparity in compensation could make us less attractive to candidates as a potential employer, which in turn may make it more difficult for us to hire and retain qualified employees. Training an individual who lacks prior cloud communications experience to be successful in a sales or technical role can take months or even years.

When an employee of 8x8 leaves to work for a competitor, not only are we impacted by the loss of the individual resource, but we also face the risk that the individual will share our trade secrets with the competitor in violation of their contractual and legal obligations to us. Our competitors have in the past and may in the future target their hiring efforts on a particular department, and if we lose a group of employees to a competitor over a short time period, our day-to-day operations may be impaired. While we may have remedies available to us through litigation, they would likely take significant time and expense and divert management attention from other areas of the business.

If we increase employee compensation (beyond levels that reflect customary performance-based and/or cost-of-living adjustments) in response to competitive pressures, we may sustain greater operating losses than we predicted in the near term, and we may not achieve profitability within the timeframe we had expected, or at all.

The United Kingdom's withdrawal from the EU may adversely impact our operations in the United Kingdom and elsewhere.

On June 23, 2016, voters in the United Kingdom approved an advisory referendum to withdraw from the EU. The timing of the proposed exit is subject to further change; however, it is currently scheduled for as late as October 31, 2019, with a transition period expected to run through December 31, 2020. The political uncertainty that it has raised extends to regulatory uncertainty associated with the proposed exit from the EU. Since the vote to withdraw from the EU, negotiations and arrangements between the United Kingdom, the EU and other countries outside of the EU have been, and will continue to be, complex and time consuming. The potential withdrawal could adversely impact our UK subsidiary, 8x8 UK Limited (previously referred to as Voicenet Solutions Ltd.), and add operational complexities that did not previously exist. Currently, the most immediate impact may be to the relevant regulatory regimes under which 8x8 UK Limited operates, including the offering of communications services, as well as to data privacy regulations. The impact on regulatory regimes remains uncertain. For example, while the United Kingdom government has announced its intent to introduce domestic legislation that would largely reconcile United Kingdom domestic law with many EU laws, including GDPR, it remains unknown what will actually occur it what the departure from the EU may mean with respect to data privacy regulation including its impact on data transfers from the EU to the United Kingdom, and *vice versa*, as well as data transfers from the United Kingdom to jurisdictions outside of

the EU. Also, it remains unclear what impact a United Kingdom withdrawal may have on taxes which may increase the cost of our services sold in the United Kingdom, or reduce our profit margins, or make our services less competitive with traditional communications service providers, or some combination of any of these potential issues. Additionally, the impending withdrawal of the United Kingdom from the EU has resulted in significant volatility in the international financial currency markets. Although most of our services revenues are denominated in U.S. dollars, we also receive payments in international currencies including the pound and the euro. Like all businesses that derive revenue in differing currencies, we incur risks with respect to currency translation when there are fluctuations in exchange rates and when the U.S. dollar is valued higher as compared to other currencies. While we cannot predict the impact that an actual exit from the EU will have on 8x8 UK Limited, the potential collateral impact it may have on our operations elsewhere including the U.S., nor its potential impact on our financial results, the United Kingdom's vote to leave the European Union and the uncertainties associated with whether it will be with or without a formal plan has created legal, regulatory, and currency risk that may have a materially adverse impact on our business.

Our future operating results may vary substantially from period-to-period and may be difficult to predict.

Our historical operating results have fluctuated significantly and will likely continue to fluctuate in the future, and a decline in our operating results could cause our stock price to fall. On an annual and a quarterly basis, there are a number of factors that may affect our operating results, some of which are outside our control. These include, but are not limited to:

- changes in market demand;
- the timing of customer subscriptions for our cloud software solutions;
- customer cancellations;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers;
- lengthy sales cycles and/or regulatory approval cycles;
- new product introductions by us or our competitors;
- extent of market acceptance of new or existing services and features;
- the mix of our customer base and sales channels;
- the mix of services sold;
- the number of additional customers, on a net basis;
- the amount and timing of costs associated with recruiting, training and integrating new employees;
- unforeseen costs and expenses related to the expansion of our business, operations and infrastructure;
- continued compliance with industry standards and regulatory requirements;
- material security breaches or service interruptions due to cyberattacks or infrastructure failures or unavailability;
- introduction and adoption of our cloud software solutions in markets outside of the United States;
- changes in the recognition pattern of revenues and operating expenses as a result of new regulations, accounting principles and their interpretations, such as Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606); and
- general economic conditions.

Due to these and other factors, we believe that period-to-period comparisons of our results of operations are not meaningful and should not be relied upon as indicators of our future performance. It is possible that in some future periods our results of operations may be below the expectations of public market analysts and investors. If any of these were to occur, the price of our common stock would likely decline significantly.

In addition, changes in regulatory and accounting principles, and our interpretation of these and judgments used in applying them to our facts and circumstances, could have a material effect on our results of operations and financial

condition. We also need to revise our business processes, systems and controls which requires significant management attention and may negatively affect our financial reporting obligations.

Our products and services must comply with industry standards, FCC regulations, state, local, country-specific and international regulations, and changes may require us to modify existing products and/or services.

In addition to reliability and quality standards, the market acceptance of telephony over broadband IP networks is dependent upon the adoption of industry standards so that products from multiple manufacturers are able to communicate with each other. Our cloud-based communications and collaboration services rely heavily on communication standards such as SIP, MGCP and network standards such as TCP/IP and UDP to interoperate with other vendors' equipment. There is currently a lack of agreement among industry leaders about which standard should be used for a particular application, and about the definition of the standards themselves. These standards, as well as audio and video compression standards, continue to evolve. We also must comply with certain rules and regulations of the FCC regarding electromagnetic radiation and safety standards established by Underwriters Laboratories, as well as similar regulations and standards applicable in other countries. Standards are frequently modified or replaced. As standards evolve, we may be required to modify our existing services or develop and support new versions of our services. We must comply with certain federal, state and local requirements regarding how we interact with our customers, including marketing practices, consumer protection, privacy, and billing issues, the provision of 9-1-1 or other international emergency services, including location data and the quality of service we provide to our customers. The failure of our products and services to comply, or delays in compliance, with various existing and evolving standards could delay or interrupt volume production of our communications and collaboration services, subject us to fines or other imposed penalties, or harm the perception and adoption rates of our service, any of which would have a material adverse effect on our business, financial condition or operating results.

For example:

- ***Regulation of our services as telecommunications services may require us to obtain authorizations or licenses to operate in foreign jurisdictions and comply with legal requirements applicable to traditional telephony providers.*** Regulators around the world, including those in the European Union generally do not distinguish between our cloud-based communications services and traditional telephony services. By entering additional international markets we may subject ourselves to significant regulation from foreign telecommunications authorities, including obligations to obtain telecommunications licenses and authorizations, complying with consumer protection laws and cooperating with local law enforcement authorities. This regulation impacts our ability to differentiate ourselves from incumbent service providers and imposes substantial compliance costs on us. Regulation restricts our ability to compete and, in some jurisdictions, it may restrict how we are able to expand our service offerings. Moreover, the regulatory environment is constantly evolving and changes to the applicable regulations may have an adverse effect upon our business by imposing additional compliance costs, modifying our technology and operations and in general affecting our profitability.

- ***Reform of federal and state Universal Service Fund programs and payment of regulatory and other fees in international markets, could increase the cost of our service to our customers diminishing or eliminating our pricing advantage.*** The FCC and a number of states are considering reform or other modifications to Universal Service Fund programs. Furthermore, the FCC has ruled that states can require us to contribute to state Universal Service Fund programs. A number of states already require us to contribute, while others are actively considering extending their programs to include the services we provide. At the same time, foreign regulatory authorities may impose regulatory fees or other contributions on our services. Should the FCC, states or foreign regulators adopt new contribution mechanisms or otherwise modify contribution obligations that increase our contribution burden, we will either need to raise the amount we currently collect from our customers to cover these obligations or absorb the costs, which would reduce our profit margins. We currently pass-through Universal Service Fund contributions and certain other fees to our customers, which may result in our services becoming less competitive as compared to those provided by others.

- ***We may become subject to state regulation for certain service offerings.*** Certain states take the position that offerings by VoIP providers, like us, are intrastate and therefore subject to state regulation. These states argue that if the beginning and end points of communications are known, and if some of these communications occur entirely within the boundaries of a state, the state can

regulate that offering. We believe that the FCC has preempted states from regulating VoIP services like ours in the same manner as providers of traditional telecommunications services. We cannot predict how this issue will be resolved or its impact on our business at this time.

- ***The FCC adopted rules concerning call completion rates to rural areas of the United States.*** It is possible that we, like other providers in the communications marketplace, may be subject to fines or other enforcement actions should the FCC determine that our call completion rates to rural areas are, or have been, unacceptable.

- ***The FCC and foreign regulators may require providers like us to comply with regulations related to how we present bills to customers.*** The adoption of such obligations may require us to revise our bills and may increase our costs of providing service which could either result in price increases or reduce our profitability.

- ***There may be risk associated with our ability to comply with U.S. and foreign rules concerning disabilities access requirements and the FCC and foreign regulators may expand disabilities access requirements to additional services we offer.*** We cannot predict whether we will be subject to additional accessibility requirements or whether any of our service offerings that are not currently subject to disabilities access requirements will be subject to such obligations. It is possible that we, like other providers in the communications marketplace, may be subject to fines or other enforcement actions if we are found not to be in compliance with the FCC's and foreign accessibility requirements.

- ***There may be risks associated with our ability to comply with requirements of the Telecommunications Relay Service and similar foreign statutes.*** The FCC requires providers of interconnected VoIP services to comply with certain regulations pertaining to people with disabilities and to contribute to the Telecommunications Relay Services fund. We are also required to offer 7-1-1 abbreviated dialing for access to relay services. At the same time, several foreign regulators also mandate accessibility requirements for people with disabilities. It is possible that we, like other providers in the communications marketplace, may be subject to fines or other enforcement actions if we are found not to be in compliance with these requirements, including the FCC's 7-1-1 abbreviated dialing obligations.

- ***There may be risks associated with our ability to comply with the requirements of U.S. and foreign law enforcement agencies.*** The FCC requires all interconnected VoIP providers to comply with the Communications Assistance for Law Enforcement Act, or CALEA. Similarly, foreign regulatory frameworks require VoIP providers to comply with local law enforcement and cooperate with local authorities in conducting wiretaps, pentraps and other surveillance activities. The FCC and other regulators may allow VoIP providers to comply with CALEA and similar statutes through the use of a service provided by a trusted third-party with the ability to extract call content and call-identifying information from a VoIP provider's network. Regardless of our reliance on a third party for compliance, it is possible that we, like other providers in the communications marketplace, may be subject to fines or other enforcement actions if we are found not to be in compliance with our obligations under CALEA or other similar assistance with law enforcement statutes.

- ***U.S. and foreign regulations may require us to deploy an E-911 or access to emergency service that automatically determines the location of our customers.*** In 2007, the FCC released a Notice of Proposed Rulemaking, in which it tentatively concluded that all interconnected VoIP providers that allow customers to use their service in more than one location (nomadic VoIP service providers, such as us), must utilize an automatic location technology that meets the same accuracy standards which apply to providers of commercial mobile radio services (mobile phone service providers). Since then, the FCC has been conducting proceedings and inquiries concerning the implementation of such a rule, including possible changes to the manner providers provision E-911 services on mobile applications. At the same time, foreign regulatory authorities, have conducted similar proceedings mandating VoIP providers in the applicable jurisdiction to provide caller location data when completing calls to the local emergency service numbers. The outcome of these proceedings cannot be determined at this time and we may or may not be able to comply with any such obligations that may be adopted. At present, we currently have no means to automatically identify the physical location of one of our customers on the Internet. We cannot guarantee that emergency calling service consistent with the FCC's order and other similar foreign orders will be available to all of our customers, especially those accessing our services from outside of the United States. Compliance with these obligations could result in service price

increases and could have a material adverse effect on our business, financial condition or operating results.

- ***The FCC adopted orders reforming the system of payments between regulated carriers that we partner with to interface with the public switch telephone network.*** The FCC reformed the system under which regulated providers of telecommunications services compensate each other for various types of traffic, including VoIP traffic that terminates on the PSTN and applied new call signaling requirements to VoIP providers and other service providers. The FCC's new rules require, among other things, interconnected VoIP providers, like us, that originate interstate or intrastate traffic destined for the PSTN, to transmit the telephone number associated with the calling party to the next provider in the call path. Intermediate providers must pass calling party number or charge number signaling information they receive from other providers unaltered, to subsequent providers in the call path. While we believe we are in compliance with this rule, to the extent that we pass traffic that does not have appropriate calling party number or charge number information, we could be subject to fines, cease and desist orders, or other penalties. The FCC's Order reforming payments between carriers for various types of traffic may result in increasing the payments we make to underlying carriers to access the PSTN, which may result in us increasing the retail price of our service, potentially making our offering less competitive with traditional providers of telecommunications services, or may reduce our profitability.

Our emergency and E-911 calling services are different from those offered by traditional wireline telephone companies and may expose us to significant liability.

There may be risks associated with limitations of E-911 and other emergency dialing with the 8x8 service.

Both our emergency calling service and our E-911 calling service are different, in significant respects, from the emergency calling services offered by traditional wireline telephone companies in the United States and abroad. In each case, the differences may cause significant delays, or even failures, in callers' receipt of the emergency assistance they need.

The FCC may determine that our nomadic emergency calling service does not satisfy the requirements of its VoIP E-911 order because, in some instances, our nomadic emergency calling service requires that we route an emergency call to a national emergency call center instead of connecting our customers directly to a local public-safety answering point through a dedicated connection and through the appropriate selective router. Similarly, foreign telecommunications regulators may determine that our nomadic emergency calling service does not meet applicable local emergency dialing and location requirements.

Delays our customers may encounter when making emergency services calls and any inability of the answering point to automatically recognize the caller's location or telephone number can result in life threatening consequences. Customers may, in the future, attempt to hold us responsible for any loss, damage, personal injury or death suffered as a result of any failure of our E-911 services and other emergency dialing services.

The New and Emerging Technologies 911 Improvement Act of 2008 provides public safety entities, interconnected VoIP providers and others involved in handling 911 calls the same liability protections when handling 911 calls from interconnected VoIP users as from mobile or wired telephone service users. The applicability of the liability protections to our national call center service is unclear at the present time.

Alleged or actual failure of our solutions to comply with regulations governing outbound dialing, including regulations under the Telephone Consumer Protection Act of 1991 and similar foreign statutes, could harm our business, financial condition, results of operations and cash flows.

The legal and contractual environment surrounding calling consumers and wireless phone numbers is complex and evolving. In the United States, two federal agencies, the Federal Trade Commission ("FTC") and the FCC, and various states have enacted laws including, at the federal level, the Telephone Consumer Protection Act of 1991, or TCPA, that restrict the placing of certain telephone calls and texts to residential and wireless telephone subscribers by means of automatic telephone dialing systems, prerecorded or artificial voice messages and fax machines. Internationally, we are also subject to similar laws imposing limitations on marketing calls to wireline and wireless numbers and compliance with do not call rules. These laws require companies to institute processes and safeguards to comply with these restrictions. Some of these laws can be enforced by the FTC, FCC, State Attorneys General, foreign regulators or private party litigants. In these types of actions, the plaintiff may seek damages, statutory penalties, costs and/or attorneys' fees.

It is possible that the FTC, FCC, foreign regulators, state attorneys general, private litigants or others may attempt to hold our customers, or us as a software provider, responsible for alleged violations of these laws. In the event

that litigation is brought, or fines are assessed, against us, we may not successfully enforce or collect upon any contractual indemnities we may have from our customers. Additionally, any changes to these laws or their interpretation that further restrict calling consumers, any adverse publicity regarding the alleged or actual failure by companies, including our customers and competitors, to comply with such laws, or any governmental or private enforcement actions related thereto, could result in the reduced use of our solution by our clients and potential clients, which could harm our business, financial condition, results of operations and cash flows.

Failure of our back-end information technology systems to function properly could result in significant business disruption.

We rely on IT systems to manage numerous functions of our internal operations, some of which were internally developed IT systems that were not fully integrated among themselves, or with our third-party ERP system. These IT systems require specialized knowledge for which we have to train new personnel, and if we were to experience an unusual increase in attrition of our IT personnel, we may not be adequately equipped to respond to an IT system failure. These IT systems were developed at a time when we provided services primarily to SMB customers and they may not be able to accommodate the requirements of larger enterprises as effectively as more modern and flexible solutions. Continued reliance on these systems may harm us competitively and impede our efforts to sell to larger enterprises.

Although we are in the process of upgrading a number of our IT systems, including our ERP software, our quote-to-cash software and our customer service and support software, we face risks relating to these transitions. For example, we may incur greater costs than we anticipate to train our personnel on the new systems; we may experience more errors in our records during the transition; and we may be delayed in meeting our various reporting obligations. To the extent any of these risks or events impact our customer service, we may experience an increase in customer attrition, which could have a material adverse impact on our results of operations.

Our inability to use software licensed from third parties, or our use of open source software under license terms that interfere with our proprietary rights, could disrupt our business.

Our technology platform incorporates software licensed from third parties, including some software, known as open source software, which we use without charge. Although we monitor our use of open source software, the terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide our platform to our customers. In the future, we could be required to seek licenses from third parties in order to continue offering our platform, which licenses may not be available on terms that are acceptable to us, or at all. Alternatively, we may need to re-engineer our platform or discontinue use of portions of the functionality provided by our platform. In addition, the terms of open source software licenses may require us to provide software that we develop using such software to others on unfavorable license terms. Our inability to use third-party software could result in disruptions to our business, or delays in the development of future offerings or enhancements of existing offerings, which could impair our business.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added, or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our business.

The applicability of state and local taxes, fees, surcharges or similar taxes to our services is complex, ambiguous and subject to interpretation and change. In the United States, for example, we collect state and local taxes, fees and surcharges based on our understanding of the applicable laws in the relevant jurisdiction. The taxing authorities may challenge our interpretation of the laws and may assess additional taxes, penalties and interests which could have adverse effects on the results of operations and, to the extent we pass these through to our customers, demand for our services. We currently file more than 1,000 state and municipal tax returns monthly. Periodically, we have received inquiries from state and municipal taxing agencies with respect to the remittance of state or municipal taxes, fees or surcharges. Currently, several jurisdictions are conducting audits of 8x8. As of March 31, 2019, we have accrued for state or municipal taxes, fees or surcharges that we believe are required to be remitted.

We have accrued a liability of approximately $8.0 million as our best estimate of the probable amount of taxes, fees and surcharges that may be imposed by states, municipalities and other taxing jurisdictions on our services to date. Historically, the amounts that have been remitted for uncollected state, municipal and other similar indirect taxes, fees, or surcharges have been within the accruals we established. We adjust our accrual when facts relating to specific exposures warrant such adjustment. This accrued contingent liability is based on our analysis of several factors, including the location where our services are used, our nexus to that jurisdiction for tax purposes, and the taxability of our services under the rules and regulations in each state or municipality (as these may be interpreted by regulatory and judicial authorities from time to time). While we have accrued for these potential liabilities based

on our analyses and best estimates at the time, state, municipal and other taxing and regulatory authorities may challenge our position, which could result in us being liable for sales and use taxes, fees, or surcharges, as well as related penalties and interest, above our accrued contingent liability. To the extent we collect or otherwise recover these taxes, fees or surcharges from our customers, our services may become less competitive, our churn rate may increase, and our revenue from new and existing customers may be materially adversely affected.

Our ability to use our net operating losses or research tax credits to offset future taxable income may be subject to certain limitations.

As of June 30, 2019, we had federal net operating loss ("NOL") carryforwards related to fiscal year 2019 of approximately $88.6 million which carryforward indefinitely and carryforwards related to prior years of $156.4 million which begin to expire in 2021. As of June 30, 2019, the Company had state net operating loss carryforwards $80.0 million, which expire at various dates between 2029 and 2037. We also had research and development credit carryforwards for federal and California tax purposes of approximately $10.1 million and $11.5 million, respectively. The federal income tax credit carryforwards related to research and development will expire at various dates between 2021 and 2036, while the California income tax credits will carryforward indefinitely. Utilization of our NOL and tax credit carryforwards can become subject to a substantial annual limitation due to the ownership change limitations provided by Section 382 of the Internal Revenue Code and similar state provisions. A Section 382 ownership change generally occurs if one or more stockholders or groups of stockholders who own at least 5% of the stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. Such an ownership change, or any future ownership change, could have a material effect on our ability to utilize the net operating loss or research credit carryforwards. In addition, under the Tax Cuts and Jobs Act, or the Tax Act, the amount of NOLs that we are permitted to deduct in any taxable year is limited to 80% of the taxable income in such year. There is a risk that due to changes under the Tax Act, regulatory changes, or other unforeseen reasons, the existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities, which could have a material impact on our net income (loss) in future periods.

If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.

The Sarbanes-Oxley Act of 2002 requires, among other things, that we establish and maintain internal control over financial reporting and disclosure controls and procedures. In particular, under the current rules of the Securities and Exchange Commission ("SEC"), we must perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our independent registered public accounting firm is also required to report on our internal control over financial reporting. Our and our auditor's testing may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses and render our internal control over financial reporting ineffective. We have incurred and we expect to continue to incur substantial accounting and auditing expense and expend significant management time in complying with the requirements of Section 404. If we are not able to comply with the requirements of Section 404, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to investigations or sanctions by the SEC, The NYSE Stock Market, or other regulatory authorities, or subject to litigation. To the extent any material weaknesses in our internal control over financial reporting are identified in the future, we could be required to expend significant management time and financial resources to correct such material weaknesses or to respond to any resulting regulatory investigations or proceedings.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported operating results.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (the "FASB"), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls. In addition, many companies' accounting policies are being subjected to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could materially impact our financial statements.

For example, in May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (*Accounting Standards Codification 606 or ASC 606*), which replaces numerous requirements in U.S. GAAP and provide companies with a single revenue recognition model for recognizing revenue from contracts with customers. The impact of adopting the new standard on our total revenues and deferred revenue has not been and is not expected

to be material. With the adoption of ASC 606 we also adopted ASC 340-40, Other Assets and Deferred Costs—Contracts with Customers, which requires the deferral of incremental costs of obtaining a customer contract which, under the old guidance, were expensed as incurred. Adoption of the new standard resulted in changes to our accounting policies for revenue recognition and deferred commissions.

We cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward, which could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of the change. In addition, if we were to change our critical accounting estimates, including those related to the recognition of subscription revenue and other revenue sources, our operating results could be significantly affected.

We may not be able to secure financing on favorable terms, or at all, to meet our future capital needs.

We may need to pursue financing in the future to make expenditures or investments to support the growth of our business (whether through acquisitions or otherwise) and may require additional capital to pursue our business objectives, respond to new competitive pressures, service our debt, pay extraordinary expenses such as litigation settlements or judgments or fund growth, including through acquisitions, among other potential uses. Additional funds, however, may not be available when we need them on terms that are acceptable to us, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow and support our business and to respond to business challenges could be significantly limited.

Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

On February 19, 2019, we issued $287.5 million aggregate principal amount of our 0.50% convertible senior notes due 2024 in a private placement. Pursuant to an indenture dated as of February 19, 2019 between us and Wilmington Trust, National Association, as trustee, the notes bear interest at a rate of 0.50% per annum, payable semi-annually in arrears in cash on February 1 and August 1 of each year, and they will mature on February 1, 2024, unless earlier converted, redeemed or repurchased.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the amounts payable under the notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We may not have the ability to raise the funds necessary to settle conversions of the notes in cash or to repurchase the notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the notes.

Holders of the notes have the right to require us to repurchase their notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefor or notes being converted. In addition, our ability to repurchase the notes or to pay cash upon conversions of the notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase notes at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the occurrence of the fundamental change may also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments upon conversions thereof.

The conditional conversion feature of the notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the notes is triggered, holders of notes will be entitled to convert the notes at any time during specified periods at their option. If one or more holders elect to convert their notes,

unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders of notes do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the notes, could have a material effect on our reported financial results.

Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options ("ASC 470-20"), an entity must separately account for the liability and equity components of the convertible debt instruments (such as the notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our condensed consolidated balance sheet at the issuance date and the value of the equity component would be treated as debt discount for purposes of accounting for the debt component of the notes. As a result, we will be required to record a greater amount of non-cash interest expense as a result of the amortization of the discounted carrying value of the notes to their face amount over the term of the notes. We will report larger net losses (or lower net income) in our financial results because ASC 470-20 will require interest to include both the amortization of the debt discount and the instrument's non-convertible coupon interest rate, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the notes.

In addition, under certain circumstances, convertible debt instruments (such as the notes) that may be settled entirely or partly in cash may be accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of such notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of such notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable or otherwise elect not to use the treasury stock method in accounting for the shares issuable upon conversion of the notes, then our diluted earnings per share could be adversely affected.

The capped call transactions entered into in connection with our sale of notes may affect the value of our common stock.

In connection with the offer and sale of the notes, we entered into capped call transactions with one or more of the initial purchasers or affiliates thereof and/or other financial institutions (the "option counterparties"). The capped call transactions are expected generally to reduce the potential dilution upon conversion of the notes at maturity and/or offset any cash payments we are required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap.

In capped call transactions similar to the ones we entered into, the option counterparties or their respective affiliates typically enter into various derivative transactions with respect to the issuer's common stock and/or purchase shares of the issuer's common stock concurrently with or shortly after the pricing of the notes. The option counterparties or their respective affiliates in our capped call transactions may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during the valuation period for the capped call transactions, which is expected to occur during the 40 trading day period beginning on the 41st scheduled trading day prior to the maturity of the notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock.

In addition, if any such capped call transactions fail to become effective, whether or not this offering of notes is completed, the option counterparties or their respective affiliates may unwind their hedge positions with respect to our common stock, which could adversely affect the value of our common stock.

Decreasing telecommunications rates and increasing regulatory charges may diminish or eliminate our competitive pricing advantage versus legacy providers.

Decreasing telecommunications rates may diminish or eliminate the competitive pricing advantage of our services, while increased regulation and the imposition of additional regulatory funding obligations at the federal, state, local and foreign level could require us to either increase the retail price for our services, thus making us less

competitive, or absorb such costs, thus decreasing our profit margins. International and domestic telecommunications rates have decreased significantly over the last few years in most of the markets in which we operate, and we anticipate these rates will continue to decline in all of the markets in which we do business or expect to do business. Users who select our services to take advantage of the current pricing differential between traditional telecommunications rates and our rates may switch to traditional telecommunications carriers if such pricing differentials diminish or disappear, and we will be unable to use such pricing differentials to attract new customers in the future. Continued rate decreases would require us to lower our rates to remain competitive in the United States and abroad and would reduce or possibly eliminate any gross profit from our services. In addition, we may lose subscribers for our services.

Adverse economic conditions may harm our business.

Our business depends on the overall demand for cloud communications services and on the economic health of our current and prospective customers, which consist primarily of businesses (both for-profit and non-profit). If economic conditions deteriorate globally or in the jurisdictions that account for a material amount of our revenue (in particular, the United States, Europe and Canada, Australia), the size of our target market may decrease, and existing and prospective customers may delay or reduce their cloud communications spending. If our existing and prospective customers experience economic hardship, this could reduce the demand for our cloud services, delay and lengthen sales cycles, force us to lower the prices for our services, and lead to slower growth or even a decline in our revenues, operating results and cash flows.

We currently rely on small and medium-sized businesses for a significant portion of our revenue. Customers in this market generally have more limited financial resources, and may be affected by economic downturns, to a greater extent than larger or more established businesses. If small and medium-sized businesses experience financial hardship as a result of a weak economy, the demand for our services could be materially and adversely affected, and our revenue may not increase from period-to-period as rapidly as our competitors who have less dependence on sales to these sectors, or may even decrease from period-to-period.

Risks Related to Our Common Stock

Future sales of our common stock or equity-linked securities in the public market could lower the market price for our common stock.

In the future, we may sell additional shares of our common stock or equity-linked securities to raise capital. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options, upon the vesting and settlement of restricted stock units and performance units, and upon conversion of our notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sale of substantial amounts of common stock or equity-linked securities, or the perception that such issuances and sales may occur, could adversely affect the trading price of the notes and the market price of our common stock and impair our ability to raise capital through the sale of additional equity or equity-linked securities.

As of June 30, 2019, our directors and executive officers held an aggregate of 1,694,523 shares, or 1.75%, of our common stock outstanding as of such date. In addition, as of June 30, 2019, 11,167,565 shares of our common stock were subject to options, restricted stock units, and performance stock units outstanding, and 10,023,008 shares of our common stock were available for future grant under our equity incentive plans. These shares may be sold in the public market upon issuance and once vested, subject to the restrictions provided under the terms of the applicable plan or award agreement. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

We are unable to predict the effect that sales, or the perception that our shares may be available for sale, will have on the prevailing market price of our common stock.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Furthermore, such analysts publish their own projections regarding our actual results. These projections may vary widely from one another and may not accurately predict the results we actually achieve. Our stock price may

decline if we fail to meet analysts' projections.

Certain provisions in our charter documents and Delaware law could discourage takeover attempts.

Our restated certificate of incorporation and by-laws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors, including, among other things:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by a majority vote of our Board of Directors or by stockholders holdings shares of our common stock representing in the aggregate a majority of votes then outstanding, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the ability of our board of directors, by majority vote, to amend our by-laws, which may allow our board of directors to take additional actions to prevent a hostile acquisition and inhibit the ability of an acquirer to amend our by-laws to facilitate a hostile acquisition; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

We are also subject to certain anti-takeover provisions under the General Corporation Law of the State of Delaware, or the DGCL. Under Section 203 of the DGCL, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or (i) our board of directors approves the transaction prior to the stockholder acquiring the 15% ownership position, (ii) upon consummation of the transaction that resulted in the stockholder acquiring the 15% ownership position, the stockholder owns at least 85% of the outstanding voting stock (excluding shares owned by directors or officers and shares owned by certain employee stock plans) or (iii) the transaction is approved by the board of directors and by the stockholders at an annual or special meeting by a vote of 66 2/3% of the outstanding voting stock (excluding shares held or controlled by the interested stockholder). These provisions in our restated certificate of incorporation and by-laws and under Delaware law could discourage potential takeover attempts.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
2.1+	Share Purchase Agreement, dated as of July 17, 2019, by and among, 8x8, Inc., Wavecell Pte. Ltd., the Sellers named herein, and Qualgro Partners Pte. Ltd.*
10.1+	8x8, Inc. Employee Bonus Plan.**
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	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.
32.2	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.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission on request.

** Management contract or compensatory plan or arrangement.

\+ Furnished herewith.

SIGNATURE

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.

Date: July 30, 2019

8X8, INC.
(Registrant)
By: /s/ Steven Gatoff
Steven Gatoff
Chief Financial Officer
(Principal Financial and Duly Authorized Officer)

EXHIBIT 2.01

EXECUTION VERSION

SHARE PURCHASE AGREEMENT

BY AND AMONG

8X8, INC.,

WAVECELL PTE. LTD.,

THE SELLERS NAMED HEREIN

and

QUALGRO PARTNERS PTE. LTD.,

SOLELY IN ITS CAPACITY AS THE EQUITYHOLDER REPRESENTATIVE

July 17, 2019

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SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this "Agreement"), dated as of July 17, 2019, is entered into by and among 8x8, Inc., a Delaware corporation ("Buyer"), Wavecell Pte. Ltd., a corporation incorporated under the laws of the Republic of Singapore (the "Company"), the Persons listed in Annex A to this Agreement (the "Sellers") and Qualgro Partners Pte. Ltd., as the Equityholder Representative. Capitalized terms shall have the meanings given to them in Section 1.01(a) (or as defined elsewhere in this Agreement in accordance with Section 1.01(b)).

RECITALS

WHEREAS, as of the date hereof, the Sellers collectively own 100% of the issued and outstanding ordinary shares and preferred shares (collectively, the "Shares") of the Company, as set forth on Schedule 4.05 hereto;

WHEREAS, Buyer desires to purchase the Shares from the Sellers, and the Sellers desire to sell the Shares to Buyer, all on the terms and subject to the conditions hereinafter set forth;

WHEREAS, prior to the execution and delivery of this Agreement, and as a condition and inducement to Buyer's willingness to enter into this Agreement, the Persons listed in Annex B (collectively, the "Key Employees") have entered into offer letters and related employment documentation with Buyer (the "Offer Letters"), to be effective upon the Closing;

WHEREAS, prior to the execution and delivery of this Agreement, and as a condition and inducement to Buyer's willingness to enter into this Agreement, each Person listed in Annex C (collectively, the "Restricted Shareholders") has been issued that number of ordinary shares of the Company set forth opposite such Person's name (the "Restricted Shares") and entered into a restricted share agreement with the Company and the Buyer in the form of Exhibit A (the "Restricted Share Agreements"), to be effective upon the Closing; and

WHEREAS, contemporaneously with the execution and delivery of this Agreement, and as a condition and inducement to Buyer's willingness to enter into this Agreement, the Key Employees are entering into non-competition and non-solicitation agreements with the Buyer in the form of Exhibit B (the "Non-Competition and Non-Solicitation Agreement") and Olivier Gerhardt is entering into a revesting agreement with the Buyer in the form of Exhibit C (the "Vesting Agreement") to be effective upon the Closing.

AGREEMENT

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

ARTICLE 1.
DEFINITIONS

Section 1.01 Definitions.

(a) As used in this Agreement, the following terms have the following meanings:

"Accrued Income Taxes" means an amount (which shall not be less than zero) equal to all unpaid corporate income Tax liabilities of the Acquired Companies for any Pre-Closing Tax Period (determined, with respect to a Straddle Period, in accordance with Section 8.02).

"Acquired Companies" means the Company and each of its Subsidiaries.

"Acquisition Proposal" means, other than the transactions contemplated by this Agreement or any other transactions involving Buyer or any Affiliate of Buyer, on the one hand, and the Company, on the other hand, any

offer, proposal or inquiry relating to, or any Person's indication of interest in, (i) the sale, license or other disposition of all or a material portion of the business or assets of any Acquired Company, (ii) the issuance, disposition or acquisition of (a) any capital stock or other equity security of any Acquired Company (including the Shares), (b) any subscription, option, call, warrant, preemptive right, right of first refusal or any other right (whether or not exercisable) to acquire any capital stock or other equity security of any Acquired Company (including the Shares), or (c) any security, instrument or obligation that is or may become convertible into or exchangeable for any capital stock or other equity security of any Acquired Company (including the Shares) or (iii) any merger, consolidation, business combination, reorganization or similar transaction involving any Acquired Company.

"ACRA" means the Accounting and Corporate Regulatory Authority of Singapore.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, "control," when used with respect to any specified person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through ownership of voting securities or by contract or otherwise, and the terms "controlling" and "controlled by" have correlative meanings to the foregoing.

"Aggregate Cash Consideration" means an amount in U.S. Dollars equal to fifty-five percent (55%) of the Estimated Total Consideration Value.

"Aggregate Closing Cash Consideration" means an amount in U.S. Dollars equal to the difference of the Aggregate Cash Consideration minus (i) the Escrow Cash minus (ii) the Equityholder Representative Expense Amount.

"Aggregate Closing Share Consideration" means a number of Buyer Shares equal to the difference of (i) the Aggregate Share Consideration minus (ii) the Holdback Shares.

"Aggregate Share Consideration" means a number of Buyer Shares valued at the Buyer Stock Price equal to the difference of (i) the Estimated Total Consideration Value minus (ii) the Aggregate Cash Consideration.

"Allocation Schedule" means the schedule attached hereto as Schedule 1.01(a) that sets forth the proportion of cash to Buyer Shares that is payable to the Sellers and the Award Holders hereunder.

"Applicable Law" means, with respect to any Person, any central, federal, state, local, municipal, foreign or other law, constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement (including the implementing rules and regulations or the rules and regulations of any applicable securities exchange) enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person, as amended unless expressly specified otherwise.

"Award Holders" means the holder of one or more Company Options.

"Balance Sheet" means the consolidated unaudited balance sheet of the Acquired Companies as of March 31, 2019.

"Balance Sheet Date" means March 31, 2019.

"Benefit Plan" means (i) each employee benefit plan, as defined in Section 3(3) of ERISA or any similar plan subject to laws of a jurisdiction outside of the United States (whether or not subject to ERISA), (ii) each employment, consulting, advisor or other service agreement or arrangement, (iii) each severance, termination, pension, retirement, supplemental retirement, excess benefit, profit sharing, bonus, incentive, deferred compensation, retention, transaction, change in control and similar plan, program, arrangement, agreement, policy or commitment, (iv) each compensatory stock option, restricted stock, performance stock, stock appreciation, deferred stock or other equity or equity-linked plan, program, arrangement, agreement, policy or commitment, (v) each savings, life, health, disability, accident, medical, dental, vision, cafeteria, insurance, flex spending, adoption/dependent/employee assistance, tuition, vacation, leave entitlements, paid-time-off, other welfare fringe benefit and each other employee compensation or benefit plan, program, agreement, policy, commitment or arrangement (other than any statutory plan, program or arrangement that is required under Applicable Law and maintained by any Governmental Authority).

"Business Day" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York, San Francisco, California or Singapore are authorized or required by Applicable Law to close.

"Buyer Common Stock" means the Common Stock of Buyer, par value of US$0.001.

"Buyer Indemnitee" mean each of the following Persons: (i) Buyer, (ii) Buyer's current and future Affiliates (including, following the Closing, the Acquired Companies), (iii) the respective directors, officers and employees of the Persons referred to in clauses (i) and (ii) above, and (iv) the respective successors and assigns of the Persons referred to in clauses (i), (ii) and (iii) above; provided, however, that the Equityholders shall not be deemed to be "Buyer Indemnitees."

"Buyer Indemnitors" means Buyer and its respective successors and assigns.

"Buyer Material Adverse Effect" means any event, change, development or state of facts that is or would reasonably be expected to be materially adverse to (i) the business, assets, liabilities, operations, condition (financial or otherwise) or prospects of the Buyer and its Affiliates, taken as a whole, or (ii) the ability of the Buyer to perform its obligations under this Agreement or to consummate the transactions contemplated hereby; provided, however, that, solely with respect to clause (i), none of the following events, changes, developments or state of facts shall be deemed, either alone or in combination, to constitute a Buyer Material Adverse Effect, or be taken into account in determining whether there has been or will be a Buyer Material Adverse Effect: (a) general economic, political or regulatory conditions in any of the geographical areas in which the Buyer or any of its Affiliates operates; (b) any change in the financial, banking, currency or capital markets in general (whether in the United States or any other country or in any international market); (c) conditions generally affecting any of the industries in which Buyer or any of its Affiliates operates; (d) acts of God, natural disasters, or the occurrence of any military or terrorist attack or any force majeure; (e) the announcement of this Agreement or the pendency of the transactions contemplated hereby; (f) any changes in U.S. GAAP (or other applicable accounting regulations, standards or principles) (or interpretations thereof) or any change in Applicable Laws or the interpretation thereof; (g) the taking of any action required or expressly contemplated by this Agreement or any action requested by any of the Equityholders in writing to be taken; or (h) any failure by the Buyer or any of its Subsidiaries to meet internal or other budgets, plans, revenue forecasts, earnings estimates or financial projections or other financial performance or results of operations, in and of itself (it being understood that the facts or occurrences giving rise or contributing to such failure, to the extent not otherwise excluded by another clause of this definition, may be deemed to constitute, or be taken into account in determining whether there has been, a Buyer Material Adverse Effect); but in the case of clauses (a), (b), (c), (d) or (f), only to the extent any event, change, development or state of facts does not, individually or in the aggregate, have a disproportionate adverse impact on the Buyer and its Affiliates (taken as a whole) relative to other Persons in the industries in which the Buyer and its Affiliates operate.

"Buyer Share" means a share of Buyer Common Stock.

"Buyer Stock Price" means the volume weighted average trading price of a Buyer Share on the NYSE, calculated to four decimal places and determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours, for the thirty (30) consecutive trading days ending on the fourth complete trading day prior to (and excluding) the Closing Date as reported by Bloomberg, L.P. (or, if not reported therein, in another authoritative source mutually selected by the parties), subject to customary equitable adjustment for any stock split (including reverse stock split), recapitalization and similar events pursuant to which the outstanding number of Buyer Shares shall have been converted into a different number of Buyer Shares following the Closing.

"Closing Cash" means the amount of cash and cash equivalents held by the Acquired Companies as of the close of the Business Day Singapore time on the Closing Date, net of all outstanding checks and drafts.

"Closing Indebtedness" means all Indebtedness of the Acquired Companies as of the close of the Business Day Singapore time on the Closing Date.

"Closing Per Share Consideration Value" means an amount in U.S. Dollars equal to the difference between (i) the Per Share Consideration Value minus (ii) the Per Share Contribution Amount.

"Closing Working Capital" means Working Capital as of the close of the Business Day Singapore time on the Closing Date.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Companies Act" means the Companies Act, Chapter 50 of Singapore.

"Company Benefit Plan" means any Benefit Plan that is maintained or sponsored by any Acquired Company or under which any Acquired Company has any obligation or liability (whether fixed or contingent, direct or indirect) to provide compensation and/or benefits to or for the benefit of any current or former Service Provider (or any beneficiary or dependent thereof).

"Company Disclosure Schedule" means the disclosure schedule, dated as of the date of this Agreement, that has been provided by the Company to Buyer setting forth, subject to Section 1.02(k), among other things, items the disclosure of which is called for by this Agreement, either in response to a disclosure requirement contained in a provision of this Agreement or as an exception to one or more of the representations, warranties, covenants or agreements contained in this Agreement.

"Company ESOP" means the Company's Employee Share Option Scheme 2016 and Employee Share Option Scheme 2017.

"Company IP" means all Company Licensed IP and Company Owned IP.

"Company IP Contract" means any Contract that is a Company Inbound IP License or a Company Outbound IP License.

"Company Licensed IP" means all Intellectual Property Rights and Technology in-licensed by the Acquired Companies.

"Company Option" means any option to purchase Company Ordinary Shares.

"Company Ordinary Shares" means ordinary shares of the Company.

"Company Owned IP" means all Intellectual Property Rights and Technology owned or purported to be owned by, or exclusively licensed to, the Acquired Companies.

"Company Preference Shares" means the Series Seed Preference Shares, the Series A Preference Shares and the Series B Preference Shares or any of them as the context may require.

"Company Products" means all products and services offered, owned, developed, marketed, licensed, sold, performed, distributed or otherwise made available by any Acquired Company, as well as any product or service under development by or for any Acquired Company.

"Company Transaction Expenses" means (i) any fees and disbursements incurred by or on behalf of any Acquired Company and payable to any financial advisor, investment banker, broker or finder in connection with the transactions contemplated by this Agreement (excluding goods and services Taxes imposed on any Acquired Company under Applicable Law in connection therewith, to the extent the Company and the Buyer agree such Taxes will be refunded following the Closing), (ii) the fees and disbursements payable to legal counsel, consultants or accountants of any Acquired Company that are payable by any Acquired Company in connection with the transactions contemplated by this Agreement (other than up to US$75,000 for the reasonable and documented out-of-pocket costs of the Company in connection with obtaining the U.S. GAAS Audit Opinion) (excluding goods and services Taxes imposed on any Acquired Company under Applicable Law in connection therewith, to the extent the Company and the Buyer agree such Taxes will be refunded following the Closing), (iii) any amounts payable to any current or former Service Provider in connection with the Sale or any of the other transactions contemplated by this Agreement under any change of control, retention, termination, severance, bonus or other similar arrangement (whether paid or provided prior to, on or following the Closing Date and whether or not in connection with another event, including any termination of service), together with any Taxes imposed on any Acquired Company in connection therewith, as well as any Taxes imposed on any Acquired Company with respect to the Option Consideration, (iv) any fees, costs, or expenses payable by any Acquired Company to the Equityholder Representative (other than those fees, costs or expenses to be covered by the Equityholder Representative Expense Amount), (v) any fees, costs or expenses payable to the Escrow Agent in connection with the Escrow Cash and Escrow Agreement; (vi) fifty percent (50%) of any Transfer Taxes incurred in connection with this Agreement and the transactions contemplated hereby (other in connection with the Restricted Shares) in accordance with Section 8.06; and (vii) all other miscellaneous out-of-pocket expenses or costs, in each case, incurred by any Acquired Company in connection with the transactions contemplated by this Agreement.

"Confidentiality Agreement" means that certain mutual non-disclosure agreement, dated as of November 20, 2018, between the Company and Buyer.

"Consent" means any approval, consent, ratification, permission, waiver or authorization (including any Permit).

"Contract" means any contract, agreement, indenture, note, bond, loan, license, instrument, lease, commitment, plan or other arrangement, whether oral or written.

"Damages" means any loss, damage, injury, decline in value, lost opportunity, liability, claim, demand, settlement (subject to Section 11.06), judgment, award, fine, penalty, Tax, fee (including reasonable attorneys' fees), charge, cost (including costs of investigation and design-around costs) or expense of any nature; provided, that (x) consequential, indirect or similar losses (including for lost profits or revenues, loss of business, loss of opportunity and diminution of value) shall only constitute "Damages" to the extent reasonably foreseeable and (y) punitive or exemplary damages shall only constitute "Damages" to the extent awarded in connection with a Third Party Claim.

"Due Amounts" means any amount due from an Equityholder to the Buyer pursuant to Article 11.

"Environmental Laws" means any Applicable Law or any agreement with any Governmental Authority or other Person, relating to human health and safety, the environment or to Hazardous Substances.

"Environmental Permits" means all permits, licenses, franchises, certificates, approvals and other similar authorizations of Governmental Authorities relating to or required by Environmental Laws and affecting, or relating in any way to, the business of the Acquired Companies as currently conducted.

"Equityholder Indemnitee" mean each of the following Persons: (i) each Equityholder, (ii) with respect to each Equityholder, (1) such Equityholder's Affiliates, (2) the directors, officers and employees of such Equityholder and such Equityholder's Affiliates, and (iii) the respective successors and assigns of the Persons referred to in clauses (i) and (ii) above.

"Equityholder Indemnitors" means, collectively, the Equityholders and their respective successors and assigns.

"Equityholder Representative Expense Amount" means an amount in cash equal to US$400,000.

"Equityholders" means, collectively, the Sellers and the Award Holders.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Escrow Agent" means Citibank, N.A., or if it is unable or unwilling to serve, such other bank or trust company of recognized standing to which Buyer and the Equityholder Representative mutually agree in writing.

"Escrow Agreement" means the form of escrow agreement governing the Escrow Account, substantially in the form attached hereto as Exhibit H.

"Escrow Cash" means an amount in U.S. Dollars equal to 15% of the Aggregate Cash Consideration.

"Estimated Total Consideration Value" means an amount equal to (A) US$125,000,000, minus (B) the Estimated Closing Indebtedness, minus (C) the amount of Estimated Unpaid Company Transaction Expenses, minus (D) the amount, if any, by which Estimated Closing Working Capital is less than Target Working Capital Lower Limit, plus (E) the amount of Estimated Closing Cash, plus (F) the amount, if any, by which Estimated Closing Working Capital is greater than Target Working Capital Upper Limit.

"Exchange Act" means the Securities Exchange Act of 1934.

"Fraud" means common law fraud, with the element of scienter, pursuant to the laws of the State of New York (which, for the avoidance of doubt, shall not include any claim based on negligence or recklessness).

"Fully Diluted Ordinary Number" means the sum of (i) the total number of Company Ordinary Shares that are issued and outstanding immediately prior to the Closing (excluding the Restricted Shares), (ii) the total number of Company Ordinary Shares that are issuable upon the conversion in full of all Company Preference Shares issued and outstanding immediately prior to the Closing, and (iii) the total number of Company Ordinary Shares that are issuable upon the conversion or exercise in full of all convertible securities, Company Options, warrants or other rights to acquire Shares that are outstanding immediately prior to the Closing.

"Fundamental Buyer Representations" means the representations and warranties set forth in Sections 5.01, 5.02, 5.04(a), 5.04(b), 5.05 and 5.06.

"Fundamental Company Representations" means the representations and warranties set forth in Sections 3.01, 3.02, 3.03(a), 3.03(b), 3.04, 3.18, 3.25, 4.01, 4.02, 4.04(a), 4.04(b) and 4.05.

"Governmental Authority" means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; or (iii) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, organization, unit, body or Person and any court or other tribunal and including any arbitrator and arbitration panel), in each case, having jurisdiction over the applicable party.

"Hazardous Substances" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any of the foregoing characteristics, including petroleum, its derivatives, by-products and other hydrocarbons, and any substance, waste or material regulated under any Environmental Law.

"Holdback Funds" means the Escrow Cash and the Holdback Shares, as such amounts may be reduced from time to time after the Closing in accordance with this Agreement, including as a result of the release to the Equityholders or the Buyer or any Buyer Indemnitee or otherwise (but subject to the second sentence of Section 11.03(b)).

"Holdback Funds Value" means 15% of the Estimated Total Consideration Value.

"Holdback Initial Release Funds" means one third (1/3) of the Holdback Funds.

"Holdback Shares" means a number of Buyer Shares equal to 15% of Aggregate Share Consideration, rounded up to the nearest whole share.

"Indebtedness" means any liability of a Person for any amount owed (including (i) unpaid interest, (ii) premium thereon, (iii) any prepayment penalties, breakage costs, fees, expenses or similar charges arising as a result of the discharge of any such liability, and (iv) any payments or premiums attributable to, or which arise as a result of, a change of control of such Person or any Affiliate of such Person) in any such case if it is in respect of (a) any indebtedness for such Person for money borrowed or evidenced by a note, bond, debenture or other similar interest, (b) capitalized lease obligations (excluding Company Leased Real Property and leases for printers), (c) obligations for the reimbursement of any obligor for amounts drawn on any letter of credit, banker's acceptance or similar transaction, (d) obligations for the deferred purchase price of property or services (other than current liabilities for such property or services incurred in the ordinary course of business, but including milestone payments and other types of earn-outs or contingent payments due for the acquisition of capital stock or assets of another Person), (e) Accrued Income Taxes, (f) any obligations for unfunded liabilities relating to any employee benefit plan, pension plan or similar arrangement, including retirement indemnities, termination indemnities and seniority premiums, (g) obligations for repayment of monies paid under grants or subsidies from Governmental Authority, and (h) any liability of the type described in clauses (a) through (g) guaranteed by such Person, that is recourse to such Person or any of its assets or that is otherwise its legal liability or that is secured in whole or in part by the assets of such Person.

"Indemnified Taxes" means any Taxes of the Acquired Companies with respect to any Pre-Closing Tax Period; Taxes of Sellers (including, without limitation, capital gains Taxes arising as a result of the transactions contemplated by this Agreement) or any of their Affiliates (excluding the Acquired Companies) for any Tax period; Taxes attributable to any restructuring or reorganization undertaken by Sellers or the Acquired Companies prior to the Closing; Taxes for which any Acquired Company (or any predecessor thereof) is held liable under United States Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Tax law) by reason of such Acquired Company being included in any consolidated, affiliated, combined or unitary group at any time on or before the Closing Date; and Taxes payable by the Acquired Companies pursuant to a Tax sharing, indemnification or allocation agreement (excluding customary indemnification provisions in a commercial Contract entered into in the ordinary course of business which Contract does not relate primarily to Taxes); provided, however, Indemnified Taxes shall not include any Taxes included in Accrued Income Taxes or in Company Transaction Expenses.

"Indemnitees" means (a) with respect to any claim by the Buyer for indemnification pursuant to Section 11.02, the Buyer and its respective successors and assigns, and (b) with respect to any claim by an Equityholder for indemnification pursuant to Section 11.02, such Equityholder and its respective successors and assigns.

"Indemnitors" means (a) with respect to any claim by the Buyer for indemnification pursuant to Section 11.02, the Equityholder Indemnitors, and (b) with respect to any claim by an Equityholder for indemnification pursuant to Section 11.02, the Buyer Indemnitors.

"Intellectual Property Rights" means and includes all rights of the following types, whether registered or unregistered, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, design rights, and moral rights; (ii) trademark, trade name, brand names, brand marks, corporate names, service name, trade dress and service mark rights, logos, slogans, hash tags, social media pages and 800 numbers and similar means of identification and similar rights, including all goodwill associated with the foregoing; (iii) trade secret rights and other rights in know-how and confidential or proprietary information (including any business plans, technical data, invention disclosures, customer data, financial information, pricing and cost information or other similar information); (iv) United States and foreign patents, including utility models, industrial designs and design patents, and applications therefor (and any patents that issue as a result of those patent applications), and any renewals, reissues, reexaminations, extensions, continuations, continuations-in-part, divisions and substitutions relating to any of such patents and patent applications, and any counterparts worldwide claiming priority therefrom, and all rights in and to any of the foregoing; (v) rights in databases and data collections (including knowledge databases, customer lists and customer databases); (vi) any other proprietary rights in Technology of every kind and nature; and (vii) all past, present and future claims and causes of action claims arising out of or related to infringement or misappropriation of any of the foregoing.

"Key Closing Representations" means the representations and warranties set forth in Sections 3.01, 3.02, 3.03(a), 3.03(b), 3.04, 3.25, 4.01, 4.02, 4.04(a), 4.04(b) and 4.05.

"Knowledge" means (a), with respect to any Acquired Company, the actual knowledge of each of the Persons identified as such on Schedule 1.01(b), and the knowledge that each of such individuals should have obtained after reasonable inquiry in the course of the performance of their respective duties on behalf of any Acquired Company (the "Company Knowledge Persons") and (b), with respect to Buyer, the actual knowledge of each of the Persons identified as such on Schedule 1.01(b), and the knowledge that each of such individuals should have obtained after reasonable inquiry in the course of the performance of their respective duties on behalf of Buyer (the "Buyer Knowledge Persons").

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

"Material Adverse Effect" means any event, change, development or state of facts that is or would reasonably be expected to be materially adverse to (i) the business, assets, liabilities, operations, condition (financial or otherwise) or prospects of the Acquired Companies, taken as a whole, or (ii) the ability of the Sellers or the Company to perform its obligations under this Agreement or to consummate the transactions contemplated hereby; provided, however, that, solely with respect to clause (i), none of the following events, changes, developments or state of facts shall be deemed, either alone or in combination, to constitute a Material Adverse Effect, or be taken into account in determining whether there has been or will be a Material Adverse Effect: (a) general economic, political or regulatory conditions in any of the geographical areas in which any Acquired Company operates; (b) any change in the financial, banking, currency or capital markets in general (whether in the United States or any other country or in any international market); (c) conditions generally affecting any of the industries in which any Acquired Company operates; (d) acts of God, natural disasters, or the occurrence of any military or terrorist attack or any force majeure; (e) the announcement of this Agreement or the pendency of the transactions contemplated hereby; (f) any changes in SFRS (or other applicable accounting regulations, standards or principles) (or interpretations thereof) or any change in Applicable Laws or the interpretation thereof; (g) the taking of any action required or expressly contemplated by this Agreement or any action requested by the Buyer in writing to be taken; or (h) any failure by an Acquired Company or any of its Subsidiaries to meet internal or other budgets, plans, revenue forecasts, earnings estimates or financial projections or other financial performance or results of operations, in and of itself (it being understood that the facts or occurrences giving rise or contributing to such failure, to the extent not otherwise excluded by another clause of this definition, may be deemed to constitute, or be taken into account in determining whether there has been, a Material Adverse Effect); but in the case of clauses (a), (b), (c), (d) or (f), only to the extent any event, change, development or state of facts does not,

individually or in the aggregate, have a disproportionate adverse impact on the Acquired Companies (taken as a whole) relative to other Persons in the industries in which the Acquired Companies operate.

"Needed Company Financials" means (i) the audited consolidated balance sheet of the Company and its Subsidiaries as of December 31, 2018 and the related audited statements of income and cash flows for the fiscal year then ended, prepared in accordance with SFRS (applied on a consistent basis throughout the periods covered and consistent with the other Needed Company Financials), together with the audit opinion of the Company's independent accounting firm in accordance with U.S. GAAS (the "U.S. GAAS Audit Opinion") and the consent of the Company's independent auditing firm to the filing by Buyer of such financial statements and U.S. GAAS Audit Opinion with the SEC, and (ii) the unaudited consolidated balance sheet of the Company and its Subsidiaries as of March 31, 2019 and the related unaudited statements of income and cash flows for the fiscal quarter then ended, prepared in accordance with SFRS (applied on a consistent basis throughout the periods covered and consistent with the other Needed Company Financials).

"NYSE" means the New York Stock Exchange.

"Open Source Materials" means Software or other material that is distributed as "free software," "open source software" or under similar licensing or distribution terms.

"Per Share Consideration Value" means an amount in U.S. Dollars equal to the quotient of (i) the Estimated Total Consideration Value divided by (ii) Fully Diluted Ordinary Number.

"Per Share Contribution Amount" means an amount in U.S. Dollars equal to the quotient of (i) the sum of (A) the Holdback Funds Value plus (B) the Equityholder Representative Expense Amount divided by (ii) Fully Diluted Ordinary Number.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Authority.

"Personal Data" means, collectively, (i) a natural Person's name, street address, telephone number, e-mail address, photograph, social security number or tax identification number, driver's license number, passport number, credit card number, bank account information and other financial information, customer or account numbers, account access codes and passwords, or any other piece of information that, alone or in combination with other information collected, held or otherwise managed by any of the Acquired Companies, can reasonably be used to identify such natural Person or household or enables access to such Person's financial information; (ii) any information relating to an identified natural Person, a natural Person who can reasonably be identified, or the device of a natural Person, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that Person; (iii) all data and content uploaded or otherwise provided by or on behalf of the Acquired Companies' customers to any of the Acquired Companies, or stored by such customers on any medium provided or controlled by an Acquired Company; and (iv) any other data collected by or on behalf of an Acquired Company that pertains to the Acquired Companies' customers or to any other Persons. Any information created or processed by an Acquired Company that is based on or combined with Personal Data shall also be Personal Data.

"Pre-Closing Tax Period" means (i) any Tax period ending on or before the Closing Date and (ii) with respect to any Straddle Period, the portion of such period ending on the Closing Date.

"Privacy, Security and Consumer Protection Laws" means all Applicable Laws concerning the protection, privacy or security of Personal Data (including any Applicable Laws of jurisdictions where the Personal Data was collected or is otherwise processed, including without limitation Singapore, Philippines, Indonesia, Thailand, Japan, China, Hong Kong, Australia, Russia, Kingdom of Saudi Arabia, Ukraine, Iraq, Afghanistan, United Kingdom, and any applicable jurisdictions within the United States and European Economic Area) and other applicable consumer protection laws, and all regulations promulgated thereunder and applicable self-regulatory requirements and industry guidelines, such as, without limitation, of the PCI Security Standards Council.

"Pro Rata Share" means, with respect to an Equityholder immediately prior to the Closing, a fraction, (i) the numerator of which is the value of the Estimated Total Consideration Value payable to such Equityholder pursuant to this Agreement in exchange for Shares and Company Options, as applicable, and (ii) the denominator of which is the aggregate value of the Estimated Total Consideration Value payable to all Equityholders pursuant to this Agreement

in exchange for Shares and Company Options (in each case without taking into account the deduction of any portion of the Holdback Funds or Equityholder Representative Expense Amount by such Persons pursuant to this Agreement).

"Proceeding" means any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Authority.

"Process" (or "Processing") means, with respect to Personal Data, acquisition, access, collection, use, handling, storage, maintenance, protection, retention, disclosure, transfer, destruction or disposal.

"Product Liabilities" means any liabilities proximately caused by a failure to warn or any defect or deficiency in design, engineering, assembly or production, with respect to any Company Product, and which involve the destruction of property personal injury or death, or the failure to perform in accordance with specifications.

"Registered IP" means all Intellectual Property Rights that are registered, filed, or issued under the authority of any Governmental Authority, including all patents, registered copyrights, registered trademarks and domain names, and all applications for any of the foregoing.

"Representatives" means a Person's officers, directors, employees, agents, attorneys, accountants, advisors and other authorized representatives.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933.

"Series A Preference Shares" means the Series A Preference Shares in the share capital of the Company with the terms and subject to the conditions of the share subscription agreement dated 15 December 2015 and entered into between the Company and Qualgro Pte Ltd, Wavemaker Pacific 1 Pte Ltd, Teepakorn Lojanagosin, Michael Gryseels and Spinta Pte Ltd.

"Series B Preference Shares" means the Series B Preference Shares in the share capital of the Company and with the terms and subject to the conditions of the share subscription agreement dated 7 June 2017 and entered into between the Company and Qualgro Pte Ltd, Longo Campo Investments Ltd, PT. Metra Digital Investama, Wavemaker Pacific 1 Pte Ltd, Pierre Lorinet, Christophe Riccardi and Sui Ling Cheah.

"Series Seed Preference Shares" means the preference shares issued to Florent Gregory Davy Dhaynaut, Olivier Jean Christian Gerhardt, Magaud Olivier Georges Albert and Spinta Pte Ltd in June 2015.

"Service Providers" means, collectively, each employee (including the Chief Executive Officer of the Company), consultant, independent contractor, non-employee manager or non-employee director of any of the Acquired Companies.

"SFRS" means the Singapore Financial Reporting Standards.

"Singapore Dollar" or "SG$" means the Singapore dollar, the official currency of Singapore.

"Software" means any and all computer programs, operating systems, applications systems, firmware or software code of any nature, in any form, including source code and executable or object code, whether operational or under development, and any derivations, updates, enhancements and customizations of any of the foregoing, and any related processes, know-how, APIs, user interfaces, command structures, menus, buttons and icons, flow-charts, and related documentation, operating procedures, methods, tools, developers' kits, utilities, developers' notes, technical manuals, user manuals and other documentation thereof, including comments and annotations related thereto, whether in machine-readable form, programming language or any other language or symbols and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature.

"Specified Accounting Principles" means the accounting principles and methods the Company has used to produce the Company's most recent audited Financial Statements and the illustration set forth on Schedule 2.02(a), in each case to the extent consistent with SFRS.

"Standard Software" means any non-customized software that (i) is licensed solely in executable or object code form pursuant to a nonexclusive, internal use software license, (ii) is not incorporated into, or used directly in

the development, manufacturing, or distribution of, any Company Products, and (iii) is generally available on standard terms.

"Straddle Period" means any Tax period beginning before the Closing Date and ending after the Closing Date.

"Subsidiary" means, with respect to any Person, as defined in Section 5 of the Companies Act or any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at any time directly or indirectly owned by such Person.

"Target Working Capital Lower Limit" means US$-1,000,000.

"Target Working Capital Upper Limit" means US$1,000,000.

"Tax" means any and all taxes, including (i) any income, alternative or add-on minimum, gross income, gross receipts, sales, goods and services, use, ad valorem, value added, transfer, franchise, profits, license, registration, recording, documentary, conveyancing, gains, withholding, payroll, employment, unemployment, disability, capital stock, social security, excise, severance, stamp, occupation, premium, estimated, real property, personal property, windfall profit, custom duty, branch profits, escheat or other tax or other like fee, assessment or charge of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority (United States (federal, state or local) or foreign), whether disputed or not, (ii) in the case of an Acquired Company, any liability for the payment of any amount described in clause (i) as a result of being or having been before the Closing Date a member of an affiliated, consolidated, combined or unitary group for Tax purposes, and (iii) liability for the payment of any amounts of the type described in clause (i) as a result of being party to any agreement or any express or implied obligation to indemnify any other Person.

"Tax Return" means any return, report, declaration, claim for refund, information return or other document (including schedules thereto, other attachments thereto, amendments thereof, or any related or supporting information) filed or required to be filed with any Governmental Authority in connection with the determination, assessment or collection of any Tax, or the administration of any laws, regulations or administrative requirements relating to any Tax.

"Technology" means and includes algorithms, APIs, apparatus, diagrams, discoveries, ideas, inventions (whether or not patentable), invention disclosures, know-how, methods, network configurations and architectures, processes, confidential or proprietary information, protocols, schematics, specifications, technical data, Software, subroutines, techniques, user interfaces, URLs, domain names, web sites, works of authorship, documentation (including instruction manuals, samples, studies, and summaries), databases and data collections, any other forms of technology, in each case whether or not embodied in any tangible form and including all tangible embodiments of any of the foregoing.

"Total Consideration Value" means the Estimated Total Consideration Value as finally adjusted pursuant to Section 2.02.

"Trust and Call Option Agreements" mean (i) that certain Trust and Call Option Agreement by and between the Company and Christophe Bruno Riccardi, dated as of February 15, 2018, (ii) that certain Trust and Call Option Agreement by and between the Company and Olivier Jean Christian Gerhardt, dated as of September 21, 2017 and as amended February 15, 2018 and May 28, 2018, and (iii) that certain Trust and Call Option Agreement by and between the Company and Deepraj Singh Sawhney dated as of February 15, 2018.

"U.S. Benefit Plan" means a Benefit Plan that is subject to the laws of the United States or provides compensation or benefits to any current or former employee, director, independent contractor or consultant (or any dependent thereof) of any Acquired Company or any of their respective Affiliates that is subject to the laws of the United States.

"U.S. Dollar" or "US$" means the United States dollar, the official currency of the United States.

"U.S. GAAS" means generally accepted auditing standards in the United States

"Unpaid Company Transaction Expenses" means any Company Transaction Expenses that have not been paid as of the close of the Business Day Singapore time on the Closing Date.

"Willful Breach" means, for any party, such party's breach of, or failure to perform or comply with, any of its covenants or agreements hereunder in any material respect; provided that, at the time of such breach or failure, one or more of the Buyer Knowledge Persons or Company Knowledge Persons, as applicable, had actual knowledge that the act or omission resulting in such breach or failure was a breach of, or failure to perform or comply with, any of such party's covenants or agreements hereunder in any material respect.

"Working Capital" means with respect to the Acquired Companies, (i) current assets of the Acquired Companies, minus (ii) current liabilities of the Acquired Companies (excluding any Tax liabilities included in Accrued Income Taxes), all as calculated in accordance with the Specified Accounting Principles, but excluding Closing Cash, Closing Indebtedness, Company Transaction Expenses, and all deferred Tax assets and deferred Tax liabilities.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	**Section**
Adjustment Dispute Notice	2.02(b)(iii)
Agreed Adjustments	2.02(b)(v)
Agreement	Preamble
Applicable Exchange Rates	12.14
Basket	11.03(a)
Buyer	Preamble
Buyer Closing Statement	2.02(b)(i)
Buyer Cure Period	10.01(f)
Buyer SEC Reports	5.07
Claim Certificate	11.04(a)
Claim Dispute Notice	11.04(b)
Closing	Section 2.01(d)
Closing Balance Sheet	2.02(b)(i)
Closing Date	Section 2.01(d)
Closing Option Consideration	2.03(a)
Company	Preamble
Company Board of Directors	3.04(f)
Company Closing Certificate	9.02(e)(vii)
Company Cure Period	10.01(e)
Company Inbound IP License	3.08(a)(iii)
Company Insurance Policies	Section 3.16
Company Leased Real Property	3.11(a)
Company Outbound IP License	3.08(a)(iv)
Company Registered IP	3.13(b)
Company Securities	3.04(c)
Company Shareholder Approval	Recitals
Company Software	3.13(m)
Confidential Information	3.13(h)
Consideration Spreadsheet	6.05
D&O Indemnified Persons	7.04(a)
D&O Tail Policy	7.04(b)
Data Room	1.02(l)
Designated Accounting Firm	2.02(b)(v)
Enforceability Exceptions	3.01(a)
Equityholder Representative	12.01(a)

Equityholder Representative Expense Account	2.04(e)
Escrow Account	2.04(d)
Estimated Closing Cash	2.02(a)
Estimated Closing Indebtedness	2.02(a)
Estimated Closing Working Capital	2.02(a)
Estimated Unpaid Company Transaction Expenses	2.02(a)
Excess Consideration	2.02(b)(vi)
Exchange Agent	2.04(a)
Expert Calculations	2.02(b)(v)
FCPA	3.23
Financial Statements	3.05(a)
FR Expiration Date	11.01(a)
General Expiration Date	11.01(a)
Holdback Period	11.04(g)
Interim Period	6.01
Invoice	6.06
IT Systems	3.14(a)
Key Employees	Recitals
Malicious Code	3.13(n)
Management Accounts	3.05(a)
Material Contract	3.08(a)
Material Customer	3.21(a)
Material Supplier	3.21(b)
Non-Competition and Non-Solicitation Agreement	Recitals
Offer Letters	Recitals
Option Acknowledgement	2.03(c)
Option Consideration	2.03(a)
Other Interested Party	6.02
Payoff Letter	6.06
PCA	3.23
PCI DSS	Section 3.15(f)
Permits	3.17
Permitted Liens	Section 3.11(d)(iv)
Privacy Agreements	3.15(a)
Real Property Lease	3.11(c)
Related Person	3.22
Releasee	6.07
Releasor	6.07
Review Period	2.02(b)(iii)
Restricted Share Agreements	Recitals
Restricted Shareholders	Recitals
Restricted Shares	Recitals
Rule 144	1.01(a)
Sale	2.01(a)
Sellers	Preamble
Service Agreements	3.21(c)

Share Closing Deliverables	2.04(b)
Share Transfer Form	2.04(b)(ii)
Shares	Recitals
Shortfall Consideration	2.02(b)(vi)
Tax Contest	8.03
Third Party Claim	11.06
Transfer Taxes	8.06
U.S. GAAS Audit Opinion	1.01(a)
Unresolved Claims	11.04(g)
Vesting Agreement	Recitals

Section 1.02 Interpretative Provisions.

(a) The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to the Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified.

(c) All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement.

(d) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular, and words denoting either gender shall include both genders as the context requires. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import.

(f) The use of the word “or” shall be inclusive.

(g) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(h) The word “party” shall, unless the context otherwise requires, be construed to mean a party to this Agreement. Any reference to a party to this Agreement or any other agreement or document contemplated hereby shall include such party’s successors and permitted assigns.

(i) A reference to any legislation or to any provision of any legislation shall include any modification, amendment, re-enactment thereof, any legislative provision substituted therefor and all rules, regulations and statutory instruments issued or related to such legislation.

(j) Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. No prior draft of this Agreement or any course of performance or course of dealing shall be used in the interpretation or construction of this Agreement. No parol evidence shall be introduced in the construction or interpretation of this Agreement unless the ambiguity or uncertainty in issue is plainly discernible from a reading of this Agreement without consideration of any extrinsic evidence. Although the same or similar subject matters may be addressed in different provisions of this Agreement, the parties intend that, except as reasonably apparent on the face of the Agreement or as expressly provided in this Agreement, each such provision shall be read separately, be given independent significance and not be construed as limiting any other provision of this Agreement (whether or not more general or more specific in scope, substance or content).

(k) The parties hereto agree that any reference in a particular Section of the Company Disclosure Schedule shall only be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and

warranties (or covenants, as applicable) of the relevant party that are contained in the corresponding Section of this Agreement and (ii) any other representations and warranties of such party that are contained in this Agreement, but, for purposes of this sub-clause (ii), only if the relevance of that reference as an exception to (or a disclosure for purposes of) such representations and warranties would be readily apparent on its face to an individual who has read that reference and such representations and warranties.

(l) Any statement in this Agreement to the effect that any information, document or other material has been "made available" to Buyer or any of its Representatives means that such information, document or other material was posted to the electronic data room (the "Data Room") hosted by or on behalf of the Sellers and the Company at www.dfsvenue.com in connection with the transactions contemplated hereby no later than 12:01 a.m. New York City time on the date that is two Business Days prior to the Closing Date and has been made available on a continuous basis by or on behalf of Sellers for review therein by Buyer and its Representatives since such time.

ARTICLE 2.
PURCHASE AND SALE OF SHARES

Section 2.01 The Sale; Closing.

(a) Pursuant to the terms and subject to the conditions set forth herein, at the Closing, the Sellers shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase, acquire and accept from the Sellers, all rights, title and interests in and to the Shares, free and clear of all Liens (the "Sale"). Each Seller by its agreement hereunder waives its pre-emption rights under any agreement binding the Sellers in respect of the Sale of the Shares to the Buyer.

(b) In full payment for the Shares of the Sellers that do not constitute Restricted Shares, and subject to the other provisions of this Agreement (including Section 2.04, Section 2.05, Section 2.06, Article 11 and Article 12), each Seller shall be entitled to receive the following consideration:

(i) an amount of cash and/or Buyer Shares equal to the (A) Closing Per Share Consideration Value multiplied by (B) the number of Shares that do not constitute Restricted Shares owned by such Seller, as set forth on the Consideration Spreadsheet;

(ii) an amount of cash and/or Buyer Shares equal to such Seller's Pro Rata Share of the Holdback Funds (to the extent released to the Equityholders as provided herein), as set forth on the Consideration Spreadsheet;

(iii) an amount of cash and/or Buyer Shares equal to such Seller's Pro Rata Share of any Shortfall Consideration (to the extent payable to the Equityholders as provided herein), as set forth on the Consideration Spreadsheet; and

(iv) an amount of cash equal to such Seller's Pro Rata Share of the Equityholder Representative Expense Amount (to the extent released to the Equityholders as provided herein), as set forth on the Consideration Spreadsheet.

(c) In full payment for the Restricted Shares, and subject to the other provisions of this Agreement (including Section 2.04, Section 2.05, Section 2.06), each Restricted Shareholder shall be entitled to receive a number of Buyer Shares equal to the (A) the number of Restricted Shares owned by such Restricted Shareholder multiplied by (B) the Per Share Consideration Value divided by (C) the Buyer Stock Price, as set forth on the Consideration Spreadsheet, and the Buyer Shares issued to such Restricted Shareholders shall remain subject to the Restricted Share Agreement applicable to the related Restricted Shares in all respects.

(d) The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place electronically by exchange of PDF copies of documents, unless Applicable Laws governing the Sale require otherwise. The Closing shall be carried out on the date hereof (at a time and place to be agreed by the parties), subject to the satisfaction or waiver of the last of the conditions set forth in Article 9 to be satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject

to the satisfaction or waiver of those conditions), and otherwise on a date to be agreed by the parties that is no later than third Business Day after the satisfaction or waiver of the last of the conditions set forth in Article 9 to be satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions). The date on which the Closing actually takes place is referred to in this Agreement as the "Closing Date." Unless otherwise explicitly specified, all transactions taking place at the Closing shall be deemed to occur simultaneously.

Section 2.02 Closing Working Capital Adjustment.

(a) Pre-Closing Estimate. Prior to the Closing Date, the Company shall deliver to Buyer the Company's good-faith estimate of each of (A) Closing Cash, (B) Closing Indebtedness, (C) Closing Working Capital and (D) Unpaid Company Transaction Expenses, such estimates to be prepared in accordance with (x) the same accounting principles and methods the Company has used to produce the Company's most recent Financial Statements (to the extent consistent with SFRS) and (y) the illustration set forth on Schedule 2.02(a). The Company shall deliver all relevant backup materials and schedules, in detail reasonably acceptable to Buyer, concurrently with the delivery of such estimates and the Allocation Schedule. Based on such estimates and prior to the Closing Date, Buyer and the Company shall reasonably and in good faith calculate estimates of Closing Cash ("Estimated Closing Cash"), Closing Indebtedness ("Estimated Closing Indebtedness"), Closing Working Capital ("Estimated Closing Working Capital") and Unpaid Company Transaction Expenses ("Estimated Unpaid Company Transaction Expenses"), which estimates shall be used to determine the Estimated Total Consideration Value for purposes of the Closing.

(b) Post-Closing Adjustment.

(i) As promptly as practicable, but in no event later than 90 calendar days following the Closing Date, Buyer shall cause to be prepared in accordance with the Specified Accounting Principles, and delivered to the Equityholder Representative an unaudited balance sheet of the Company as of the Closing (the "Closing Balance Sheet"), together with a statement (the "Buyer Closing Statement") setting forth in reasonable detail Buyer's calculation of each of (i) Closing Cash, (ii) Closing Indebtedness, (iii) Closing Working Capital, (iv) Unpaid Company Transaction Expenses and (v) the Total Consideration Value and attaching all relevant backup materials and schedules.

(ii) From and after the delivery of the Closing Balance Sheet and the Buyer Closing Statement, Buyer shall provide the Equityholder Representative and any accountants or advisors retained by the Equityholder Representative with reasonable access to the books and records of the Acquired Companies and cause appropriate representatives of Buyer and the Acquired Companies to be reasonably available to discuss the Closing Balance Sheet and the Buyer Closing Statement and respond to reasonable questions of the Equityholder Representative and its accountant with regard thereto, solely for the purposes of: (A) enabling the Equityholder Representative and its accountants and advisors to calculate and to review Buyer's calculations as reflected Buyer Closing Statement and (B) identifying any dispute related to the calculations set forth in the Buyer Closing Statement.

(iii) If the Equityholder Representative disputes the calculation of Closing Cash, Closing Indebtedness, Closing Working Capital, Unpaid Company Transaction Expenses or the Total Consideration Value set forth in the Buyer Closing Statement, then the Equityholder Representative shall deliver a written notice (an "Adjustment Dispute Notice") to Buyer during the 30-day period commencing upon receipt by the Equityholder Representative of the Closing Balance Sheet and the Buyer Closing Statement (the "Review Period"). The Adjustment Dispute Notice shall set forth, in reasonable detail, the basis for the dispute of such calculation.

(iv) If the Equityholder Representative does not deliver an Adjustment Dispute Notice to Buyer prior to the expiration of the Review Period, Buyer's calculations of each of Closing Cash, Closing Indebtedness, Closing Working Capital, Unpaid Company Transaction Expenses and the Total Consideration Value shall be deemed final and binding on Buyer, the Equityholder Representative and the Equityholders for all purposes of this Agreement.

(v) If the Equityholder Representative delivers an Adjustment Dispute Notice to Buyer prior to the expiration of the Review Period with respect to Buyer's calculation of Closing Cash, Closing Indebtedness, Closing Working Capital, Unpaid Company Transaction Expenses or the Total Consideration Value, then the Equityholder Representative and Buyer shall meet, confer and exchange any additional relevant information reasonably requested by the other party regarding the computation of such disputed items for a period of 30 calendar days after the end of the Review Period, and use reasonable efforts to resolve by written agreement (the "Agreed Adjustments") any differences as to such disputed items. In the event Buyer and the Equityholder Representative so resolve any such differences, Buyer's calculations set forth in the Buyer Closing Statement, as adjusted by the Agreed Adjustments, shall be final and binding for purposes of this Agreement. If the Equityholder Representative and Buyer are unable to reach agreement on any disputed item within the 30 calendar day period, then either the Equityholder Representative or Buyer may submit the objections to the objections to the New York office of an internationally recognized independent accounting firm (such firm, or any successor thereto, being referred to herein as the "Designated Accounting Firm") after such 30th day. The Designated Accounting Firm shall be directed by Buyer and the Equityholder Representative to resolve the unresolved objections as promptly as reasonably practicable in accordance with the Specified Accounting Principles, and, in any event, within 45 calendar days of such referral, and, upon reaching such determination, to deliver a copy of its calculations (the "Expert Calculations") to the Equityholder Representative and Buyer. In connection with the resolution of any such dispute by the Designated Accounting Firm, each of Buyer, the Equityholder Representative and their respective advisors and accountants shall have a reasonable opportunity to meet with the Designated Accounting Firm to provide their respective views as to any disputed issues with respect to the calculation of Closing Cash, Closing Indebtedness, Closing Working Capital, Unpaid Company Transaction Expenses or the Total Consideration Value. The determination of Closing Cash, Closing Indebtedness, Closing Working Capital, Unpaid Company Transaction Expenses or the Total Consideration Value (as applicable) made by the Designated Accounting Firm shall be final and binding on Buyer, the Equityholder Representative and the Equityholders for all purposes of this Agreement, absent manifest error. In calculating Closing Cash, Closing Indebtedness, Closing Working Capital, Unpaid Company Transaction Expenses and the Total Consideration Value (as applicable), the Designated Accounting Firm shall be limited to addressing only the particular disputes referred to in the Adjustment Dispute Notice. The Expert Calculations (A) shall reflect in detail the differences, if any, between the disputed items reflected therein and the disputed items set forth in the Buyer Closing Statement, and (B) with respect to any specific discrepancy or disagreement, shall be no greater than the higher amount calculated by Buyer or the Equityholder Representative, as the case may be, and no lower than the lower amount calculated by Buyer or the Equityholder Representative, as the case may be. The fees and expenses of the Designated Accounting Firm shall be paid by Buyer and the Equityholder Representative (on behalf of the Equityholders) in inverse proportion as they may prevail (based on the disputed items as resolved by the Designated Accounting Firm as compared to the disputed items proposed by Buyer and the Equityholder Representative, respectively), as determined by the Designated Accounting Firm. For example, if Equityholder Representative claims that the appropriate adjustments are $1,000 greater than the amount determined by Buyer and if the Designated Accounting Firm ultimately resolves the dispute by awarding to the Equityholder Representative $300 of the $1,000 contested, then the fees, costs and expenses of the Designated Accounting Firm shall be allocated thirty percent (30%) (i.e., 300 divided by 1,000) to Buyer and seventy percent (70%) (i.e., 700 divided by 1,000) to the Equityholder Representative.

(vi) If the Total Consideration Value, as finally determined in accordance with this Section 2.02, is less than the Estimated Total Consideration Value (such amount, "Excess Consideration"), then such Excess Consideration shall be satisfied by forfeiture by the Equityholders of Holdback Funds in an amount equal to the Excess Consideration (with each Equityholder forfeiting cash and Buyer Shares (x) in an amount equal to such Equityholder's Pro Rata Share of such Excess Consideration, (y) in the same ratio of cash to Buyer Shares as such Equityholder received as part of such Equityholder's Pro Rata Share of the Estimated Total Consideration Value and (z) with Buyer Shares being valued at the Buyer Stock Price); provided, however, in the event that the Holdback Funds are

insufficient to satisfy the Excess Consideration, each Equityholder shall pay to Buyer in cash such Equityholder's Pro Rata Share of the excess of such Excess Consideration over the value of the Holdback Funds. If the Total Consideration Value, as finally determined in accordance with this Section 2.02, is greater than the Estimated Total Consideration Value (such amount, "Shortfall Consideration"), then Buyer shall cause such Shortfall Consideration to be paid promptly to the Equityholders in proportion to their respective Pro Rata Share of such Shortfall Consideration as set forth in the Consideration Spreadsheet.

Section 2.03 Treatment of Company Options.

(a) At the Closing, each Company Option that is outstanding immediately prior to the Closing shall vest in full (to the extent then-unvested), and shall automatically be canceled and converted solely into the right to receive, subject to and conditioned upon the holder's timely execution and delivery to the Company of an Option Acknowledgement and further subject to the terms and conditions of this Agreement (including with respect to deductions and withholding and to Section 2.04(a), Section 2.06 and Article 11), (i) an amount in cash (the "Closing Option Consideration") equal to (A) the excess of the Per Share Consideration Value over the per-share exercise price of such Company Option, multiplied by (B) the aggregate number of Company Ordinary Shares underlying such Company Option as of immediately prior to the Closing, less (C) such Award Holder's Pro Rata Share of the Holdback Funds Value and the Equityholder Representative Expense Amount, and (ii) such Award Holder's Pro Rata Share, to be paid in cash, of (A) the Holdback Funds Value and Equityholder Representative Expense Amount, if any, to be released pursuant to this Agreement and (B) the Shortfall Consideration, if any, pursuant to Section 2.02(b)(vi) (collectively, the amounts in clauses (i) and (ii), the "Option Consideration"). The Buyer, in its discretion, shall either (a) pay the Closing Option Consideration directly to Award Holders promptly following the Closing or (b) cause the Closing Option Consideration to be remitted through the payroll or accounts payable systems of the Acquired Companies on the next payroll date at least three (3) Business Days following the Closing; provided, that, in any event, the Closing Option Consideration shall be paid to Award Holders not later than fifteen (15) days after the Closing Date, subject to local payroll requirements.

(b) From and after the Closing, the holders of Company Options shall cease to have any rights with respect thereto, other than the right to receive the Option Consideration in accordance with Section 2.03(a) (if applicable). The Option Consideration shall constitute the sole consideration payable in respect of all canceled Company Options.

(c) Prior to the Closing Date, the Company shall notify, in the form attached hereto as Exhibit D ("Option Acknowledgement"), each Award Holder of the treatment as provided in Section 2.03(a) of all Company Options held by such Award Holder and request that each such Award Holder holding Company Options execute and return such Option Acknowledgement to the Company no later than the Closing Date. No later than immediately prior to the Closing, the Company shall terminate the Company ESOP. Prior to the Closing, the Company shall take all actions (including providing all notices, adopting all resolutions and obtaining all consents and making any amendments) that may be necessary (under the Company ESOP and otherwise) to effectuate the provisions of Section 2.03(a) and to ensure that, from and after the Closing, Award Holders have no rights with respect to the Company ESOP or Company Options other than those specifically provided in this Section 2.03. Buyer shall be entitled to reasonable advance review and approval of the Option Acknowledgement and any other documentation contemplated by this Section 2.03(c) or as may otherwise be required under each Company ESOP to give effect to this Section 2.03(c).

Section 2.04 Exchange and Payment Mechanics.

(a) Exchange Agent. Computershare Trust Company, N.A. or another Person selected by Buyer that is reasonably acceptable to the Company, shall serve as the exchange agent (the "Exchange Agent") for the Sale.

(b) Share Closing Deliverables. At or prior to the Closing, Sellers shall deliver or cause to be delivered or made available to Buyer the following in connection with the Shares (collectively, the "Share Closing Deliverables"):

(i) original share certificates in respect of the Shares;

(ii) valid share transfer forms (each, a "Share Transfer Form") in respect of the Shares, duly executed by each of the Sellers in favor of Buyer;

(iii) a working sheet signed by a director or secretary of the Company computing the net asset value per share of the Company and/or such other document(s) as may be prescribed from time to time by the Inland Revenue Authority of Singapore for the purpose of assessing the stamp duty payable on the transfer of the Shares together with a certified copy of the relevant accounts; and

(iv) certified true copies of the resolutions passed by the Company Board of Directors: (A) approving the transfer of the Shares to Buyer; (B) authorizing the issue of new share certificates in respect of the Shares in favor of Buyer; (C) approving the entry into the electronic register of members of the Company maintained with ACRA the name of Buyer as the holder of the Shares; and (D) approving the termination of the Company ESOP as contemplated in Section 2.03(c).

(c) Closing Deposits. At or prior to the Closing, upon the terms and subject to the conditions of this Agreement, each of the Sellers and Award Holders agree and acknowledge that Buyer shall deliver, or cause to be delivered, to the Exchange Agent,

(i) an amount in cash equal to the portion of the Aggregate Closing Cash Consideration payable to the Sellers in accordance with the Consideration Spreadsheet (which amount accounts for the deductions in connection with the Escrow Cash and Equityholder Representative Expense Amount, as described in Section 2.04(d) and Section 2.04(e), respectively);

(ii) the Aggregate Closing Share Consideration payable to the Sellers in accordance with the Consideration Spreadsheet (which number of Buyer Shares accounts for the deduction in connection with the Holdback Shares, as described in Section 2.04(d)) duly and validly issued by the Buyer to the applicable Sellers in accordance with the Consideration Spreadsheet; and

(iii) certified true copies of the resolutions passed by the Buyer's board of directors: (A) approving the transactions contemplated by this Agreement and (B) authorizing the issuance of the Aggregate Share Consideration, in the case of each of (A) and (B), in accordance with, and subject to the conditions of, this Agreement.

(d) Holdback Funds. At the Closing, (i) the Holdback Shares shall be issued, but not distributed, and the Holdback Shares shall be withheld from the Aggregate Share Consideration otherwise payable hereunder to the Equityholders (in accordance with their respective Pro Rata Shares) as set forth on the Consideration Spreadsheet and (ii) Buyer shall deliver, or cause to be delivered, by wire transfer of immediately available funds, to the Escrow Agent, an amount equal to the Escrow Cash to be held in an escrow account (the "Escrow Account") in accordance with the Escrow Agreement, which Escrow Cash shall be deducted from the Aggregate Cash Consideration otherwise payable hereunder to the Equityholders (in accordance with their respective Pro Rata Shares) as set forth on the Consideration Spreadsheet. The Holdback Shares and Escrow Cash shall be held by Buyer and the Escrow Agent, respectively, and constitute partial security for any Excess Consideration, if applicable, and the indemnification obligations of the Equityholder Indemnitors pursuant to Article 11, and shall be held, distributed or restricted in accordance with the provisions of this Agreement, the Vesting Agreement and the Escrow Agreement. Except to the extent there is a forfeiture of Holdback Shares pursuant to this Agreement and/or Buyer Shares pursuant to the Vesting Agreement or the Restricted Share Agreements, such Buyer Shares shall be treated by the Buyer as issued and outstanding Buyer Shares as of the Closing which are registered in the name of the applicable Equityholder entitled to such shares (subject to appropriate legends and restrictions on the books of Buyer's transfer agent with respect to the restrictions imposed on such shares under this Agreement, the Vesting Agreement and the Restricted Share Agreements, as applicable).

(e) Equityholder Representative Expense Account. At the Closing, Buyer shall deliver, or cause to be delivered, by wire transfer of immediately available funds to an account designated in writing by the Equityholder Representative at least two Business Days prior to the Closing Date, an amount equal to the Equityholder Representative Expense Amount to be held by the Equityholder Representative (the "Equityholder Representative Expense Account") for purposes of paying the expenses incurred by the Equityholder Representative in fulfilling its obligations under this Agreement.

(f) Exchange Procedures. Within two Business Days following the Closing Date, Buyer shall cause the Exchange Agent to send to each Seller a letter of transmittal and instructions in substantially the form attached as Exhibit E hereto for use in the Sale. Upon delivery of the letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, in exchange for each Seller's Shares, such Seller shall be entitled to receive the consideration due to such Seller in accordance with the Consideration Spreadsheet in connection with the Closing following the Closing. The Exchange Agent shall use reasonable best efforts to make (and Buyer shall cause the Exchange Agent use reasonable best efforts to make) the payments described in the preceding sentence to each Seller in the method designated by such Seller in the letter of transmittal within five Business Days following delivery of the letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, to the Exchange Agent.

(g) Transaction Costs. At or promptly following the Closing, Buyer shall pay, or cause to be paid, on behalf of the Acquired Companies, the Estimated Unpaid Company Transaction Expenses (excluding Accrued Income Taxes) as to which Invoices therefor (including wire instructions) have been provided to Buyer, in each case by wire transfer of immediately available funds to the accounts designated in such Invoices. For the avoidance of doubt, any Company Transaction Expenses paid by the Buyer pursuant to this Section 2.04(g) shall be deemed Unpaid Company Transaction Expenses for purposes of this Agreement.

(h) Indebtedness. At or promptly following the Closing, the Buyer shall repay, or cause to be repaid, on behalf of each of the Acquired Companies, the Estimated Closing Indebtedness (excluding Accrued Income Taxes) as to which final Payoff Letters therefor (including wire instructions) have been provided to Buyer, in each case by wire transfer of immediately available funds to the accounts designated in such Payoff Letters.

(i) No Fractional Shares. Notwithstanding any provisions herein to the contrary, no fractional Buyer Shares shall be issued pursuant to this Agreement. The number of Buyer Shares which each Seller is entitled to receive hereunder shall be rounded down to the nearest whole number of Buyer Shares (after aggregating, for each particular share certificate representing Shares, all fractional Buyer Shares to be received by such Seller). In lieu of any fractional Buyer Shares to which any Seller would otherwise be entitled (after aggregating, for each particular share certificate representing Shares, all fractional Buyer Shares to be received by such Seller), such Seller shall receive an amount in cash (rounded to the nearest whole cent) equal to the product of (i) such fraction multiplied by (ii) the Buyer Stock Price.

Section 2.05 Restrictions on Buyer Shares.

The Buyer Shares issued pursuant to the terms of this Agreement will be issued in a transaction exempt from or not subject to registration under the Securities Act (by reason of Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D promulgated by the SEC under the Securities Act and/or Regulation S promulgated under the Securities Act) and therefore may not be re-offered or resold other than in conformity with the registration requirements of the Securities Act and such other applicable rules and regulations or pursuant to an exemption therefrom. All recipients of such Buyer Shares either shall be "accredited investors" or not "U.S. Persons" as such terms are defined in Regulation D and Regulation S, respectively. The Buyer Shares to be issued pursuant to the terms of this Agreement will be "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged, assigned or otherwise transferred unless pursuant to (A) a registration statement with respect thereto is effective under the Securities Act and any applicable state securities laws or (B) an exemption from such registration exists and either Buyer's transfer agent receives an opinion of counsel to the holder of such securities, which counsel and opinion are reasonably satisfactory to Buyer's transfer agent, that such securities may be offered, sold, pledged, assigned or transferred in the manner contemplated without an effective registration statement under the Securities Act or applicable state securities laws, or the holder complies with the requirements of Rule 144 or Regulation S, if applicable. Any certificates representing such Buyer Shares will bear an appropriate legend and restriction on the books of Buyer's transfer agent to that effect.

Section 2.06 Withholding Rights.

Buyer shall be entitled to deduct and withhold from any consideration or other amount payable or otherwise deliverable to the Equityholders or any other Person pursuant to this Agreement such amounts as Buyer is required to deduct or withhold therefrom under the Code, or any Tax law, with respect to the making of such payment. To the extent that such amounts are so withheld by Buyer, such withheld

amounts shall be treated for all purposes of this Agreement as having been paid to the Person to whom or to which such amounts would otherwise have been paid by Buyer.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Subject to Section 1.02(k), except as set forth in the Company Disclosure Schedule, the Company represents and warrants to Buyer:

Section 3.01 Corporate Existence and Power.

(a) The Company has all requisite corporate power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations hereunder, and the consummation by the Company of the transactions contemplated by this Agreement, have been duly authorized by the Company Board of Directors, and no other corporate action on the part of the Company is necessary to authorize the execution and delivery of this Agreement by the Company, the performance by the Company of its obligations hereunder or the consummation by the Company of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery by the other parties to this Agreement, this Agreement constitutes a legally valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be subject to (i) the effect of any Applicable Law of general application relating to bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights and relief of debtors generally and (ii) the effect of rules of law and general principles of equity, including rules of law and general principles of equity governing specific performance, injunctive relief and other equitable remedies (regardless of whether such enforceability is considered in a proceeding in equity or at law) (the foregoing clauses (i) and (ii), the "Enforceability Exceptions").

(b) Each of the Acquired Companies is a legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has all requisite powers and all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its assets and properties and to carry on its business as now conducted. Each of the Acquired Companies is duly qualified to do business as a foreign corporation or other entity and is in good standing in each jurisdiction where such qualification is necessary, except in those jurisdictions where the failure to be so qualified or in good standing, when taken together with all other failures by such Acquired Company to be so qualified or in good standing, would not reasonably be expected to have a Material Adverse Effect.

(c) Section 3.01(c) of the Company Disclosure Schedule sets forth (i) an accurate and complete list of each Subsidiary of the Company and its entity type and jurisdiction of organization and (ii) with respect to each such Subsidiary, the number and type(s) of its outstanding shares of capital stock, securities or other equity interests and the record owner(s) thereof (including such record owner's country of residence and citizenship). Such record owners(s) have good and marketable title to such securities, free and clear of Liens except for Liens created under this Agreement. Except as set forth on Section 3.01(c) of the Company Disclosure Schedule, there are no outstanding (i) shares of capital stock, securities or other equity interests of any such Subsidiary, (ii) securities convertible into or exchangeable for shares of capital stock, securities or other equity interests of any such Subsidiary or (iii) options or other rights to acquire from any Acquired Company, or other obligation of any Acquired Company to issue or grant, any capital stock, securities or other equity interests of any such Subsidiary. The Company does not own or control, directly or indirectly, any interest in any corporation, partnership, limited liability company, association or other business entity other than the Subsidiaries listed on Section 3.01(c) of the Company Disclosure Schedule. No Acquired Company is a participant in any joint venture, partnership, domination and/or profit and loss transfer agreement or similar arrangement. No Acquired Company has agreed or is obligated to, directly or indirectly, make any future investment in or capital contribution or advance to any Person.

(d) The Company has made available to Buyer accurate and complete copies of: (i) the constituent documents, including all amendments thereto, of each Acquired Company; and (ii) the stock records and statutory registers of each Acquired Company. The Acquired Companies have carried out their business in accordance with the constituent documents and there has not been any violation of any of the provisions of the constituent documents of the Acquired Companies, including all amendments thereto. The Company has properly amended its constituent documents in order to allow for the issuance of the Restricted Shares that have been issued to each Person listed in Annex C.

(e) All meetings of the board of directors and shareholders of the Acquired Companies have been held in accordance with Applicable Law. All accounts, documents and returns required by Applicable Laws to be delivered, filed or made to the Registrar of Companies (or equivalent Governmental Authority) have been duly and correctly delivered or made as required by Applicable Law.

Section 3.01 Governmental Authorization.

The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Authority.

Section 3.03 Non-contravention.

The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby do not and will not (a) contravene, conflict with, or result in any violation or breach by any Acquired Company of any provision of the organizational documents of any Acquired Company, (b) contravene, conflict with or result in a material violation or material breach of any provision of any Applicable Law, (c) require any consent or other action by any Person under, result in a material breach of, constitute a default, or an event that, with due notice or lapse of time or both, would result in a material breach of, or constitute a material default under, or cause or permit the termination, cancellation, acceleration or other change of any material right or obligation or the loss of any material benefit to which any Acquired Company is entitled under any provision of any Material Contract or any material license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of the Acquired Companies or (d) result in the creation or imposition of any material Lien on any material asset of the Acquired Companies.

Section 3.04 Capitalization.

(a) As of the date of this Agreement, the issued and paid up share capital of the Company consists of 15,000 Company Ordinary Shares and 89,584 shares of Company Preference Shares, of which 35,500 shares are designated as Series Seed Preference Shares, 23,836 shares are designated as Series A Preference Shares and 30,248 are designated as Series B Preference Shares. As of the date of this Agreement, there were outstanding 15,000 Company Ordinary Shares, 35,500 shares of Series Seed Preference Shares, 23,836 shares of Series A Preference Shares and 30,248 shares of Series B Preference Shares and Company Options to purchase an aggregate of 6,818 Company Ordinary Shares authorized for issuance under the Company ESOP (of which Company Options to purchase an aggregate of 6,818 Company Ordinary Shares were outstanding (of which Company Options to purchase an aggregate of 6,818 shares of Company Ordinary Shares were vested, no Company Options to purchase Company Ordinary Shares were unvested and no Company Options to purchase Company Ordinary Shares were unallocated)). Company Ordinary Shares remained available for issuance pursuant to new awards. Each Company Preference Share will be converted into one Company Ordinary Share as of the Closing. Section 3.04(a) of the Company Disclosure Schedule contains a complete and correct list of all of the Company's securityholders, including their country of residence and citizenship, and type and number of shares of Company Securities owned by such securityholder.

(b) All outstanding Shares have been duly authorized and validly issued and are fully paid. Except as set forth in Section 3.04(b)(i) of the Company Disclosure Schedule, Section 3.04(b)(ii) of the Company Disclosure Schedule contains a complete and correct list of each outstanding Company Option, including the holder, the date of grant, the number of Company Ordinary Shares subject to such Company Option at the time of grant, the number of Company Ordinary Shares subject to such Company Option as of the date of this Agreement, the exercise price per

share of the Company Option, the vesting commencement date, the vesting schedule and the applicable Company ESOP under which it was granted. All Company Options were granted under the Company ESOP. True and correct copies of the Company ESOP, the standard agreements under the Company ESOP and each agreement evidencing any Company Option that does not conform to the standard agreement under the Company ESOP has been provided to Buyer. All Company Options have been granted in compliance with Applicable Law and all requirements set forth in applicable Contracts. Each Company Option may be treated at the Closing as set forth in Section 2.03.

(c) Except for the Shares and Company Options described in Section 3.04(a), there are no outstanding (i) shares of capital stock, securities or other equity interests of the Company, (ii) securities of the Company convertible into or exchangeable for shares of capital stock, securities or other equity interests of the Company, or (iii) options or other rights to acquire from any Acquired Company, or other obligation of any Acquired Company to issue or grant, any capital stock, securities or other equity interests of the Company (the items in clauses (i), (ii) and (iii) being referred to collectively as the "Company Securities").

(d) All outstanding Shares and all outstanding securities of the Subsidiaries as set out in Section 3.01(c) of the Company Disclosure Schedule have been issued, granted and transferred in compliance with (i) all applicable securities laws and other Applicable Laws and (ii) all requirements set forth in applicable Contracts.

(e) Except as set forth in Section 3.04(e) of the Company Disclosure Schedule, there are (i) no rights, agreements, arrangements or commitments of any kind or character, whether written or oral, relating to the capital stock of any Acquired Company to which any Acquired Company is a party, or by which it is bound, obligating any Acquired Company to repurchase, redeem or otherwise acquire any issued and outstanding shares of capital stock of any Acquired Company, (ii) no outstanding or authorized stock appreciation, phantom stock, profit participation, or other similar rights with respect to any Acquired Company, and (iii) no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect to which any Acquired Company is a party with respect to the governance of any Acquired Company or the voting or transfer of any shares of capital stock of any Acquired Company.

(f) All Company Options have been appropriately authorized by the board of directors of the Company (the "Company Board of Directors") or an appropriate committee thereof as of the applicable date of grant, including approval of the option exercise price or the methodology for determining the option exercise price and the substantive option terms. Except as set forth in Section 3.04(f) of the Company Disclosure Schedule, no Company Options have been retroactively granted, or the exercise price of any such Company Option determined retroactively, in each case, in contravention of any Applicable Law.

(g) Except as set forth in Section 3.04(g) of the Company Disclosure Schedule, since March 31, 2019, the Acquired Companies have not bought back, repaid or redeemed or agreed to buy-back, repay or redeem any of their securities or otherwise reduced or agreed to reduce their share capital or purchased any of their securities or carried out any transaction having the effect of a buy-back or reduction of capital.

(h) The Consideration Spreadsheet will be accurate and complete in all respects as of the Closing.

(i) Each of the Trust and Call Option Agreements is valid and enforceable.

Section 3.05 Financial Statements.

(a) The Company has delivered to Buyer the Company's (i) audited consolidated balance sheet as of December 31, 2018, December 31, 2017, December 31, 2016 and the related audited consolidated statements of income, changes in equity and cash flows for each of the years then-ended, and (ii) unaudited consolidated balance sheet as of March 31, 2019 and the related unaudited consolidated interim statements of income for the three months ended March 31, 2019 (collectively, the "Financial Statements").

(b) The Financial Statements (i) have been prepared from the books and records of the Acquired Companies, which are accurate and complete in all material respects, (ii) complied as to form in all material respects with applicable accounting requirements with respect thereto as of their respective dates, (iii) have been prepared in accordance with SFRS applied on a consistent basis throughout the periods indicated and consistent with each other (subject, in the cause of the unaudited financial statements, to the absence of notes and normal year-end audit adjustments, none of which individually or in the aggregate will be material in amount), and (iv) fairly present in all

material respects, in accordance with SFRS, the financial condition of the Acquired Companies at the dates therein indicated and the results of operations and cash flows of the Acquired Companies for the periods therein specified (subject, in the case of the unaudited financial statements, to the absence of notes and normal year-end audit adjustments, none of which individually or in the aggregate will be material in amount).

(c) The books of account and other financial records of the Acquired Companies, have been kept accurately in all material respects in the ordinary course of business consistent with Applicable Laws, the transactions entered therein represent bona fide transactions, and the revenues, expenses, assets and liabilities of the Acquired Companies have been properly recorded therein in all material respects. Each Acquired Company has established and maintains a system of internal accounting controls reasonably designed to provide reasonable assurances (i) that transactions are recorded as necessary to permit preparation of financial statements in conformity with SFRS consistently applied, (ii) that transactions are executed only in accordance with the authorization of management and (iii) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of the Company's properties or assets. Since December 31, 2016, there has been no change in any accounting controls, policies, principles, methods or practices, including any change with respect to reserves (whether for bad debts, contingent liabilities or otherwise), of the Company, except as expressly disclosed in the Financial Statements.

(d) No insolvency proceedings are being or have been applied for, are pending or have been rejected on account of lack of assets in relation to any Acquired Company. None of the Acquired Companies is unable to pay or has defaulted in paying its debts or over-indebted.

(e) As of the close of business on the Business Day prior to the date of this Agreement, the aggregate amount of cash and cash equivalents on the consolidated balance sheet of the Acquired Companies was approximately US$4,338,073.72.

Section 3.06 Absence of Certain Changes

Except as set forth in Section 3.06 of the Company Disclosure Schedule, between the Balance Sheet Date and the date of this Agreement, the business of the Company and each of the Acquired Companies has been conducted in the ordinary course consistent with past practices and there has not been:

(a) any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; or

(b) any actions, events or change that if taken or occurring after the date of this Agreement and prior to the Closing, would constitute a violation of Section 6.01.

Section 3.07 No Undisclosed Liabilities

None of the Acquired Companies has any material liabilities or obligations of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(a) potential liabilities with respect to litigation described in Section 3.10 of the Company Disclosure Schedule;

(b) accounts payable or accrued salaries that have been incurred by the Acquired Companies since the Balance Sheet Date in the ordinary course of business and consistent with past practice;

(c) liabilities or obligations under the Contracts identified in Section 3.08 of the Company Disclosure Schedule, to the extent the nature and magnitude of such liabilities can be specifically ascertained by reference to the text of such Contracts;

(d) liabilities in the ordinary course of business consistent with past practice that are not material to the Acquired Companies, taken as a whole;

(e) liabilities or obligations disclosed and provided for on the Balance Sheet;

(f) liabilities that do not exceed SG$50,000 individually or SG$250,000 in the aggregate; and

(g) liabilities or obligations arising under this Agreement.

Section 3.08 Materials Contracts

(a) No Acquired Company is a party to or bound by any of the following (a Contract responsive to any of the following categories being hereinafter referred to as a "Material Contract"):

(i) any Contract with a Material Customer;

(ii) any Contract with a Material Supplier;

(iii) any Contract pursuant to which any Intellectual Property Right or Technology is licensed, sold, assigned or otherwise conveyed or provided to any Acquired Company or pursuant to which any Person has agreed not to enforce any Intellectual Property Right against an Acquired Company, other than Contracts for Standard Software or for Open Source Materials ("Company Inbound IP License");

(iv) any Contract pursuant to which any Person has been granted any license under, or been sold, assigned, conveyed or otherwise has received or acquired any right (whether or not currently exercisable) or interest in, any Company Owned IP, or pursuant to which the Company has agreed not to enforce any Intellectual Property Right against any Person ("Company Outbound IP License");

(v) any Contract providing for the development of any Technology or Intellectual Property Rights, independently or jointly, by or for the Company;

(vi) any Contract imposing any material restriction on any Acquired Company's right or ability, or, after the Closing, the right or ability of Buyer or any of its Affiliates (A) to compete in any line of business or with any Person or in any area or which would so limit the freedom of Buyer or any of its Affiliates after the Closing Date (including granting exclusive rights or rights of first refusal to license, market, sell or deliver any of the Company Products or any related Technology or Intellectual Property Right) (B) to acquire any product or other asset or any services from any other Person (including requiring the purchase of all or a given portion of any Acquired Company's requirements for products or services from a given Person, or any other similar provision), to sell any product or other asset to or perform any services for any other Person or to transact business or deal in any other manner with any other Person, or (C) other than non-exclusive licenses of Company Owned IP granted in the ordinary course of business, to use, assert, enforce, develop, distribute or otherwise exploit any Company Owned IP;

(vii) any Contract for the purchase of materials, supplies, goods, services, equipment or other assets providing for either (A) annual payments by any Acquired Company of SG$300,000 or more or (B) aggregate payments by any Acquired Company of SG$300,000 or more;

(viii) any Contract granting a right of first refusal or right of first negotiation or similar rights by any Acquired Company to any Person;

(ix) any Contract providing for "most favored customer" terms or similar terms, including such terms for pricing;

(x) any partnership, joint venture or any sharing of revenues, profits, losses, costs or liabilities or any other similar Contract;

(xi) any Contract relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise);

(xii) any Contract relating to the settlement of any Proceeding;

(xiii) any Contract relating to Indebtedness or the deferred purchase price of property (in either case, whether incurred, assumed, guaranteed or secured by any asset and including any agreements or commitments for future loans, credit or financing);

(xiv) any Contract relating to the acquisition, issuance or transfer of any securities of the Acquired Companies, including the Company Securities;

(xv) any Contract relating to any derivative or hedging transaction, including Contracts relating to interest rate, currency or commodity derivatives or hedging transaction;

(xvi) any Contract under which (A) any Person has directly or indirectly guaranteed any liabilities or obligations of any Acquired Company or (B) any Acquired Company has directly or indirectly guaranteed any liabilities or obligations of any other Person;

(xvii) any Contract relating to the creation of any Lien with respect to any material asset of any Acquired Company;

(xviii) any Contract which contains any provisions requiring any Acquired Company to indemnify any other party (excluding indemnities contained in agreements for the purchase, sale or license of products or services in the ordinary course of business consistent with past practice pursuant to the applicable Acquired Company's standard form agreement, as made available to Buyer);

(xix) any Contract with any Related Person;

(xx) any employment, severance, redundancy, retention, change-in-control, bonus or other Contract with any current or former Service Provider (A) providing for annual compensation (whether cash or otherwise) which may exceed US$100,000, (B) that provides for the payment of any cash or other compensation or benefits upon the consummation of the transactions contemplated by this Agreement, (C) that otherwise restricts the Company's ability to terminate the employment or engagement of such individual without penalty or liability or (D) that provides for any severance, termination or notice payments or benefits upon a termination of the applicable Service Provider's employment or other service (in any case, under which any Acquired Company has any current or future liability or obligation, whether actual or contingent);

(xxi) any collective bargaining agreement or other similar Contract with any labor union, labor board, works council or other employee association or organization or Governmental Authority;

(xxii) any Contract pursuant to which rights of any third party are triggered or become exercisable, or under which any other consequence, result or effect arises, in connection with or as a result of the execution of this Agreement, either alone or in combination with any other event;

(xxiii) any Contract granting or advancing a loan to any Affiliate or third party;

(xxiv) any Contract with any Governmental Authority; and

(xxv) any other Contract not made in the ordinary course of business that is material to the business of the Acquired Companies taken as a whole.

(b) The Company has made available to Buyer accurate and complete copies of all written Material Contracts identified in Section 3.08(a) of the Company Disclosure Schedule, including all amendments thereto. Section 3.08(a) of the Company Disclosure Schedule provides an accurate description of the terms of each Contract identified in Section 3.08(a) of the Company Disclosure Schedule that is not in written form.

(c) (i) Each Material Contract is a valid and binding agreement of the applicable Acquired Company, and is in full force and effect and has been duly executed and to the extent required to be enforceable under Applicable Law, stamped and registered, (ii) other than with respect to executory contracts with outstanding obligations, the applicable Acquired Company has performed, in all material respects, all obligations required to be performed by it under each of the Material Contracts to which it is a party, (iii) the applicable Acquired Company is not, and, to the Knowledge of the Company, no other party thereto is, in default or breach in any material respect under the terms of any Material Contract, and, to the Knowledge of the Company, no event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time or both) will, or would reasonably be expected to, result in a violation or breach of any of the provisions of any Material Contract, and (iv), except as set forth in Section 3.08(c) of the Company Disclosure Schedule, as of the date of this Agreement, no Acquired Company has received any written notice or other communication regarding violation or breach of, or default under, or the cancellation of termination of any Material Contract and no Acquired Company nor, to the Knowledge of the Company, any other party currently contemplates any termination, material amendment or change to any Material Contract.

(d) Aside from ordinary course audit rights, no Person is renegotiating or has asserted a right pursuant to the terms of any Material Contract to renegotiate, any amount paid or payable to or by any Acquired Company under any Material Contract or any other material term or provision of any Material Contract.

Section 3.09 Compliance with Applicable Laws; Regulatory Matters

(a) Except as set forth in Section 3.09(a) of the Company Disclosure Schedule, the Acquired Companies are, and have at all times since January 1, 2016, been, in compliance in all material respects with Applicable Law. Since January 1, 2016, no Acquired Company has received any written notice, correspondence or written communication of any violation, alleged violation or potential violation of, or liability under any such Applicable Law, or to the effect that any Acquired Company or any Person acting on behalf of an Acquired Company, is under investigation or inquiry with respect to any violation or alleged violation of any Applicable Law.

(b) Except as set forth in Section 3.23 of the Company Disclosure Schedule, no Acquired Company has and, to the Knowledge of the Company, no Seller, director, agent, employee or other Person associated with or acting on behalf of the Acquired Companies and the Sellers, has been convicted of, charged with, or, to the Knowledge of the Company, investigated for conduct that relates to the Acquired Companies, the business thereof or the Shares, which would constitute a violation of any Applicable Law, related to fraud, theft, embezzlement, breach of fiduciary duty, kickbacks, referral arrangements, bribes, payoff, influence payment, other financial misconduct, obstruction of an investigation or controlled substances.

(c) All billing and collection practices of, and claims submitted by the Acquired Companies with respect to items and services provided or obtained under applicable arrangements with Governmental Authorities have been in compliance in all material respects with all Applicable Laws and the terms of such arrangements.

Section 3.10 Litigation.

(a) Except as set forth in Section 3.10 of the Company Disclosure Schedule, there is no pending Proceeding and, to the Knowledge of the Company, since January 1, 2016, no Person has threatened to commence any Proceeding: (i) that involves any Acquired Company, any of the assets owned or used by any Acquired Company or any Person for which any Acquired Company has assumed or retained such Person's liability, either contractually or by operation of law; or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the other transactions contemplated by this Agreement. To the Knowledge of the Company, no event has occurred, and no claim, dispute or other condition or circumstance exists, that will, or that would reasonably be expected to, give rise to or serve as a basis for the commencement of any Proceeding that is of a type described in the preceding sentence.

(b) There is no order, writ, injunction, directive, restriction, judgment or decree to which any Acquired Company, or any of the assets owned or used by any Acquired Company, is subject or which restricts in any material respect the ability of any Acquired Company to conduct its business. To the Knowledge of the Company, no officer or other employee or consultant of any Acquired Company is subject to any order, writ, injunction, judgment or decree that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the business of the applicable Acquired Company.

Section 3.11 Real Property And Assets

(a) No Acquired Company owns any real property. Except as disclosed in Section 3.11(a) of the Company Disclosure Schedule, the Acquired Companies have good and valid leasehold interests in each parcel of real property leased by or licensed to the Acquired Companies (the "Company Leased Real Property"). Section 3.11(a) of the Company Disclosure Schedule contains a true, correct and complete list of each item of Company Leased Real Property, including the street address of the Company Leased Real Property and the name of the third party lessor thereof.

(b) The Company Leased Real Property is not subject to any Liens, except for Permitted Liens. No Acquired Company has received any written notice of a material violation of any ordinances, regulations or building, zoning or other similar laws with respect to the Company Leased Real Property. No Acquired Company has received

any written notice of any expiration of, pending expiration of, changes to, or pending changes to any material entitlement relating to the Company Leased Real Property and there is no material condemnation, special assessment or the like pending or, to the Knowledge of the Company, threatened with respect to any of the Company Leased Real Property.

(c) The Acquired Companies have delivered to Buyer accurate and complete copies of the each lease, sublease, license or other occupancy agreement or arrangement relating to the Company Leased Real Property, together with all amendments, modifications and supplements thereto (each, a "Real Property Lease"). Section 3.11(c) of the Company Disclosure Schedule lists each Real Property Lease. With respect to the Company Leased Real Property, except as set forth in Section 3.11(c) of the Company Disclosure Schedule, the Company has not assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in any Company Leased Real Property.

(d) Other than with respect to Intellectual Property Rights and Technology (which are the subject of Section 3.13), the Acquired Companies have good and marketable, indefeasible and valid interests in, all material assets (whether personal, tangible or intangible) used or leased for use by the Acquired Companies in connection with the conduct of the Acquired Companies' business. None of such assets is subject to any Lien, except:

(i) Liens disclosed on the Balance Sheet;

(ii) statutory Liens for current Taxes not yet due and payable or the validity or amount of which is being contested in good faith by appropriate proceedings and for which adequate accruals or reserves have been established on the Balance Sheet;

(iii) statutory Liens in favor of landlords, workmen, repairmen, warehousemen and carriers and other similar Liens incurred in the ordinary course of business for sums not yet due and payable; or

(iv) Liens which do not materially detract from the value or materially interfere with any present or intended use of such property or assets (clauses (i) through (iv) of this Section 3.11(d) are, collectively, the "Permitted Liens").

(e) The property and assets owned or leased by the Acquired Companies, or which any Acquired Company otherwise has the right to use, constitute all of the property and assets used or held for use in connection with the businesses of the Acquired Companies and are adequate to conduct such business as currently conducted.

Section 3.12 Products and Services

(a) Except as disclosed in Section 3.12(a) of the Company Disclosure Schedule, each of the Company Products has been at all times up to and including the sale, license, distribution or other provision thereof, marketed, licensed, sold, performed or otherwise made available in compliance in all material respects with (a) all Applicable Laws, (b) industry and self-regulatory organization standards, (c) applicable specifications and (d) express and implied warranties.

(b) No Acquired Company has made or provided a warranty with respect to the Company Products other than (i) pursuant to the Company's standard terms and conditions as identified in Section 3.12(b) of the Company Disclosure Schedule and which have been made available to Buyer or (ii) as provided to consumers under Applicable Law. There are no pending or, to the Company's Knowledge, threatened claims, and no Acquired Company has been notified in writing of any claims, relating to any warranty obligations, failure to meet warranties or material Company Product returns. There are no pending, or, to the Company's Knowledge, threatened claims, and no Acquired Company has been notified of, any claims relating to Product Liabilities against or involving the business of the Acquired Companies or any Company Product and no such claims have been settled or adjudicated.

Section 3.13 Intellectual Property

(a) Company Products. Section 3.13(a) of the Company Disclosure Schedule sets forth an accurate and complete list of each Company Product as of the date of this Agreement.

(b) Registered IP. Section 3.13(b) of the Company Disclosure Schedule sets forth an accurate and complete list as of the date of this Agreement of (i) each item of Registered IP in which any Acquired Company has or purports to have an ownership interest of any nature (whether exclusively, jointly with another Person, or otherwise) ("Company

Registered IP"), (ii) the jurisdiction in which such item of Company Registered IP has been registered or filed and the applicable application, registration, or serial or other similar identification number, (iii) any other Person that has an ownership interest in such item of Company Registered IP and the nature of such ownership interest, and (iv) all material unregistered trademarks used by any Acquired Company, including in connection with any Company Products. Section 3.13(b) of the Company Disclosure Schedule accurately identifies and describes each filing, payment, and action that must be made or taken on or before the date that is one hundred and eighty (180) days after the Closing Date in order to obtain, perfect, or maintain each such item of Company Registered IP in full force and effect. The Acquired Companies have provided to Buyer complete and accurate copies of all applications, correspondence, and other material documents related to each item of Company Registered IP. Each item of Company Registered IP is in compliance with all legal requirements, and the Company has made all filings and payments and taken all other actions required to be made or taken to maintain each item of Company Registered IP in full force and effect by the applicable deadline and otherwise in accordance with all Applicable Laws.

(c) Validity. All Company Owned IP is valid, subsisting, and, to the Knowledge of the Company, enforceable. No interference, opposition, reissue, reexamination, or other proceeding is or, since January 1, 2016, has been pending or, to the Knowledge of the Company, threatened in writing, in which the scope, validity, or enforceability of any Company Registered IP is being, has been, or could reasonably be expected to be, contested or challenged. The Company and its patent counsel have complied with their duty of candor and disclosure and have made no material misrepresentations in the filings submitted to the applicable Governmental Authority with respect to all patents included in Company Registered IP. Since January 1, 2016, the Company has not received any notice or communication in writing relating to any challenge to the validity or enforceability of any Intellectual Property Rights of the Company. No trademark (whether registered or unregistered) or trade name owned, used, or applied for by the Company conflicts or interferes with any trademark (whether registered or unregistered) or trade name owned, used, or applied for by any other Person. None of the goodwill associated with or inherent in any trademark (whether registered or unregistered) in which the Company has or purports to have an ownership interest has been impaired.

(d) Derivative Works and Improvements. No Person who has licensed or provided Technology or Intellectual Property Rights to any Acquired Company has ownership rights or license rights to derivative works or improvements made by or on behalf of any Acquired Company related to such Technology or Intellectual Property Rights.

(e) Company IP Agreements. No Acquired Company is bound by, and no Company Owned IP is subject to, any Contract containing any covenant or other provision that in any way limits or restricts the ability of the Company to use, assert, enforce, or otherwise exploit any Company Owned IP anywhere in the world. The Company has not transferred, and has not agreed to assign or transfer, ownership of (whether a whole or partial interest), or granted any exclusive right to use, any Technology or Intellectual Property Right to any Person. No Acquired Company is, and to the Knowledge of the Company, no other parties are, in breach of any Company IP Contract, and there are no disputes regarding the scope of, or payments required pursuant to, any such Company IP Contract between the parties thereof.

(f) Ownership. The Acquired Companies exclusively own all right, title, and interest to and in the Company Owned IP (excluding any Intellectual Property Rights exclusively licensed to any Acquired Company, as identified in Section 3.13(e) of the Company Disclosure Schedule) free and clear of any Liens (other than non-exclusive licenses granted pursuant to the Company Outbound IP Licenses listed in Section 3.08(a)(iv) of the Company Disclosure Schedule). The Acquired Companies have the exclusive right to bring a claim or suit against any third party for infringement or misappropriation of any Company Owned IP.

(g) Employees and Contractors. Except as disclosed in Section 3.13(g) of the Company Disclosure Schedule, each Person who is or was an employee, officer, director or contractor of the Acquired Companies and who is or was involved in the design, creation or development of any material Technology or Intellectual Property Rights in connection with his or her employment or engagement with the Acquired Companies has signed an agreement containing an assignment to an Acquired Company of all such Technology and Intellectual Property Rights, a waiver of moral rights, and confidentiality provisions protecting such Technology and Intellectual Property Rights. All rights in, to and under all Technology and Intellectual Property Rights created by the Company's current or former employees, officers or directors for or on behalf of, or in contemplation of, the Acquired Companies (i) prior to the inception of the Acquired Companies, or (ii) prior to such individual's commencement of employment or engagement with an Acquired Company, have been duly and validly assigned to an Acquired Company. No current or former employee,

consultant, advisor or contractor of the Company (i) is in violation of any term or covenant of any Contract relating to employment, invention disclosure, invention assignment, non-disclosure or non-competition or any other Contract with any other party by virtue of such employee, consultant, advisor or contractor being employed by, or performing services for, an Acquired Company, or using trade secrets or proprietary information of others without permission, or (ii) has created or developed any Technology or Intellectual Property Rights for an Acquired Company that is subject to any agreement under which such employee, consultant, advisor or contractor has assigned or otherwise granted to any third party any rights in or to such Technology or Intellectual Property Rights. No current or former shareholder, officer, director, or employee of any Acquired Company has any claim, right (whether or not currently exercisable), or interest to or in any Technology or Intellectual Property Rights used by any Acquired Company. To the Knowledge of the Company, no employee of any Acquired Company is (i) bound by or otherwise subject to any Contract restricting him or her from performing his or her duties for the Acquired Companies or (ii) in breach of any Contract with any former employer or other Person, in each case, concerning Technology, Intellectual Property Rights or confidentiality.

(h) Sufficiency. The Company owns or otherwise has, and after the Closing Buyer will have, all Intellectual Property Rights used in or necessary for the conduct the businesses of the Company as currently conducted and planned to be conducted, including the design, manufacture, coding, license, sale, provision, maintenance and support, and use of all Company Products currently in production. The Company IP constitutes all of the Technology and Intellectual Property Rights used in, held for use in, or necessary for the conduct of the business of the Company as currently conducted or as proposed to be conducted.

(i) Confidentiality. The Company has taken commercially reasonable steps to protect and preserve the confidentiality of all confidential or non-public information and trade secrets of the Company or provided by any Person to the Company ("Confidential Information"), including all proprietary information that the Company holds, or purports to hold, as a trade secret. All current and former employees and contractors of the Company and any other Person having access to Confidential Information have executed and delivered to the Company a written, legally-binding agreement sufficient to protect such Confidential Information.

(j) Infringement by Others. To the Knowledge of the Company, no Person has infringed, misappropriated, or otherwise violated, and no Person is currently infringing, misappropriating, or otherwise violating, any Company Owned IP. Section 3.13(j) of the Company Disclosure Schedule accurately identifies as of the date of this Agreement any actual, alleged, or suspected infringement or misappropriation of any Company Owned IP that has been the subject of any letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to any Acquired Company or any representative of any Acquired Company, including any written communication inviting any Person to take a license, ownership, interest, release, covenant not to sue or the like with respect to any Company Owned IP, and provides a brief description of the current status of the matter referred to in such letter, communication, or correspondence.

(k) Effect of Transaction. Neither the execution, delivery, or performance of this Agreement nor the consummation of any of the transactions or agreements contemplated by this Agreement will, with or without notice or the lapse of time, result in, or give any other Person the right or option to cause or declare, (i) a loss or impairment of, or Lien on, any Company Owned IP; (ii) a breach of, termination of, or acceleration or modification of any right or obligation under any Company IP Contract; (iii) the release, disclosure, or delivery of any Company Owned IP by or to any escrow agent or other Person; (iv) the grant, assignment, or transfer to any other Person of any license or other right or interest under, to, or in any Technology or Intellectual Property Right; or (v) Buyer or any of its Affiliates being bound by or subject to any exclusivity obligations, non-compete or other restrictions on the operation or scope of their respective businesses, or to any obligation to grant any rights in or to any of Buyer's or its Affiliates' Technology or Intellectual Property Rights.

(l) Non-Infringement. Except as disclosed in Section 3.13(l) of the Company Disclosure Schedule, no Acquired Company has, since January 1, 2016, infringed, misappropriated, or otherwise violated, or is currently infringing, misappropriating or otherwise violating, and the conduct of the business of the Acquired Companies does not infringe, misappropriate or otherwise violate, any Intellectual Property Right or any other right of any other Person. No infringement, misappropriation, or similar claim or Proceeding is pending or, since January 1, 2016, has been threatened in writing against the Acquired Companies or, to the Knowledge of the Company, against any Person who is entitled to be indemnified or reimbursed by an Acquired Company with respect to such claim or Proceeding. Since January 1, 2016, no Acquired Company has received any written notice or other communication relating to any actual,

alleged, or suspected infringement, misappropriation, or violation of any Intellectual Property Right of another Person, including any written notice or communication inviting such Acquired Company to take a license under any Intellectual Property Right.

(m) Software. None of the Software owned or purported to be owned by any Acquired Company, including any such Software used in connection with the Company Products (collectively, the "Company Software") (i) contains any bug, defect, or error that materially and adversely affects the use, functionality, or performance of such Company Software or any product or system containing or used in conjunction with such Company Software or (ii) fails to comply with any applicable warranty or other contractual commitment relating to the use, functionality, or performance of such Company Software or any product or system containing or used in conjunction with such Company Software.

(n) Malicious Code. No Company Software contains any "back door," "drop dead device," "time bomb," "Trojan horse," "virus," "worm," "spyware" or "adware" (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing or facilitating, any of the following functions: (i) disrupting, disabling, harming, or otherwise impeding in any manner the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed, or (ii) compromising the privacy or data security of a user or damaging or destroying any data or file without the user's consent (collectively, "Malicious Code"). The Acquired Companies implement commercially reasonable measures designed to prevent the introduction of Malicious Code into Company Software, including firewall protections and regular virus scans.

(o) Source Code. No source code for any Company Software has been delivered, licensed, or made available to any escrow agent or other Person who is not, as of the date of this Agreement, an employee or contractor of an Acquired Company who needs such source code to perform his or her job duties. No Acquired Company has any duty or obligation (whether present, contingent, or otherwise) to deliver, license, or make available any source code for any Company Software to any escrow agent or other Person. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, result in the delivery, license, or disclosure of any source code for any Company Software to any Person.

(p) Open Source. Section 3.13(p) of the Company Disclosure Schedule sets forth an accurate and complete list of all Open Source Materials included in, combined with, or used in the delivery of, any Company Product or other Company Owned IP, as the case may be, and identifies each relevant license for such Open Source Materials and describes the manner in which such Open Source Materials were used (such description shall include whether (and, if so, how) the Open Source Materials were modified or distributed by the Acquired Companies). With respect to Open Source Materials that are or have been used by the Acquired Companies in connection with any Company Products, the Acquired Companies have been and are in compliance with the terms and conditions of all applicable licenses for the Open Source Materials, including attribution and copyright notice requirements. No Company Product or Company Owned IP is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any Open Source Materials license) that requires, or conditions the use or distribution of such Company Product or Company Owned IP or portion thereof on, (A) the disclosure, licensing, or distribution of any source code for a Company Product or Company Owned IP or any portion thereof, (B) the granting to licensees of the right to reverse engineer or make derivative works or other modifications to such Company Products or Company Owned IP or portions thereof or (C) licensing or otherwise distributing or making available a Company Product or Company Owned IP or any portion thereof for a nominal or otherwise limited fee or charge.

(q) Government or University Funding. No funding, facilities, or personnel of any Governmental Authority were used, directly or indirectly, to develop or create, in whole or in part, any material Company Owned IP. No Governmental Authority, university, college, other educational institution, multi-national, bi-national or international organization or research center (i) owns or otherwise holds, or has the right to obtain, any rights to any Company Owned IP, (ii) has imposed or purported to impose, or has the right, whether contingent or otherwise, to impose, any obligations or restrictions on the Acquired Companies (or, following the Closing, on Buyer) with respect to the licensing or granting of any Intellectual Property Rights, or (iii) is or may become entitled to receive any royalties or other payments from the Acquired Companies (or, following the Closing, Buyer).

(r) Standards Bodies. No Acquired Company is or has ever been a member or promoter of, or a contributor to, any industry standards body or similar organization that requires or obligates such Acquired Company to grant or

offer to any other Person any license or right to any Company Owned IP or to refrain from enforcing any Company Owned IP.

Section 3.14 Information Technology

(a) The information technology systems used by the Acquired Companies ("IT Systems") are sufficient in all material respects for the needs of the business of the Acquired Companies as currently conducted, including as to capacity, scalability and ability to process current and currently anticipated peak volumes in a timely manner. The Acquired Companies' IT Systems and the Acquired Companies' related procedures and practices are designed, implemented, operated and maintained in all material respects in accordance with commercially reasonable practices for entities operating businesses similar to the business of the Acquired Companies, including with respect to redundancy, reliability, scalability and security. Without limiting the foregoing, (i) the Acquired Companies have taken reasonable steps and implemented reasonable procedures to ensure in all material respects that the Acquired Companies' IT Systems are free from Malicious Code, and (ii) the Acquired Companies have in effect disaster recovery plans, procedures and facilities for their business and have taken reasonable steps to safeguard the security and the integrity of their IT Systems in all material respects. The Acquired Companies have implemented reasonable safeguards, including as may be defined by Applicable Law (including Privacy, Security and Consumer Protection Laws), and administrative, physical and technical security measures appropriate to the Acquired Companies given the sensitivity of the Personal Data, to protect Personal Data in the Acquired Companies' possession or control from unauthorized access by third Persons in all material respects, including the Acquired Companies' employees and contractors.

(b) There has been no unresolved failure or other substandard performance of any IT Systems of the Acquired Companies which has caused any material disruption to the business of the Acquired Companies. The Acquired Companies have not suffered any data loss, business interruption, or other harm as a result of, any Malicious Code intentionally designed to permit (i) unauthorized access to a computer or network, (ii) unauthorized disablement or erasure of Software, hardware or data, or (iii) any other similar type of unauthorized activities. Since January 1, 2016, there have not been any actual or suspected illegal or unauthorized intrusions or breaches of the security of any of the IT Systems or any actual or suspected illegal or unauthorized access, disclosure, use, destruction or alteration of any Personal Data that was collected by or on behalf of the Acquired Companies and is in the possession or control of the Acquired Companies or the Acquired Companies' vendors, marketing affiliates or other business partners.

Section 3.15 Privacy

(a) The Acquired Companies are, and have at all times been, in material compliance with (i) all applicable Privacy, Security and Consumer Protection Laws regarding Processing of Personal Data, (ii) the privacy policies and other Contracts (or portions thereof) in effect between the Company and users of the Company Products, and (iii) Contracts (or portions thereof) between the Company and vendors, marketing affiliates, financial institutions, and other business partners, in each case in clauses (ii) and (iii), that are applicable to the Processing of Personal Data (such policies and Contracts being hereinafter referred to as "Privacy Agreements"). Since January 1, 2016, the Acquired Companies have provided materially accurate notice of its privacy practices on its websites, and, to the Knowledge of the Company such privacy policies have not contained any material omissions of the Acquired Companies' privacy practices nor have they been in violation of Privacy, Security and Consumer Protection Laws.

(b) The Privacy Agreements do not require the delivery of any notice to or consent from any Person, or prohibit the transfer of any Personal Data collected and in the possession or control of the Acquired Companies to Buyer, in connection with the execution, delivery, or performance of this Agreement or the consummation of any of the transactions contemplated by this Agreement. Neither the execution, delivery or performance of this Agreement, nor the consummation of any of the transactions contemplated by this Agreement will result in any material violation of any Privacy Agreements or any Applicable Law pertaining to privacy or Personal Data or Processing of Personal Data.

(c) The Acquired Companies have confidentiality agreements in all material respects in place with all Affiliates, vendors or other Persons whose relationship with the Acquired Companies involves the Processing of Personal Data on behalf of the Acquired Companies, which agreements require such Persons to protect such Personal

Data in a manner consistent with the Acquired Companies' obligations in the Privacy Agreements and in compliance with Applicable Laws.

(d) To the Knowledge of the Company, no Person has made any illegal or unauthorized Processing of Personal Data that was collected by or on behalf of the Acquired Companies and is in the possession or control of the Acquired Companies.

(e) The Acquired Companies have not received any written complaint or inquiry from, and to the Knowledge of the Company there has not been any written complaint to any regulatory or other governmental body or official, foreign or domestic, or any audit, proceeding, investigation (whether formal or informal), or claim against, the Company or any of its customers (in the case of customers, to the extent relating to the Company Products) by any private party or any regulatory or other governmental body or official, foreign or domestic, regarding the Processing of Personal Data, and no such complaint, audit, proceeding, investigation or claim has been threatened in writing against the Acquired Companies. To the Knowledge of the Company, no facts or circumstances exist that could reasonably be expected to give rise to such a complaint, audit, proceeding, investigation or claim insofar as the same relate to the Acquired Companies.

(f) The Acquired Companies have at all times been in compliance with, in all material respects, all applicable requirements contained in the Payment Card Industry Data Security Standards ("PCI DSS") relating to "cardholder data" (as such term is defined in the PCI DSS, as amended from time to time) as a merchant with respect to all such cardholder data that an Acquired Company possesses or to which an Acquired Company has access. To the Knowledge of the Company, no Acquired Company has experienced a security breach involving unauthorized Processing of any "cardholder data." The Acquired Companies have taken commercially reasonable steps to prevent a security breach involving unauthorized Processing of "cardholder data," including steps to monitor, detect, prevent, mitigate, and remediate such security breaches.

Section 3.16 Insurance Coverage

Section 3.16 of the Company Disclosure Schedule contains an accurate and complete list of all insurance policies of the Acquired Companies (the "Company Insurance Policies") relating to the assets, business, operations, employees, officers or directors of the Acquired Companies, each of which is in full force and effect. The Company has made available to Buyer copies of each Company Insurance Policy and all amendments and riders thereto. Except as set forth in Section 3.16 of the Company Disclosure Schedule and other than claims made in the ordinary course, there are no pending claims under any Company Insurance Policy, including any claims for loss or damage to the properties, assets or business of the Acquired Companies. There is no claim by any Acquired Company pending under any Company Insurance Policy as to which coverage has been questioned, denied or disputed by the underwriters of such policies or in respect of which such underwriters have reserved their rights. All premiums payable under all such policies have been timely paid and the Acquired Companies have otherwise complied in all material respects with the terms and conditions of all such policies. The Company has no Knowledge of any actual or threatened termination of, material premium increase with respect to, or material alteration of coverage under, any of such policies. After the Closing, the Acquired Companies shall continue to have coverage under such policies with respect to events occurring prior to the Closing.

Section 3.17 Licenses and Permits

Except as set forth in Section 3.17 of the Company Disclosure Schedule, the Acquired Companies have, and at all times since January 1, 2016, have had, all licenses, registrations, permits, qualifications, accreditations, approvals and authorizations of any Governmental Authority (collectively, the "Permits"), and have made all necessary filings and maintained requisite registers and mandatory standard operating procedures required under Applicable Law, necessary to service the Acquired Companies' accounts in accordance with Applicable Laws and otherwise to conduct the business of the Acquired Companies in compliance with Applicable Law, except where the failure to possess such Permit would not reasonably be material to the business of the Acquired Companies taken as a whole. Each Acquired Company is in compliance with each such Permit, except where the failure to so comply would not reasonably be material to the business of the Acquired Companies taken as a whole. Since January 1, 2016, no Acquired Company

has received any written notice or other written communication regarding any actual or possible violation of or failure to comply with any term or requirement of any Permit or any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any Permit, except where the failure to possess such Permit would not reasonably be material to the business of the Acquired Companies taken as a whole.

Section 3.18 Tax Matters.

(a) Each Acquired Company has duly and timely filed (taking into account any valid extensions) with the appropriate Tax authorities all income and other material Tax Returns required to be filed. All such Tax Returns are complete and accurate in all material respects when filed. All Taxes due and owing by any Acquired Company (whether or not shown on any Tax Returns) have been paid. No Acquired Company is currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by a Tax authority or other Governmental Authority in a jurisdiction where an Acquired Company does not file Tax Returns that any such Acquired Company is or may be subject to taxation by that jurisdiction.

(b) The unpaid Taxes of the Acquired Companies did not, as of the Balance Sheet Date, exceed the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheet (rather than in any notes thereto). Since the Balance Sheet Date, no Acquired Company has incurred any liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice.

(c) No deficiencies for Taxes with respect to any Acquired Company have been claimed, proposed or assessed in writing by any Tax authority or other Governmental Authority that have not been fully resolved. There are no pending audits, assessments or other actions for or relating to any liability in respect of Taxes of any Acquired Company, nor has any been threatened in writing. No issues relating to Taxes of any Acquired Company were raised by the relevant Tax authority in any completed audit or examination that would reasonably be expected to result in a material liability in respect of Taxes in a later taxable period. No Acquired Company (or any predecessor thereof) has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, nor has any request been made in writing for any such extension or waiver.

(d) The Company has delivered or made available to Buyer complete and accurate copies of all annual income and other material Tax Returns of the Acquired Companies (and any predecessor thereof) for all taxable years remaining open under the applicable statute of limitations, and complete and accurate copies of all audit or examination reports and statements of deficiencies assessed against or agreed to by any Acquired Company (or any predecessors thereof) since January 1, 2016, or in relation to any taxable years remaining open under Applicable Law. No power of attorney (other than powers of attorney authorizing the ongoing tax advisor of the Acquired Companies to act on behalf of the Acquired Companies) with respect to any Taxes has been executed or filed with any Tax authority, and the ongoing Tax advisor of the Acquired Companies who is authorized to act on behalf of any Acquired Companies with respect to any Taxes is identified on Section 3.18(d) of the Company Disclosure Schedule.

(e) There are no Liens for Taxes upon any property or asset of any Acquired Company (other than statutory liens for current Taxes not yet due and payable).

(f) No entity classification election pursuant to Treasury Regulations Section 301.7701-3 (or any similar provision of non-U.S. Tax law) has been filed with respect to any Acquired Company.

(g) No Acquired Company will be required to include any item of income in, or exclude any item of deduction from, Taxable income for any period (or any portion thereof) ending after the Closing Date as a result of any installment sale or other transaction on or prior to the Closing Date, any accounting method change or agreement with any Tax authority prior to the Closing, the use of an improper method of accounting for any period or portion thereof ending prior to the Closing Date, any prepaid amount received on or prior to the Closing or any intercompany transaction or excess loss account described in Section 1502 of the Code (or any corresponding provision of state, local, or non-U.S. Tax law), or any election under Section 108(i) of the Code (or any corresponding provision of state, local, or foreign Tax law).

(h) No Acquired Company (i) is or has been a "controlled foreign corporation" as defined in Section 957 of the Code or a "passive foreign investment company" within the meaning of Section 1297 of the Code, or (ii) engaged in a trade or business, had a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise become subject to Tax jurisdiction in a country other than the country of its formation.

(i) No Acquired Company is a partner for Tax purposes with respect to any joint venture, partnership, or other arrangement or Contract which is treated as a partnership for Tax purposes.

(j) No Acquired Company is a party to or bound by any Tax indemnity agreement, Tax sharing agreement, Tax allocation agreement or similar Contract, other than customary indemnification provisions in a commercial Contract entered into in the ordinary course of business which Contract does not relate primarily to Taxes.

(k) No Acquired Company has been a party to a transaction that is or is substantially similar to a "reportable transaction," as such term is defined in U.S. Treasury Regulations Section 1.6011-4(b)(1), or any other transaction requiring disclosure under analogous provisions of state, local or foreign Tax law. If any Acquired Company has entered into any transaction such that, if the treatment claimed by it were to be disallowed, the transaction would constitute a substantial understatement of U.S. federal income Tax within the meaning of Section 6662 of the Code, then such Acquired Company, as the case may be, believes that it has either (i) substantial authority for the tax treatment of such transaction or (ii) disclosed on its Tax Return the relevant facts affecting the tax treatment of such transaction. No Acquired Company has participated or plans to participate in any Tax amnesty program.

(l) No Acquired Company has ever been a member of an affiliated group filing a consolidated, combined, unitary or similar Tax Return. No Acquired Company has liability for the Taxes of any Person (other than Taxes of such Acquired Company), other than pursuant to customary indemnification provisions in a commercial Contract entered into in the ordinary course of business which Contract does not relate primarily to Taxes.

(m) Each Acquired Company has timely withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any Service Provider and to any creditor, securityholders of such Acquired Company or other Person. Sellers, the Acquired Companies and their respective Affiliates have properly classified all Service Providers as employees or non-employees for all purposes (including, without limitation, for purposes of the Benefit Plans), and have made all required and appropriate filings and reports in connection with services provided by, and compensation paid to, such Service Providers.

(n) No Acquired Company or any of its predecessors has been, since January 1, 2016, a party to any distribution that the parties to which treated as satisfying the requirements of Section 355 of the Code (or any corresponding provisions of state, local or non-U.S. Tax law).

(o) The Company has provided or made available to Buyer all material documentation relating to, and is in full compliance with all terms and conditions of, any Tax exemption, Tax holiday, Tax incentive or other Tax reduction agreement or order of a territorial government. The consummation of the transactions contemplated by this Agreement will not have any adverse effect on the continued validity and effectiveness of any such Tax exemption, Tax holiday, Tax incentive or other Tax reduction agreement or order.

(p) No Acquired Company (i) is or was a "surrogate foreign corporation" within the meaning of Section 7874(a)(2)(B) of the Code or is treated as a U.S. corporation under Section 7874(b) of the Code; or (ii) was created or organized in the United States such that such entity would be taxable in the United States as a domestic entity pursuant to U.S. Treasury Regulations Section 301.7701-5(a).

(q) Each Acquired Company maintains contemporaneous documentation substantiating the transfer pricing practices and methodology between such Acquired Company and its Affiliates as required by Applicable Law, and such transfer pricing is on arm's-length terms.

(r) No Acquired Company has participated in or cooperated with, or has agreed to participate in or cooperate with, or is participating in or cooperating with, any international boycott within the meaning of Section 999 of the Code.

(s) Except as disclosed in Section 3.18(s) of the Company Disclosure Schedule, no Service Provider is subject to taxation in the United States.

(t) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, either alone or in combination with another event (whether contingent or otherwise) will result in any "parachute payment" under Section 280G of the Code (or any corresponding provision of state, local, or non-U.S. Tax law).

(u) There is no Contract, agreement, plan (including any Company Benefit Plan) or arrangement which requires (i) any Seller or Affiliate thereof (other than any Acquired Company) to pay a Tax gross-up or reimbursement payment to any Service Provider or (ii) any Acquired Company to pay a Tax gross-up or reimbursement payment to any Person.

Section 3.19 Employees and Employee Benefit Plans.

(a) Each Acquired Company has duly and timely filed (taking into account any valid extensions) with the appropriate Tax authorities all income and other material Tax Returns required to be filed. All such Tax Returns are complete and accurate in all material respects when filed. All Taxes due and owing by any Acquired Company (whether or not shown on any Tax Returns) have been paid. No Acquired Company is currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by a Tax authority or other Governmental Authority in a jurisdiction where an Acquired Company does not file Tax Returns that any such Acquired Company is or may be subject to taxation by that jurisdiction.

(b) The unpaid Taxes of the Acquired Companies did not, as of the Balance Sheet Date, exceed the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheet (rather than in any notes thereto). Since the Balance Sheet Date, no Acquired Company has incurred any liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice.

(c) No deficiencies for Taxes with respect to any Acquired Company have been claimed, proposed or assessed in writing by any Tax authority or other Governmental Authority that have not been fully resolved. There are no pending audits, assessments or other actions for or relating to any liability in respect of Taxes of any Acquired Company, nor has any been threatened in writing. No issues relating to Taxes of any Acquired Company were raised by the relevant Tax authority in any completed audit or examination that would reasonably be expected to result in a material liability in respect of Taxes in a later taxable period. No Acquired Company (or any predecessor thereof) has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, nor has any request been made in writing for any such extension or waiver.

(d) The Company has delivered or made available to Buyer complete and accurate copies of all annual income and other material Tax Returns of the Acquired Companies (and any predecessor thereof) for all taxable years remaining open under the applicable statute of limitations, and complete and accurate copies of all audit or examination reports and statements of deficiencies assessed against or agreed to by any Acquired Company (or any predecessors thereof) since January 1, 2016, or in relation to any taxable years remaining open under Applicable Law. No power of attorney (other than powers of attorney authorizing the ongoing tax advisor of the Acquired Companies to act on behalf of the Acquired Companies) with respect to any Taxes has been executed or filed with any Tax authority, and the ongoing Tax advisor of the Acquired Companies who is authorized to act on behalf of any Acquired Companies with respect to any Taxes is identified on Section 3.18(d) of the Company Disclosure Schedule.

(e) There are no Liens for Taxes upon any property or asset of any Acquired Company (other than statutory liens for current Taxes not yet due and payable).

(f) No entity classification election pursuant to Treasury Regulations Section 301.7701-3 (or any similar provision of non-U.S. Tax law) has been filed with respect to any Acquired Company.

(g) No Acquired Company will be required to include any item of income in, or exclude any item of deduction from, Taxable income for any period (or any portion thereof) ending after the Closing Date as a result of any installment sale or other transaction on or prior to the Closing Date, any accounting method change or agreement with any Tax authority prior to the Closing, the use of an improper method of accounting for any period or portion thereof ending prior to the Closing Date, any prepaid amount received on or prior to the Closing or any intercompany transaction or excess loss account described in Section 1502 of the Code (or any corresponding provision of state,

local, or non-U.S. Tax law), or any election under Section 108(i) of the Code (or any corresponding provision of state, local, or foreign Tax law).

(h) No Acquired Company (i) is or has been a "controlled foreign corporation" as defined in Section 957 of the Code or a "passive foreign investment company" within the meaning of Section 1297 of the Code, or (ii) engaged in a trade or business, had a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise become subject to Tax jurisdiction in a country other than the country of its formation.

(i) No Acquired Company is a partner for Tax purposes with respect to any joint venture, partnership, or other arrangement or Contract which is treated as a partnership for Tax purposes.

(j) No Acquired Company is a party to or bound by any Tax indemnity agreement, Tax sharing agreement, Tax allocation agreement or similar Contract, other than customary indemnification provisions in a commercial Contract entered into in the ordinary course of business which Contract does not relate primarily to Taxes.

(k) No Acquired Company has been a party to a transaction that is or is substantially similar to a "reportable transaction," as such term is defined in U.S. Treasury Regulations Section 1.6011-4(b)(1), or any other transaction requiring disclosure under analogous provisions of state, local or foreign Tax law. If any Acquired Company has entered into any transaction such that, if the treatment claimed by it were to be disallowed, the transaction would constitute a substantial understatement of U.S. federal income Tax within the meaning of Section 6662 of the Code, then such Acquired Company, as the case may be, believes that it has either (i) substantial authority for the tax treatment of such transaction or (ii) disclosed on its Tax Return the relevant facts affecting the tax treatment of such transaction. No Acquired Company has participated or plans to participate in any Tax amnesty program.

(l) No Acquired Company has ever been a member of an affiliated group filing a consolidated, combined, unitary or similar Tax Return. No Acquired Company has liability for the Taxes of any Person (other than Taxes of such Acquired Company), other than pursuant to customary indemnification provisions in a commercial Contract entered into in the ordinary course of business which Contract does not relate primarily to Taxes.

(m) Each Acquired Company has timely withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any Service Provider and to any creditor, securityholders of such Acquired Company or other Person. Sellers, the Acquired Companies and their respective Affiliates have properly classified all Service Providers as employees or non-employees for all purposes (including, without limitation, for purposes of the Benefit Plans), and have made all required and appropriate filings and reports in connection with services provided by, and compensation paid to, such Service Providers.

(n) No Acquired Company or any of its predecessors has been, since January 1, 2016, a party to any distribution that the parties to which treated as satisfying the requirements of Section 355 of the Code (or any corresponding provisions of state, local or non-U.S. Tax law).

(o) The Company has provided or made available to Buyer all material documentation relating to, and is in full compliance with all terms and conditions of, any Tax exemption, Tax holiday, Tax incentive or other Tax reduction agreement or order of a territorial government. The consummation of the transactions contemplated by this Agreement will not have any adverse effect on the continued validity and effectiveness of any such Tax exemption, Tax holiday, Tax incentive or other Tax reduction agreement or order.

(p) No Acquired Company (i) is or was a "surrogate foreign corporation" within the meaning of Section 7874(a)(2)(B) of the Code or is treated as a U.S. corporation under Section 7874(b) of the Code; or (ii) was created or organized in the United States such that such entity would be taxable in the United States as a domestic entity pursuant to U.S. Treasury Regulations Section 301.7701-5(a).

(q) Each Acquired Company maintains contemporaneous documentation substantiating the transfer pricing practices and methodology between such Acquired Company and its Affiliates as required by Applicable Law, and such transfer pricing is on arm's-length terms.

(r) No Acquired Company has participated in or cooperated with, or has agreed to participate in or cooperate with, or is participating in or cooperating with, any international boycott within the meaning of Section 999 of the Code.

(s) Except as disclosed in Section 3.18(s) of the Company Disclosure Schedule, no Service Provider is subject to taxation in the United States.

(t) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, either alone or in combination with another event (whether contingent or otherwise) will result in any "parachute payment" under Section 280G of the Code (or any corresponding provision of state, local, or non-U.S. Tax law).

(u) There is no Contract, agreement, plan (including any Company Benefit Plan) or arrangement which requires (i) any Seller or Affiliate thereof (other than any Acquired Company) to pay a Tax gross-up or reimbursement payment to any Service Provider or (ii) any Acquired Company to pay a Tax gross-up or reimbursement payment to any Person.

Section 3.20 Environmental Matters

(a) Except as would not reasonably be material to the business of the Acquired Companies taken as a whole:

(i) no notice, notification, demand, request for information, citation, summons or order has been received by any Acquired Company, no complaint has been filed, no penalty has been assessed, and no Proceeding (or any basis therefor) is pending or, to the Knowledge of the Company, is threatened by any Governmental Authority or other Person relating to any Acquired Company and relating to or arising out of any Environmental Law;

(ii) each Acquired Company is, and has at all times since January 1, 2016, been, in material compliance with all Environmental Laws and all Environmental Permits; and

(iii) there are no liabilities or obligations of any Acquired Company of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise arising under or relating to any Environmental Law or any Hazardous Substance and, to the Knowledge of the Company, there is no condition, situation or set of circumstances that could reasonably be expected to result in or be the basis for any such liability or obligation.

(b) There has been no environmental investigation, study, audit, test, review or other analysis conducted of which the Company has Knowledge in relation to the current or prior business of any Acquired Company or any property or facility now or previously owned or leased by any Acquired Company that has not been delivered to Buyer.

(c) For purposes of this Section 3.20, the term "Company" shall include any entity that is, in whole or in part, a predecessor of the Company.

Section 3.21 Customer and Suppliers

(a) Section 3.21(a) of the Company Disclosure Schedule sets forth a list of the top twenty-five (25) customers of the Acquired Companies (including distributors) (each, a "Material Customer"), based on the dollar amount of consolidated revenues earned by the Acquired Companies for the seventeen months ended May 31, 2019 and the revenues generated from such Material Customers.

(b) Section 3.21(b) of the Company Disclosure Schedule sets forth a list of the top twenty-five (25) suppliers, vendors, service providers and other similar business relations of the Company, based on expenses to the business of the Acquired Companies for the seventeen months ended May 31, 2019 (collectively, "Material Suppliers"), and the amount of expenses attributable to each such Material Supplier.

(c) No Material Customer or Material Supplier has given any Acquired Company or any of their respective Affiliates, officers, directors, employees, agents or Representatives, notice that it intends to stop or materially alter its business relationship with any Acquired Company (whether as a result of the consummation of the transactions contemplated by this Agreement or otherwise), or has during the past twelve months decreased materially, or threatened to decrease or limit materially, its supply of services or products to, or purchase of products or services from the Acquired Companies.

Section 3.22 Affiliate Transactions

Except as set forth in Section 3.22 of the Seller Disclosure Schedule, no director, officer, employee or Affiliate (which for purposes of this Section 3.22 shall include any stockholder of such Seller that owns more than 5% of the outstanding equity securities of such Seller) or "associate" or members of any of their "immediate family" (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the Exchange Act) of any Acquired Company (each of the foregoing, a "Related Person"), other than in its capacity as a director, officer or employee of an Acquired Company (a) has entered into any Contract involving any Acquired Company that remains in effect, (b) directly or indirectly owns, or otherwise has any right, title, interest in, to or under, any property or right, tangible or intangible, that is used by any Acquired Company or otherwise related to the business of the Acquired Companies, (c) has any claim or right against any Acquired Company (other than rights to receive compensation for services performed as a director, officer or employee of an Acquired Company and other than rights to reimbursement for travel and other business expenses incurred in the ordinary course), (d) owes any money to any Acquired Company or is owed money from any Acquired Company (other than amounts owed for compensation or reimbursement pursuant to clause (c) above) or (e) provides services to any Acquired Company (other than services performed as a director, officer or employee of any Acquired Company) or is dependent on services or resources provided by any Acquired Company.

Section 3.23 Anticorruption Laws

Neither the Acquired Companies, nor any of their respective directors, managers, officers or employees, nor to the Seller's Knowledge, distributors, resellers, consultants or agents acting on behalf of any Acquired Company, has provided, attempted to provide, or authorized the provision of anything of value (including payments, meals, entertainment, travel expenses or accommodations, or gifts), directly or indirectly, to any person, including a "foreign official," as defined by the FCPA, which includes employees or officials working for state-owned or controlled entities, a foreign political party or candidate, any individual employed by or working on behalf of a public international organization for the purpose of corruptly (i) obtaining or retaining business for or with, or directing business to, any person; (ii) influencing any act or decision of a foreign government official in his or her official capacity; (iii) inducing a foreign government official to do or omit to do any act in violation of his/her lawful duties; or (iv) securing any improper advantage in violation of the FCPA or the PCA or any applicable local, domestic, or international anticorruption laws. None of the Acquired Companies, nor any of their respective directors, managers, officers, employees nor to the Seller's Knowledge, distributors, resellers, consultants or agents acting on behalf of any Acquired Company has used any corporate funds to maintain any off-the-books funds or engage in any off-the-books transactions nor has any of the before stated parties falsified any documents of the Acquired Companies. None of the Acquired Companies has provided to any person (including foreign government officials) any improper rebate, commercial bribe, influence payment, extortion, kickback, or other improper payment in violation of the FCPA, PCA or any other applicable anticorruption law. None of the Acquired Companies has conducted any government-initiated investigation, or made a voluntary, directed, or involuntary disclosure to any governmental body or similar agency with respect to any alleged act or omission arising under or relating to any noncompliance with any anticorruption law, including the FCPA and PCA.

Section 3.24 Bank Accounts

Section 3.24 of the Company Disclosure Schedule sets forth a complete and correct list of (a) all banks or other financial institutions with which any Acquired Company has an account or maintain a safe deposit box, showing the account numbers and names of the persons authorized as signatories with respect thereto and (b) the names of all Persons holding powers of attorney from any Acquired Company, complete and correct copies of which have been made available to Buyer. The Acquired Companies have furnished to Buyer true and complete copies of any agreements setting forth the terms of any lines of credit available to the Acquired Companies.

Section 3.25 Finders' Fees

Except for Standard Chartered Bank (Singapore) Limited, an accurate and complete copy of whose engagement agreement has been provided to Buyer and whose fees and expenses shall be treated as a Company Transaction Expense hereunder, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of any Acquired Company who might be entitled to any fee or commission from any Acquired Company or any of their Affiliates in connection with the transactions contemplated by this Agreement.

ARTICLE 4.
REPRESENTATION AND WARRANTIES OF EACH SELLER

Each Seller hereby severally (and not jointly and severally) represents and warrants to Buyer that:

Section 4.01 Corporate Existence and Power.

In respect of each corporate Seller, such Seller is a legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has all powers and all governmental licenses, authorizations, permits, consents and approvals required to carry out the transactions contemplated hereby. Each Seller has all requisite power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by such Seller, the performance by such Seller of its obligations hereunder, and the consummation by such Seller of the transactions contemplated by this Agreement, have been, to the extent applicable, duly authorized by all required action on the part of such Seller, and no other action on the part of such Seller is necessary to authorize the execution and delivery of this Agreement by such Seller, the performance by such Seller of its obligations hereunder or the consummation by such Seller of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by such Seller and, assuming due authorization, execution and delivery by the other parties to this Agreement, this Agreement constitutes a legally valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as such enforceability may be subject to the Enforceability Exceptions.

Section 4.02 Corporate Authorization

Such Seller has the absolute and unrestricted right, power and authority to enter into and to perform its obligations under this Agreement; and the execution, delivery and performance by such Seller of this Agreement have been duly authorized by all necessary action on the part of such Seller. This Agreement has been duly executed and delivered by such Seller and, assuming due authorization, execution and delivery of this Agreement by the other parties to this Agreement, constitutes the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, subject to (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors and (ii) rules of law governing specific performance, injunctive relief and other equitable remedies.

Section 4.03 Governmental Authorization

The execution, delivery and performance by such Seller of this Agreement and the consummation by such Seller of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Authority.

Section 4.04 Non-contravention

The execution, delivery and performance by such Seller of this Agreement and the consummation by such Seller of the transactions contemplated hereby do not and will not (a) contravene, conflict with, or result in any violation or breach of any provision of the organizational documents of such Seller, to the extent applicable, (b) contravene, conflict with or result in a violation or breach by such Seller of any provision of any Applicable Law, (c) require any consent or other action by any Person under, result in a breach of, constitute a default, or an event that, with or without

notice or lapse of time or both, would result in a breach of, or constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which any Acquired Company is entitled under any provision of any material Contract binding upon such Seller, or under which any of the assets of such Seller is bound or affected, or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of such Seller or (d) result in the creation or imposition of any material Lien on any asset of such Seller, except in the case of clauses (b), (c) and (d), as would not reasonably be expected to impede, prevent or delay such Seller's performance of its obligations under this Agreement.

Section 4.05 Ownership of shares; Title

Such Seller is the sole record and beneficial owner of the number of Shares listed next to such Seller's name in Schedule 4.05. Other than as set forth on Schedule 4.05, such Seller owns no equity interest (or any right to acquire any equity interest) in any Acquired Company. Such Seller has, and shall transfer to Buyer at the Closing, good and marketable title to the Shares free and clear of all Liens except for (i) Liens created by this Agreement and (ii) Liens arising under applicable United States federal or state securities laws. Other than this Agreement and the amended and restated shareholders agreement among the shareholders of the Company named therein and the Company dated June 7, 2017, as amended from time to time, there are no voting trusts, voting agreements, proxies, first refusal rights, first offer rights, co-sale rights, options, transfer restrictions or other agreements, instruments or understandings of any nature with respect to the voting, transfer or disposition of the capital stock of the Company or any of its Subsidiaries

Section 4.06 Ownership of Company Assets

Such Seller does not own any Intellectual Property Rights, or any other property or asset, that is owned or purported to be owned by any Acquired Company, nor does such Seller own (whether solely or jointly), or have any rights to or under, any Company Owned IP or any other property or asset of any Acquired Company.

Section 4.07 Tax Matters

Such Seller has had an opportunity to review with his, her or its own tax advisors the tax consequences of the Sale and the other transactions contemplated by this Agreement. Such Seller understands that he, she or it must rely solely on his, her or its advisors and not on any statements or representations made by Buyer, any Acquired Company or any of their Affiliates, agents, representatives or advisors. Such Seller understands that the Sellers (and not Buyer, the Company or any of their Affiliates) shall be responsible for any tax liability for the Sellers that may arise as a result of the Sale or the other transactions contemplated by this Agreement.

Section 4.08 Investment Representatives

(a) Such Seller (i) is capable of evaluating the merits and risks of an acquisition of Buyer Shares in connection with the Sale, (ii) has the capacity to protect such Seller's interest in connection with the acquisition of such Buyer Shares, (iii) is financially able to bear the economic risk of an investment in such Buyer Shares, including the total loss thereof, and (iv) has received and reviewed all information such Seller considers necessary or appropriate for deciding about an investment in such Buyer Shares.

(b) Such Seller is not a "U.S. Person" as such term is defined in Regulation S under the Securities Act.

(c) Such Seller understands (i) that the Buyer Shares to be issued in connection with the Sale are "restricted securities" under applicable United States securities laws in that such shares will be acquired from Buyer in a transaction not involving a public offering, and that under such laws and applicable regulations such shares may be resold without registration under the Securities Act only in certain limited circumstances and that otherwise such shares must be held indefinitely, and (ii) the resale limitations imposed by the Securities Act as well as Rule 144 thereunder and the

conditions which must be met in order for Rule 144 to be available for resale of "restricted securities," including the requirement that the Buyer Shares to be issued in connection with the Sale, unless registered for resale under the Securities Act, must be held for at least six (6) months after issuance from Buyer (or (1) year in the absence of publicly available information about Buyer) and the condition that there be available to the public current information about Buyer under certain circumstances.

ARTICLE 5.
REPRESENTATION AND WARRANTIES OF BUYERS

Buyer represents and warrants to each Seller and the Company that:

Section 5.01 Corporate Existence and Power.

Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation.

Section 5.02 Corporate Authorization

Buyer has the absolute and unrestricted right, power and authority to enter into and to perform its obligations under this Agreement; and the execution, delivery and performance by Buyer of this Agreement have been duly authorized by all necessary action on the part of Buyer. This Agreement has been duly executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to (a) laws of general application relating to bankruptcy, insolvency and the relief of debtors and (b) rules of law governing specific performance, injunctive relief and other equitable remedies.

Section 5.03 Governmental Authorization

The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Authority by the Buyer, other than (a) applicable requirements of the Exchange Act, including the filing of any Current Report on Form 8-K, (b) the filing of any required documentation under the Securities Act, if applicable, in connection with the issuance of Buyer Shares as part of the Aggregate Share Consideration under this Agreement, (c) any filings required under state securities laws, (d) any filings required by the NYSE and (e) any filings any actions or filings the absence of which would not be reasonably expected to materially impair the ability of Buyer to consummate the transactions contemplated by this Agreement.

Section 5.04 Non-contravention

The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby do not and will not (a) contravene, conflict with, or result in any violation or breach of any provision of the certificate of incorporation or bylaws of Buyer or any of its Subsidiaries, (b) assuming compliance with the matters referred to in Section 5.03, contravene, conflict with or result in a violation or breach by the Buyer or any of its Subsidiaries of any provision of any material Applicable Law, (c) require any consent or other action by any Person under, result in a breach of, constitute a default, or an event that, with or without notice or lapse of time or both, would result in a breach of, or constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which Buyer or any of its Subsidiaries is entitled under the provision of any Contract binding upon Buyer or any of its Subsidiaries, or under which any of the assets of Buyer or its Subsidiaries is bound or affected, or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of Buyer or any of its Subsidiaries or (d) result in the creation or imposition of any Lien on any asset of Buyer or any of its Subsidiaries, except in each

case as would not reasonably be expected to materially impair or delay the Buyer's ability to consummate the transactions under this Agreement.

Section 5.05 Sufficient Funds

The Buyer has sufficient cash to pay the Aggregate Cash Consideration.

Section 5.06 Finders' Fee

There is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Buyer or any of its Subsidiaries who might be entitled to any fee or commission from Buyer or any of its Affiliates in connection with the transactions contemplated by this Agreement.

Section 5.07 SEC Documents

Buyer has timely filed or furnished all registration statements, prospectuses, forms, reports, schedules, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it under the Securities Act and the Exchange Act since December 31, 2015 (the "Buyer SEC Reports"). The Buyer SEC Reports (after giving effect to all amendments thereto), at the time filed (in the case of documents filed pursuant to the Exchange Act) or when declared effective by the SEC (in the case of registration statements filed under the Securities Act) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC thereunder.

Section 5.08 Buyers Shares

Upon issuance in accordance with this Agreement, the Aggregate Share Consideration consisting of Buyer Shares will be duly authorized, validly issued, fully paid, free and clear of all Liens imposed or created by or otherwise resulting from the acts or omissions of Buyer and freely transferable and non-assessable, other than restrictions on transfer under this Agreement, the Buyer's constituent documents and applicable state and federal securities laws.

Section 5.09 Absence of Certain Changes

Since March 31, 2019, there has not been any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have a Buyer Material Adverse Effect.

ARTICLE 6.
CONVENANTS OF THE SELLERS AND THE COMPANY

Section 6.01 Conduct of the Company

From the date of this Agreement until the earlier of the Closing and the termination of this Agreement in accordance with its terms (such period being hereinafter referred to as the "Interim Period"), the Company shall, and shall cause each other Acquired Company to, conduct its business in the ordinary course consistent with past practice and use its commercially reasonable efforts to (i) preserve intact its present business organization, (ii) maintain in effect all of its Permits, (iii) keep available the services of officers, employees and consultants of the Acquired Companies, (iv) maintain satisfactory relationships with the customers, lenders, suppliers, licensors and licensees of the Acquired Companies and others having material business relationships with them and (v) comply with Applicable Law. Without limiting the generality of the foregoing, except as expressly contemplated by this Agreement or pursuant

to the written consent of Buyer, during the Interim Period, the Company shall not, and shall cause the other Acquired Companies not to:

(a) amend its constituent documents (whether by merger, consolidation or otherwise);

(b) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any Company Securities, or securities of any other Acquired Company, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any Company Securities, or securities of any other Acquired Company; provided, that the Acquired Companies shall be permitted to dividend or otherwise distribute any cash and cash equivalents held by the Acquired Companies to the Sellers prior to the Closing in accordance with Applicable Law;

(c) (i) issue, transfer, deliver, sell, pledge or otherwise encumber or authorize the issuance, transfer, delivery, sale or pledge of, any shares of Company Securities, or securities of any other Acquired Company (other than the issuance of any Shares upon the exercise of Company Options that are outstanding as of the date of this Agreement in accordance with their terms in effect as of the date of this Agreement (subject to the execution by the holder of any such exercised Company Option of a joinder to this Agreement as a Seller hereunder in a form reasonably satisfactory to Buyer)) or (ii) amend any term of any Company Security, or securities of any other Acquired Company (whether by merger, consolidation or otherwise) including an amendment of a Company Option to provide for the acceleration of vesting as a result of the Sale or a termination of employment or serviced related to the Sale;

(d) make any capital expenditures or incur any obligations or liabilities in respect thereof, except for any budgeted capital expenditures and other unbudgeted capital expenditures not to exceed SG$50,000 individually or SG$250,000 in the aggregate;

(e) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses;

(f) sell, lease, license, assign or otherwise transfer, or create or incur any Lien (other than Permitted Liens) on, any of the assets, securities, properties, interests or businesses of any of the Acquired Companies (including Company Owned IP and other intangible assets), other than sales and licenses of Company Products or services or licenses of Company IP in the ordinary course of business consistent with past practice;

(g) enter into any agreements with new customers for use of Company Products, including any pilots, other than in the ordinary course of business consistent with past practice;

(h) dispose of, fail to maintain, or allow to lapse, or abandon, including by failure to pay the required fees in any jurisdiction, any Intellectual Property Rights used in, held for use in or otherwise material to the business of the Acquired Companies, other than in the ordinary course consistent with past practice regarding Intellectual Property Rights that are not material to the conduct of the business of the Acquired Companies, or permit to enter into the public domain any material trade secrets included in the Company Owned IP;

(i) make any loans, advances or capital contributions to, or investments in, any other Person, other than in the ordinary course of business consistent with past practice;

(j) make any payments to any Related Person;

(k) create, incur, assume, suffer to exist or otherwise be liable with respect to any Indebtedness;

(l) modify, amend, cancel, terminate or waive any rights under any Material Contract, enter into any Contract that would have been a Material Contract had it been entered into prior to the date of this Agreement, or otherwise waive, release or assign any material rights, claims or benefits of any Acquired Company;

(m) other than as required by Applicable Law or terms of any Benefits Plan in effect as of the date hereof: (i) grant or increase, or commit to grant or increase, any form of compensation or benefits payable to any director, officer, advisor, consultant, independent contractor or employee of any Acquired Company, including, without limitation, pursuant to any Company Benefit Plan, (ii) adopt, enter into, modify or terminate any Company Benefit Plan, (iii) accelerate the vesting or payment or any compensation or benefits under any Company Benefit Plan, (iv) grant any equity or equity-linked awards or other severance, transaction, bonus, commission or other incentive compensation to any director, officer, advisor, consultant, independent contractor or employee of any Acquired

Company, or (v) hire, promote or terminate any employee, officer, director, advisor, consultant, independent contractor or other Service Provider of any Acquired Company;

(n) enter into any collective bargaining agreement or recognize any union as a collective bargaining representative for any employee of any Acquired Company;

(o) change the Acquired Companies' methods of accounting or accounting practices, except as required by concurrent changes in SFRS, as agreed to by the Acquired Companies' public accountants;

(p) commence, settle, or offer or propose to settle, (i) any Proceeding involving or against any Acquired Company, (ii) any shareholder litigation or dispute against any Acquired Company or any of its officers or directors or (iii) any Proceeding that relates to the transactions contemplated hereby;

(q) make or change any Tax election; settle or compromise any claim, notice, audit report or assessment in respect of Taxes; enter into any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement, pre-filing agreement, advance pricing agreement, cost sharing agreement or closing agreement relating to any Tax; file any Tax Return inconsistent with past practice; amend any Tax Return; surrender or forfeit any right to claim a Tax refund; or consent to any extension or waiver of the statute of limitations period applicable to any Tax claim or assessment;

(r) form or acquire any Subsidiaries;

(s) (i) write up, write down, or write off the book value of any of its assets or (ii) accelerate, delay, change or modify any credit collection and payment policies, procedures or practices (including any acceleration in the collection of receivables or delay in the payment of payables);

(t) liquidate, dissolve or effect a recapitalization or reorganization in any form of transaction; or

(u) agree, resolve or commit to do any of the foregoing.

Section 6.02 No Solicitation; Other Offers

During the Interim Period, none of the Sellers or the Company shall, and shall cause each of its Representatives and each of the other Acquired Companies (and each of their respective Representatives) not to, directly or indirectly, (i) solicit, initiate, facilitate, support, seek, induce, entertain or encourage, or take any action to solicit, initiate, facilitate, support, seek, induce, entertain or encourage any inquiries, announcements or communications relating to, or the making of any submission, proposal or offer that constitutes or that would reasonably be expected to lead to, an Acquisition Proposal, (ii) enter into, participate in, maintain or continue any discussions or negotiations relating to, any Acquisition Proposal with any Person other than Buyer, (iii) furnish to any Person other than Buyer any information that any of the Sellers or the Company believes or should reasonably know would be used for the purposes of formulating any inquiry, expression of interest, proposal or offer relating to an Acquisition Proposal, or take any other action regarding any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal or (iv) accept any Acquisition Proposal or enter into any agreement, arrangement or understanding (whether written or oral) providing for the consummation of any transaction contemplated by any Acquisition Proposal or otherwise relating to any Acquisition Proposal. The Sellers and the Company shall, and shall cause each of its Representatives and each of the other Acquired Companies (and each of their respective Representatives) to, immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any Persons conducted prior to or on the date of this Agreement with respect to any Acquisition Proposal, and shall promptly (and in any event within 24 hours) provide Buyer with: (i) an oral and a written description of any expression of interest, inquiry, proposal or offer relating to a possible Acquisition Proposal, or any request for information that could reasonably be expected to be used for the purposes of formulating any inquiry, proposal or offer regarding a possible Acquisition Proposal, that is received by any of the Sellers or any Acquired Company or any Representatives of the Sellers or any Acquired Company from any Person (other than Buyer), including in such description the identity of the Person from which such expression of interest, inquiry, proposal, offer or request for information was received (the "Other Interested Party") and (ii) a copy of each written communication and a complete summary of each other communication transmitted on behalf of the Other Interested Party or any of the Other Interested Party's Representatives to any of the Sellers or any Acquired Company or any Representatives of the Sellers or any

Acquired Company or transmitted on behalf of any of the Sellers or any Acquired Company or any Representatives of the Sellers or any Acquired Company to the Other Interested Party or any of the Other Interested Party's Representatives. Promptly following the execution of this Agreement, each of the Sellers and the Company shall deliver written notices to request the return or destruction of all confidential information to all Persons (except for Buyer) with such return or destroy obligations under non-disclosure or similar agreements (except for such non-disclosure or similar agreements that do not relate to a potential Acquisition Proposal, financing of the Acquired Companies or similar transaction).

Section 6.03 Access to Information

During the Interim Period, each Seller and the Company shall and shall cause each of the Acquired Companies to (a) give Buyer and its Representatives reasonable access to the offices, properties, books and records of the Acquired Companies, (b) furnish to Buyer and its Representatives such financial and operating data and other information relating to the Acquired Companies as such Persons may reasonably request and (c) instruct the Service Providers, counsel and financial advisors of the Acquired Companies to cooperate with Buyer in its investigation of the Acquired Companies. Any investigation pursuant to this Section 6.03 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the Acquired Companies; provided, however, that the Sellers and the Company may restrict or otherwise prohibit access to such documents or information to the extent that (i) any Applicable Law requires such Seller or the Company to restrict or otherwise prohibit access to such documents or information, (ii) access to such documents or information would give rise to a material risk of waiving any attorney-client privilege, work product doctrine or other privilege applicable to such documents or information or (iii) access to a Contract to which a Seller or the Company is a party or otherwise bound would give a third party the right to terminate or accelerate the rights under such Contract; and *provided further*, however, that no information or knowledge obtained by Buyer or its Representatives in any investigation conducted pursuant to the access contemplated by this Section 6.03 shall affect or be deemed to modify any representation or warranty of the Sellers or the Company set forth in this Agreement or otherwise impair the rights and remedies available to Buyer hereunder.

Section 6.04 Notice of Certain Events

During the Interim Period, the Company shall promptly notify Buyer of:

(a) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any Governmental Authority (i) delivered in connection with the transactions contemplated by this Agreement or (ii) indicating that a Permit has been revoked or is about to be revoked or that a Permit is required in any jurisdiction in which such Permit has not been obtained, which revocation or failure to obtain has had or would reasonably be expected to be material to the Acquired Companies;

(c) any Proceeding commenced or, to the Knowledge of the Company, threatened against, relating to or involving or otherwise affecting any Acquired Company, that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.10 or Section 3.13, or that relates to the consummation of the transactions contemplated by this Agreement;

(d) any actual or suspected unauthorized intrusions or breaches of the security of any of the IT Systems or any unauthorized access or use of any Personal Data or other information stored or contained therein or accessed or processed thereby or that has resulted in the destruction, damage, loss, corruption, alteration or misuse of any such Personal Data;

(e) receipt, within a seven day period, of ten or more requests from consumers for information pertaining to them in Company's records;

(f) any inaccuracy in or breach of any representation, warranty or covenant contained in this Agreement; and

(g) any event, condition, fact or circumstance that would make the timely satisfaction of any of the conditions set forth in Article 9 impossible or unlikely;

No such notice shall be deemed to supplement or amend the Company Disclosure Schedule for the purpose of (i) determining the accuracy of any of the representations and warranties made by each Seller and Company in this Agreement, or (ii) determining whether any condition set forth in Article 9 has been satisfied.

Section 6.05 Consideration Spreadsheet

Promptly following the determination of Estimated Total Consideration Value pursuant to Section 2.02(a) and prior to the Closing, the Company shall prepare and deliver to Buyer a spreadsheet in the form of Exhibit F (the "Consideration Spreadsheet"), certified by the Chief Executive Officer of the Company, accurately and completely setting forth the information requested therein as of the Closing. The Consideration Spreadsheet shall allocate the Aggregate Cash Consideration and Aggregate Share Consideration among the Equityholders in accordance with the Allocation Schedule.

Section 6.05 Transaction Expenses and Payoff Letters

The Company shall obtain and deliver to Buyer, (a) with respect to each item of Unpaid Company Transaction Expenses, a final invoice (each, an "Invoice"), dated no more than five Business Days prior to the Closing Date, specifying the total amount required to be paid to fully satisfy such Unpaid Company Transaction Expense as of the Closing Date, the payee to which such Unpaid Company Transaction Expense is payable (including wire transfer instructions) and the products and/or services to which such Unpaid Company Transaction Expense relates and (b) with respect to each item of Indebtedness of an Acquired Company (other than Accrued Income Taxes), a payoff letter (each, a "Payoff Letter"), dated no more than five Business Days prior to the Closing Date, from the lender of such Indebtedness specifying the amounts payable to such lender to (i) fully satisfy such Indebtedness as of the Closing and (ii) terminate and release any Liens related thereto.

Section 6.07 Releases

As a material inducement to Buyer's willingness to enter into and perform this Agreement and to purchase the Shares for the consideration to be paid or provided to the Sellers in connection with such purchase, as of and with effect as of Closing, each Seller, on its behalf and on behalf of its Affiliates and its and their respective successors and assigns (each, a "Releasor"), hereby irrevocably and unconditionally agrees and covenants not to sue or prosecute against Buyer, any Acquired Company and their respective directors, managers, employees, agents, officers successors and assigns (each, a "Releasee") and hereby forever waives, releases and discharges, to the fullest extent permitted by Applicable Law each Releasee from any and all Proceedings or liability whatsoever, that such Releasor now has or hereafter may have, of whatsoever nature and kind, whether known or unknown, whether now existing or hereafter arising, whether arising at law or in equity, against any or all of the Releasees, solely to the extent based on facts, whether or not now known, existing on or before the Closing Date and solely to the extent relating to the Acquired Companies or their respective businesses; provided, however, that nothing contained herein shall operate to release, waive or discharge any obligation of Buyer, or otherwise restrict or limit (a) any rights of any of the Sellers, arising under this Agreement or any documents or instruments delivered in connection herewith (including the Vesting Agreement and the Restricted Share Agreements), (b) any employment agreements, employee benefit plans, or other claims relating to compensation (including wages, salary and bonuses) and benefits or reimbursement of expenses that have accrued in respect of any employment with any Acquired Company, if applicable, or (c) any rights to exculpation, indemnification, reimbursement or expense advancement pursuant to any statute, governing document of any Acquired Company, or any applicable insurance policy of the Company. The release of each Seller in this Section 6.07 is conditioned on the consummation of the Sale.

ARTICLE 7.
ADDITIONAL CONVENANTS OF THE PARTIES

Section 7.01 Reasonable Best Efforts

(a) Each Seller and the Company shall use reasonable best efforts to cause the conditions set forth in Sections 9.01 and 9.02 to be satisfied on a timely basis, and Buyer shall use reasonable best efforts to cause the conditions set forth in Sections 9.01 and 9.03 to be satisfied on a timely basis.

(b) In furtherance of, and not in limitation of Section 7.01(a), as promptly as practicable after the execution of this Agreement, the Company shall (and shall cause each Acquired Company to) (i) make all filings and give all notices that are or may be required to be made and given by it in connection with the transactions contemplated by this Agreement and (ii) use reasonable best efforts to obtain all Consents which are or may be required to be obtained (pursuant to any Applicable Law, Contract, or otherwise) by it in connection with the transactions contemplated by this Agreement. The Company shall (and shall cause each Acquired Company to), upon request of Buyer and to the extent permitted by Applicable Law or applicable Contract, promptly deliver to Buyer a copy of each such filing made, each such notice given and each such Consent obtained by it.

Section 7.02 Confidentiality; Public Announcements

(a) Buyer and the Company hereby acknowledge and agree to continue to be bound by the confidentiality provisions set forth in the Confidentiality Agreement.

(b) None of the Sellers or the Company shall, and each Seller and the Company shall cause each of their respective Affiliates and Representatives not to, directly or indirectly, issue any press release or other public statement relating to the terms of this Agreement or the transactions contemplated hereby or use Buyer's name or refer to Buyer directly or indirectly in connection with Buyer's relationship with each Seller or the Company in any media interview, advertisement, news release, press release or professional or trade publication, or in any print media, whether or not in response to an inquiry, without the prior written approval of Buyer, unless required by Applicable Law.

Section 7.03 Need Company Financials

(a) Prior to the Closing, the Company shall deliver to Buyer the Needed Company Financials. In the event the Closing has not occurred prior to the 40th day following the end of any fiscal quarter of Buyer ending after March 31, 2019, the Needed Financial Statements shall also include, to the extent required by Buyer under Applicable Law in connection with consummation of the Sale, the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal quarter and the related unaudited statements of income and cash flows for the fiscal quarter then ended, prepared in accordance with SFRS (applied on a consistent basis throughout the periods covered and consistent with the other Needed Financial Statements). The Needed Financial Statements shall be prepared in accordance with the requirements of Regulation S-X promulgated under the Securities Act and SFRS (applied on a consistent basis throughout the periods covered and consistent with each other).

(b) Buyer shall reimburse the Company at the Closing for the reasonable and documented out-of-pocket costs of the Company to obtain the U.S. GAAS Audit Opinion in an amount up to US$75,000; provided that in the event the Closing does not occur, Buyer shall reimburse the Company for fifty percent (50%) of the reasonable and documented out-of-pocket costs of the Company to obtain the U.S. GAAS Audit Opinion in an amount up to US$37,500.

Section 7.04 Indemnifications and Insurance

(a) Buyer acknowledges that all rights to indemnification for acts or omissions occurring prior to the Closing existing as of the date of this Agreement in favor of the current and former directors and officers of the Acquired Companies (each, a "D&O Indemnified Person") shall survive the transaction contemplated under this Agreement and

shall continue in full force and effect in accordance with their terms following the Closing, and Buyer shall cause the Acquired Companies to fulfill and honor such obligations to the maximum extent permitted by Applicable Law.

(b) Prior to the Closing, the Company shall obtain and fully pay for a six-year "tail" insurance policy with respect to directors' and officers' liability insurance (the "D&O Tail Policy"). The D&O Tail Policy will be obtained from an insurance carrier with the same or better credit rating as the Company's current insurance carrier with respect to directors' and officers' liability insurance and the amount and scope of coverage under the D&O Tail Policy will be at least as favorable as the Company's existing directors' and officers' liability policies with respect to matters existing or occurring at or prior to the Closing Date.

(c) The provisions of this Section 7.04 shall survive the Closing and are intended to be for the benefit of, and enforceable by, each current director and officer of the Company and his or her heirs and personal representatives, and nothing in this Agreement shall affect any indemnification rights that any such current director or officer and his or her heirs and personal representatives may have under the organizational documents of the Company or any contract or Applicable Law.

Section 7.05 Rule 144 Reporting

With a view to making available to the Equityholders the benefits of certain rules and regulations of the SEC which may permit the sale of the Buyer Shares to the public without registration, the Buyer agrees to: (a) use reasonable best efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act; (b) use reasonable best efforts to file with the SEC in a timely manner all reports and other documents required of the Buyer under the Securities Act and the Exchange Act; (c) use reasonable best efforts to furnish to the Equityholder forthwith upon written request such information in the possession of the Buyer as an Equityholder may reasonably request in availing itself of any rule or regulation of the SEC allowing an Equityholder to sell any such securities without registration without restriction; and (d) provide confirmation, promptly following any written request from a Seller, whether Buyer has adequate current public information available to satisfy the requirements of paragraph (c) of Rule 144.

Section 7.06 Transfer of Subsidiary Shares

For a period of 180 days after the Closing, the Sellers shall provide such reasonable cooperation as may be requested by Buyer in connection with the transfer of shares or other equity interests of Subsidiaries owned by third parties to the Buyer or any Person designated by the Buyer, as applicable, or to put in place a substitute nominee arrangement with respect to such shares or other equity interests. For a period of 180 days after the Closing, the Sellers shall take such reasonable actions as may be necessary to transfer any such shares or equity interests held by such Sellers in the Subsidiaries of the Company to the Buyer or any Person designated by the Buyer, as applicable, or to put in place a substitute nominee arrangement with respect to such shares or other equity interests.

ARTICLE 8.
TAX MATTERS

Section 8.01 Tax Returns

(a) The Company shall prepare or cause to be prepared (consistent with past practice except as required by Applicable Law) and timely file or cause to be timely filed all Tax Returns for the Acquired Companies that are required to be filed (taking into account any valid extensions) on or before the Closing Date, and shall pay, or cause to be paid, all Taxes of each Acquired Company due on or before the Closing Date.

(b) Buyer shall prepare or cause to be prepared (consistent with past practice except as required by Applicable Law) and file or cause to be filed all Tax Returns for the Acquired Companies for all periods ending on or prior to the Closing Date that are filed after the Closing Date. Buyer shall use commercially reasonable efforts to

provide Equityholder Representative with an opportunity to review a draft of any such Tax Return showing a material amount of Indemnified Taxes due and Buyer shall consider in good faith timely written comments provided by the Equityholder Representative.

Section 8.02 Straddle Periods

Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Acquired Companies for all Straddle Periods. Any such Tax Returns relating to the pre-Closing portion of the Straddle Period shall be prepared in a manner consistent with past practice (except as required by Applicable Law or as would not adversely affect the Sellers' indemnification obligations hereunder). For purposes of this Section 8.02 and the definitions of Accrued Income Tax and Indemnified Tax, the portion of any Tax that relates to the portion of any Straddle Period prior to and including the Closing Date shall (a) in the case of real property, personal property and similar *ad valorem* Taxes be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction (i) the numerator of which is the number of days in the Straddle Period ending on the Closing Date and (ii) the denominator of which is the number of days in the entire Straddle Period and (b) in the case of any other Tax, be deemed equal to the amount which would be payable if the relevant Straddle Period ended on the Closing Date.

Section 8.03 Cooperation on Tax Matters

Buyer, the Equityholder Representative and the Company shall cooperate fully, as and to the extent reasonably requested by the other parties hereto, including, without limitation, by furnishing information and assistance relating to Taxes, providing access to books and records in connection with the preparation and filing of Tax Returns pursuant to this Agreement, and in connection with any audit, other administrative proceeding or inquiry or judicial proceeding involving Taxes (a "Tax Contest"). For the avoidance of doubt, such cooperation shall include the retention and (upon the other party's request) the provision of records and information which may be reasonably relevant to any such Tax Contest and making appropriate persons available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer, the Equityholder Representative and the Company shall retain all books and records with respect to Tax matters pertinent to the Acquired Companies relating to any Taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified, any extensions thereof) of the respective Taxable periods, and to abide by all record retention agreements entered into with any Taxing authority. The Equityholder Representative and the Company shall deliver or make available to Buyer on the Closing Date, originals or accurate copies of all such books and records.

Section 8.04 Contest Provisions

If, subsequent to the Closing, Buyer or any of its Affiliates (including any Acquired Company) receives notice of a Tax Contest with respect to any Tax Return of an Acquired Company for a Pre-Closing Tax Period (including the pre-Closing portion of a Straddle Period) with respect to which Buyer claims a right to indemnification under this Agreement, then within thirty (30) days after receipt of such notice, Buyer shall notify the Equityholder Representative of such notice; *provided*, *however*, that any failure on the part of Buyer to so notify the Equityholder Representative shall not limit any of the obligations of Sellers under Article 11 (except to the extent such failure materially prejudices the defense of such Tax Contest). Buyer shall have the right to control the conduct and resolution of such Tax Contest, provided that Buyer shall keep the Equityholder Representative reasonably informed of all material developments and may not settle, compromise or resolve any such Tax claim without the consent of the Equityholder Representative, which consent shall not be unreasonably withheld, conditioned or delayed. This Section 8.04, and not Section 11.06, shall control with respect to Tax Contests.

Section 8.05 Characterization of Payments

Any indemnity payments made pursuant to Article 11 shall constitute an adjustment of the Total Consideration Value paid by Buyer pursuant to Article 2 for Tax purposes and shall be treated as such by all parties on their Tax Returns to the extent permitted by law.

Section 8.06 Transfer of Taxes

All transfer, stamp, documentary, sales, use, registration, VAT or other similar Taxes (including all applicable real estate transfer Taxes) incurred in connection with this Agreement and the transactions contemplated hereby ("Transfer Taxes") will be borne fifty percent (50%) by the Buyer, on the one hand, and fifty percent (50%) by the Equityholders (as a Company Transaction Expense), on the other hand, regardless of the Person liable for such obligations under applicable law or the Person making payment to the applicable Governmental Authority or other third party; provided, the any Transfer Taxes incurred in connection with the exchange of Restricted Shares pursuant to Section 2.01(c) shall be borne solely by the Buyer. The Sellers and Buyer shall cooperate with each other and use their commercially reasonable efforts to minimize the amount of such Transfer Taxes.

Section 8.07 Tax Sharing Agreements

All Tax sharing agreements or similar agreements (excluding for this purpose commercial Contracts entered into in the ordinary course of business which Contracts do not primarily relate to Taxes) between any Acquired Company, on the one hand, and each Seller and its respective Affiliates, on the other hand, will be terminated prior to the Closing Date, and, after the Closing Date, none of the Acquired Companies will be bound thereby or have any liability thereunder.

Section 8.08 Buyers Tax Convenants

Except as required by Applicable Law or as would not reasonably be expected to adversely affect the Sellers' indemnification obligations hereunder, Buyer shall not, and shall not permit the Company to, (i) amend any Tax Return of the Acquired Companies filed with respect to any Pre-Closing Tax Period or (ii) make any Tax election with respect to the Acquired Companies that has a retroactive effect to any such Pre-Closing Tax Period, in each such case without the written consent of the Equityholder Representative which consent shall not be unreasonably withheld; provided, however, that in any case Buyer shall be permitted to make an election under Section 338(g) of the Code and any corresponding provision of U.S. state and local Applicable Law with respect to the Acquired Companies and the transactions contemplated hereunder, and for the avoidance of doubt the provisions of Section 8.03 shall apply with respect to any such election.

ARTICLE 9.
CONDITIONS TO THE CLOSING

Section 9.01 Conditions to the Obligations of Each Party

The obligations of Buyer and each Seller to consummate the transactions contemplated hereby are subject to the satisfaction of the following conditions:

(a) **Governmental Approvals.** All notices to, filings with and Consents of Governmental Authorities required to be made or obtained under any Applicable Law in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby shall have been made or obtained and be in full force and effect.

(b) **No Injunction; No Legal Impediment.** No temporary restraining order, preliminary or permanent injunction or other order or decree issued by any Governmental Authority of competent jurisdiction shall be in effect which prevents the consummation transactions contemplated hereby on the terms contemplated herein, and

no Applicable Law shall have been enacted or be deemed applicable to the transactions contemplated hereby that makes illegal consummation of the transactions contemplated hereby.

Section 9.02 Conditions to the Obligations of the Buyers

The obligations of Buyer to consummate the transactions contemplated hereby are subject to the satisfaction, at or prior to the Closing, of the following further conditions:

(a) **Representations and Warranties.** Each of the representations and warranties made by each Seller and the Company in this Agreement (other than the Key Closing Representations) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made as of the Closing Date (except for representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date), in each case, without giving effect to any "Material Adverse Effect" or other materiality qualifications, or any similar qualifications, contained or incorporated directly or indirectly in such representations and warranties. Each of the Key Closing Representations shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as if made as of the Closing Date (except for representations and warranties that speak as of a particular date, which shall be true and correct in all respects as of such date).

(b) **Covenants.** Each of the covenants and obligations that each Seller or the Company is required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

(c) **Consents.** Each of the Consents set forth in Schedule 9.02(c) shall have been obtained in form and substance reasonably satisfactory to Buyer and shall be in full force and effect.

(d) **No Material Adverse Effect.** Since the date of this Agreement, there shall not have occurred any Material Adverse Effect.

(e) **Executed Agreements and Certificates.** Buyer shall have received the following agreements and documents, each of which shall be in full force and effect:

(i) the Non-Competition and Non-Solicitation Agreements, executed by each of the Key Employees;

(ii) the Vesting Agreement, executed by Olivier Gerhardt;

(iii) a Restricted Share Agreement executed by each Restricted Shareholder;

(iv) an Option Acknowledgement executed by each Award Holder entitled to receive Option Consideration pursuant to Section 2.03(a), representing, in the aggregate, at least 90% of the Company Ordinary Shares underlying all outstanding Company Options;

(v) the Share Closing Deliverables; and

(vi) confirmations of assignment of inventions in the form attached hereto as Exhibit G, executed by each of the Persons listed on Schedule 9.02(e)(vi);

(vii) a certificate executed on behalf of the Company by its Chief Executive Officer (the "Company Closing Certificate") certifying as of the Closing (as a representation and warranty of the Company under this Agreement) (A) to the effect that the conditions set forth in Sections 9.02(a)-(d) and (f)-(h) have been duly satisfied, (B) specifying the total amount of the Closing Indebtedness (and attaching thereto an accurate and complete copy of each executed Payoff Letter not previously delivered to Buyer), (C) specifying the calculation of Closing Working Capital, and (D) specifying the total amount of Unpaid Company Transaction Expenses (and attaching thereto an accurate and complete copy of each Invoice not previously delivered to Buyer); and

(viii) written resignations, in a form reasonably satisfactory to Buyer, of all directors and officers of each of the Acquired Companies, to be effective as of the Closing, as directed by Buyer prior to the Closing Date.

(f) **Employees.** As of immediately prior to the Closing, (i) each of the Key Employees and (ii) at least 90% of the other employees of the Acquired Companies shall remain employed by an Acquired Company and shall not have evidenced any overt intention to terminate employment with Buyer or any Affiliate of Buyer, as applicable, following the Closing.

(g) **Related Party Transactions.** All Contracts between the Company, on the one hand, and any Related Person, on the other hand, (other than ordinary course agreements relating to employee compensation and benefits that have been provided to Buyer prior to the date of this Agreement) shall have been terminated.

(h) **Litigation.** There shall not be pending or threatened by or before any Governmental Authority any Proceeding that (i) seeks to prevent the consummation of the transactions contemplated hereby on the terms, and conferring upon Buyer all of its rights and benefits, contemplated herein or (ii) seeks the award of Damages by, or any other remedy against, Buyer if the transactions contemplated hereby are consummated.

(i) **Needed Company Financials.** The Company shall have delivered to Buyer the Needed Company Financials, together with a certificate executed on behalf of the Company by its Chief Executive Officer certifying as of the Closing (as a representation and warranty of the Company under this Agreement) that the Needed Company Financials (i) have been prepared from the books and records of the Acquired Companies, which are accurate and complete in all material respects, (ii) complied as to form in all material respects with applicable accounting requirements with respect thereto as of their respective dates, (iii) have been prepared in accordance with SFRS applied on a consistent basis throughout the periods indicated and consistent with each other (subject, in the cause of the unaudited financial statements, to the absence of notes and normal year-end audit adjustments, none of which individually or in the aggregate will be material in amount), and (iv) fairly present, in accordance with SFRS, the financial condition of the Acquired Companies at the dates therein indicated and the results of operations and cash flows of the Acquired Companies for the periods therein specified (subject, in the case of the unaudited financial statements, to the absence of notes and normal year-end audit adjustments, none of which individually or in the aggregate will be material in amount).

Section 9.03 Conditions to the Obligations of the Sellers

The obligations of each Seller to consummate the transactions contemplated hereby are subject to the satisfaction of the following further conditions:

(a) **Representations and Warranties.** Each of the representations and warranties made by Buyer in this Agreement (i) shall have been accurate in all material respects as of the date of this Agreement, without giving effect to any materiality qualifications contained or incorporated directly or indirectly in such representations and warranties and (ii) shall be accurate in all material respects as of the Closing Date as if made as of the Closing Date (except for representations and warranties that speak as of a particular date, which shall be accurate in all material respects as of such date), without giving effect to any materiality qualifications contained or incorporated directly or indirectly in such representations and warranties.

(b) **Covenants.** Each of the covenants and obligations that Buyer is required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

(c) **Executed Certificate.** The Sellers shall have received a certificate executed on behalf of Buyer by its authorized representative and containing the representation and warranty of Buyer that the conditions set forth in Sections 9.03(a) and 9.03(b) have been duly satisfied.

(d) **Executed Agreements and Certificates.** Buyer shall have executed and delivered to the Company each of the following agreements and documents, each of which shall be in full force and effect:

(i) the Non-Competition and Non-Solicitation Agreements;

(ii) the Vesting Agreement; and

(iii) the Restricted Share Agreements.

ARTICLE 10.
TERMINATION

Section 10.01 Termination

This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) by mutual written agreement of the Company and Buyer;

(b) by either the Company or Buyer, if the transactions contemplated hereby have not been consummated on or before September 15, 2019; provided that the right to terminate this Agreement pursuant to this Section 10.01(b) shall not be available to any party whose breach of any provision of this Agreement results in the failure of the transactions contemplated hereby to be consummated by such time;

(c) by either Buyer or the Company, if a Governmental Authority shall have issued any order, injunction or other decree or taken any other action, in each case, which has become final and non-appealable and which restrains, enjoins or otherwise prohibits the transactions contemplated hereby;

(d) by Buyer if there shall have occurred a Material Adverse Effect;

(e) by Buyer, if (i) any representation or warranty of any of the Sellers and the Company contained in this Agreement shall be inaccurate such that the condition set forth in Section 9.02(a) would not be satisfied, or (ii) any of the covenants or obligations of each Seller and the Company contained in this Agreement shall have been breached in any material respect such that the condition set forth in Section 9.02(b) would not be satisfied; provided, however, that if an inaccuracy or breach is curable by a Seller or the Company during the 10-day period after Buyer notifies such Seller or the Company in writing of the existence of such inaccuracy or breach (the "Company Cure Period"), then Buyer may not terminate this Agreement under this Section 10.01(e) as a result of such inaccuracy or breach prior to the expiration of the Company Cure Period unless such Seller or the Company, as applicable, is no longer continuing to exercise commercially reasonable efforts to cure such inaccuracy or breach; or

(f) by the Company, if (i) any representation or warranty of Buyer contained in this Agreement shall be inaccurate such that the condition set forth in Section 9.03(a) would not be satisfied, or (ii) any of the covenants or obligations of Buyer contained in this Agreement shall have been breached in any material respect such that the condition set forth in Section 9.03(b) would not be satisfied; provided, however, that if an inaccuracy or breach is curable by Buyer during the 10-day period after the Company notifies Buyer in writing of the existence of such inaccuracy or breach (the "Buyer Cure Period"), then the Company may not terminate this Agreement under this Section 10.01(f) as a result of such inaccuracy or breach prior to the expiration of the Buyer Cure Period unless Buyer is no longer continuing to exercise commercially reasonable efforts to cure such inaccuracy or breach.

The party desiring to terminate this Agreement pursuant to this Section 10.01 (other than pursuant to Section 10.01(a)) shall give a notice of such termination to the other party setting forth a brief description of the basis on which such party is terminating this Agreement.

Section 10.02 Effect of Termination

If this Agreement is terminated pursuant to Section 10.01, this Agreement shall become void and of no effect without liability of any party (or any Representative of such party) to any party hereto; provided that: (a) nothing contained in this Agreement shall relieve any party to this Agreement from any liability resulting from Fraud or from a Willful Breach of any agreement or covenant in this Agreement and (b) the parties shall, in all events, remain bound by and continue to be subject to the provisions set forth in Section 7.02 and Article 12, which shall survive any termination of this Agreement.

ARTICLE 11.
INDEMNIFICATION

Section 11.01 Survival of Representations, Etc.

(a) Except as otherwise provided in Section 11.01(f), the representations and warranties made by the Company in Article 3 and in the Company Closing Certificate and the representations and warranties made by each Seller in Article 4 shall survive the Closing and expire on the date that is eighteen (18) months after the Closing Date (the "General Expiration Date"); provided, that the Fundamental Company Representations shall survive the General Expiration Date and expire 90 days after the expiration of the applicable statute of limitations (including any applicable extensions) (the "FR Expiration Date"). The indemnification obligations under clauses (iv) and (viii) of Section 11.02(a) shall survive until the General Expiration Date. Notwithstanding the foregoing, if at any time prior to the General Expiration Date or FR Expiration Date, as applicable, the Buyer delivers to the Equityholder Representative in good faith a written notice which complies with Section 11.04(a) alleging the existence of an inaccuracy in or a breach of any representation or warranty and asserting a claim for recovery under Section 11.02 based on such alleged inaccuracy or breach, then the claim asserted in such notice, and only such claim, shall survive the expiration of the applicable time period until such time as such claim is fully and finally resolved.

(b) Except as otherwise provided in Section 11.01(f), the Fundamental Buyer Representations shall survive the Closing and expire on the FR Expiration Date. All other representations and warranties of Buyer contained herein and in any certificate or other writing delivered at the Closing pursuant hereto shall not survive the Closing. Notwithstanding the foregoing, if at any time prior to the FR Expiration Date the Equityholder Representative delivers, or causes to be delivered, to the Buyer in good faith a written notice describing in reasonable detail an inaccuracy in or a breach of any representation or warranty and asserting a claim for recovery under Section 11.02 based on such alleged inaccuracy or breach, then the claim asserted in such notice, and only such claim, shall survive the expiration of the applicable time period until such time as such claim is fully and finally resolved.

(c) The representations, warranties, covenants and obligations of each party to this Agreement, and the rights and remedies that may be exercised by the Indemnitees, shall not be limited or otherwise affected by or as a result of any information furnished to, or any investigation made by or knowledge of, any of the Indemnitees or any of their Representatives.

(d) The parties acknowledge and agree that if any of the Acquired Companies suffers, incurs or otherwise becomes subject to any Damages arising from or as a result of any inaccuracy in or breach of any representation, warranty, covenant or obligation set forth herein, then (without limiting any of the rights of Buyer as an Indemnitee) Buyer shall also be deemed, by virtue of its ownership of the stock of the Acquired Companies, to have incurred Damages as a result of and in connection with such inaccuracy or breach.

(e) All covenants and agreements contained herein shall survive the Closing and will continue in accordance with their terms until such covenants and agreements are fully performed and satisfied.

(f) Notwithstanding anything to the contrary set forth in Sections 11.01(a) or 11.01(b), any representation or warranty made by a Seller, the Company or Buyer in this Agreement or the Company Closing Certificate, as applicable, shall survive the Closing indefinitely in the event of Fraud or Willful Breach.

Section 11.02 Indemnification

(a) From and after the Closing, the Equityholder Indemnitors, severally and in proportion to their respective Pro Rata Share, shall hold harmless and indemnify the Buyer from and against, and shall compensate and reimburse the Buyer for, any Damages which are suffered or incurred by any of the Buyer Indemnitees or to which any of the Buyer Indemnitees may otherwise become subject (regardless of whether or not such Damages relate to any Third Party Claim) and which arise from or as a result of:

(i) any inaccuracy in or breach of any representation or warranty made by the Company under this Agreement as of the date of this Agreement;

(ii) any inaccuracy in or breach of any representation or warranty of the Company set forth in this Agreement or any certificate delivered in connection with the Closing as if such representation and warranty had been made on and as of the Closing Date (except for such representations and warranties that address matters only as of a particular time, which need only be accurate as of such time);

(iii) any breach of any covenant or obligation of the Company set forth in this Agreement;

(iv) any Closing Indebtedness or Company Transaction Expenses, to the extent not accounted for in the determination of the Total Consideration Value;

(v) any claims or threatened claims by or purportedly on behalf of any holder or former holder of any shares of capital stock or other equity interests of any Acquired Company (or rights to acquire shares of capital stock or other equity interests of any Acquired Company) in such capacity, including any claims or threatened claims by any such holder or former holder in such capacity arising out of or in connection with the transactions contemplated hereby, actions taken by the Equityholder Representative (in its capacity as the Equityholder Representative) and/or the allocation of the Total Consideration Value, and any claims or threatened claims alleging violations of fiduciary duty by any current or former director or officer of any Acquired Company;

(vi) any inaccuracy contained in or failure of the Consideration Spreadsheet to allocate the Total Consideration Value in accordance with the constituent documents of the Acquired Companies, Applicable Law, this Agreement or any Contract governing or relating to any Shares or Company Options (including any claim or allegation made by or on behalf of any current or former holder or purported or alleged holder of any Shares or Company Options challenging, disputing or objecting to the amount of the Total Consideration Value received or to be received by such current or former holder or purported or alleged holder of any Shares or Company Options);

(vii) Indemnified Taxes; and

(viii) any items set forth on Schedule 11.02(a)(viii).

(b) From and after the Closing, each Seller shall hold harmless and indemnify the Buyer from and against, and shall compensate and reimburse the Buyer for, any Damages which are suffered or incurred by any of the Buyer Indemnitees or to which any of the Buyer Indemnitees may otherwise become subject (regardless of whether or not such Damages relate to any Third Party Claim) and which arise from or as a result of:

(i) any inaccuracy in or breach of any representation or warranty made by such Seller (but not those made by any other Seller) under this Agreement as of the date of this Agreement;

(ii) any inaccuracy in or breach of any representation or warranty made by such Seller under this Agreement as of the Closing Date as if such representation or warranty had been made as of the Closing Date (except for such representations and warranties that address matters only as of a particular time, which need only be accurate as of such time); and

(iii) any breach of any covenant or agreement of such Seller (but not of any other Seller) set forth in this Agreement.

(c) From and after the date hereof, the Buyer shall hold harmless and indemnify each of the Equityholders from and against, and shall compensate and reimburse each of the Equityholders for, any Damages which are suffered or incurred by such Equityholder or other applicable Equityholder Indemnitees or to which such Equityholder or other applicable Equityholder Indemnitees may otherwise become subject (regardless of whether or not such Damages relate to any Third Party Claim) and which arise from or as a result of:

(i) any inaccuracy in or breach of any Fundamental Buyer Representations made by the Buyer under this Agreement as of the date of this Agreement;

(ii) any inaccuracy in or breach of any Fundamental Buyer Representations made by the Buyer under this Agreement as of the Closing Date as if such representation or warranty had been made as of the Closing Date (except for such representations and warranties that address matters only as of a particular time, which need only be accurate as of such time); and

(iii) any breach of any covenant or agreement of Buyer set forth in this Agreement.

Section 11.03 Limitations

(a) The Equityholder Indemnitors shall not be required to make any indemnification payment pursuant to Section 11.02(a)(i) and Section 11.02(a)(ii) for any inaccuracy in or breach of any of the representations and warranties of the Company under this Agreement until such time as the total amount of all Damages (including the Damages arising from such inaccuracy or breach and all other Damages arising from any other inaccuracies in or breaches of any representations or warranties) that have been directly or indirectly suffered or incurred by any one or more of the Buyer Indemnitees, or to which any one or more of the Buyer Indemnitees has or have otherwise become subject, exceeds an amount equal to US$1,000,000 (the "Basket") in the aggregate (it being understood that if the total amount of such Damages exceeds the Basket, then the Buyer shall be entitled to be indemnified against and compensated and reimbursed for all such Damages, including the amount of the Basket); provided, however, that the Basket shall not apply to any Damages related to inaccuracies or breaches of Fundamental Company Representations or any Damages arising out of Fraud or Willful Breach.

(b) The maximum liability of the Equityholder Indemnitors, taken as a whole, under Section 11.02(a)(i), Section 11.02(a)(ii) and clauses (iv) and (viii) of Section 11.02(a) shall be equal to the Holdback Funds; provided, however, that the foregoing limitation does not apply to any Damages (i) related to inaccuracies or breaches of the Fundamental Company Representations (which shall be capped at the Total Consideration Value) or (ii) with respect to claims of, or arising out of Fraud or Willful Breach; provided, further, that the Buyer shall recover all Damages subject to indemnification under Section 11.02 first from the Holdback Funds before the Buyer shall be entitled to recover any Damages directly from any Equityholder Indemnitor. For the avoidance of doubt, notwithstanding the foregoing sentence, to the extent any amounts are released from the Holdback Funds to the Buyer with respect to claims for indemnification, compensation or reimbursement for which the maximum liability of the Equityholder Indemnitors is not equal to the Holdback Funds, such released amounts shall not reduce the amount that the Buyer may recover with respect to claims for indemnification, compensation or reimbursement that are subject to the limitation set forth in this Section 11.03(b). The maximum liability of the Buyer Indemnitors for Damages under Section 11.02(c) shall be equal to the Total Consideration Value, to the extent not paid in the form of cash or validly issued shares of Buyer Common Stock (valued based on the Buyer Stock Price) in accordance with the terms of, and subject to the conditions in, this Agreement; provided, that payment of any amounts in the form of cash or validly issued shares of Buyer Common Stock shall not reduce the amount any Equityholder can recover for any breach or inaccuracy of any Buyer Fundamental Representations.

(c) Notwithstanding anything to the contrary herein, in no event shall the cumulative indemnification obligations of any Equityholder Indemnitor under Section 11.02 exceed the portion of the Total Consideration Value actually received by such Indemnitor, other than with respect to claims of, or arising out of, Fraud or Willful Breach of such Equityholder Indemnitor.

(d) Absent Fraud or Willful Breach, the indemnification provisions contained in this Article 11 provide the sole and exclusive monetary remedy following the Closing as to all Damages any Indemnitee may incur in connection with this Agreement (without limiting the procedures contemplated by Section 2.02 and it being understood that nothing in this Section 11.03(d) or elsewhere in this Agreement shall affect the parties' rights to specific performance or other non-monetary equitable remedies with respect to the covenants referred to in this Agreement or to be performed after the Closing). Notwithstanding anything to the contrary set forth herein, Buyer may recover from the Holdback Funds any Damages which are suffered or incurred by any of the Indemnitees or to which any of the Indemnitees may otherwise become subject (regardless of whether or not such Damages relate to any Third Party Claim) and which arise from or as a result of any Fraud or Willful Breach.

(e) The amount of Damages recoverable by any Indemnitee under this Article 11 and Section 8.06 with respect to any claim shall be (i) reduced by the amount of any payment actually received by such Indemnitee from an insurance carrier with respect to the Damages to which such claim relates (net of any deductible or retention amount or any other third-party costs or expenses incurred by the Indemnitee in obtaining such recovery, including any increased insurance premiums); and (ii) reduced by the amount of any net Tax benefit actually realized by the applicable Indemnitee attributable to such Damages, but only to the extent such net Tax benefit is actually realized by the Indemnitee

in the taxable year in which such Damages were incurred or the immediately succeeding taxable year, in each case determined on a "with and without" basis (i.e., calculating the applicable Indemnitee's actual Tax liability as compared to the applicable Indemnitee's hypothetical Tax liability as if the Damages had not been incurred). Solely for the purposes of calculating the amount of Damages recoverable by any Indemnitee pursuant to this Article 11 (and not for determining the existence of a breach of any representation or warranty), the representations and warranties in this Agreement that are qualified by materiality or Material Adverse Effect shall be deemed to be made without such materiality or Material Adverse Effect qualifiers; provided, however, that this sentence shall not apply to the term "Material Contract" or Section 3.05(a) or Section 3.06(a).

(f) Nothing in this Agreement shall be deemed to relieve or abrogate any Indemnitee of its duty to mitigate its Damages under common law, pursuant to the laws of the state of New York.

Section 11.04 Claims and Procedures; Holdbacks and Escrow

(a) If (x) an Equityholder determines in good faith that the Equityholder has a bona fide claim for indemnification pursuant to this Article 11, such Equityholder may deliver to the Buyer Indemnitor or (y) the Buyer determines in good faith that the Buyer has a bona fide claim for indemnification pursuant to this Article 11, the Buyer may deliver to the Equityholder Representative, in the case of each of clause (x) or (y), a certificate signed by the Equityholder Representative or an authorized officer of the Buyer, respectively (any certificate delivered in accordance with the provisions of this Section 11.04(a) an "Claim Certificate"):

(i) stating that such Indemnitee has a claim for indemnification pursuant to this Article 11;

(ii) to the extent possible, containing a good faith non-binding, preliminary estimate of the amount to which such Indemnitee claims to be entitled to receive, which shall be the amount of Damages such Indemnitee claims to have so incurred or suffered or could reasonably be expected to incur or suffer; and

(iii) specifying in reasonable detail (based upon the information then possessed) the material facts known to the Indemnitee giving rise to such claim.

No delay in providing such Claim Certificate shall affect an Indemnitee's rights hereunder, unless (and then only to the extent that) the Indemnitors are prejudiced thereby.

(b) At any time of delivery of any Claim Certificate by the Buyer to the Equityholder Representative, a duplicate copy of such Claim Certificate shall be delivered to the Escrow Agent by or on behalf of the Buyer.

(c) If the Buyer Indemnitor or Equityholder Representative, as applicable, in good faith objects to any claim made by the applicable Indemnitee in any Claim Certificate, then the Buyer Indemnitor or Equityholder Representative, respectively, shall deliver a written notice (a "Claim Dispute Notice") to the Equityholder Representative or Buyer Indemnitor, respectively, during the 30-day period commencing upon receipt by the Buyer Indemnitor or Equityholder Representative, respectively, of the Claim Certificate. The Claim Dispute Notice shall set forth in reasonable detail the principal basis for the dispute of any claim made by the applicable Indemnitee in the Claim Certificate. If the Equityholder Representative or Buyer Indemnitor, as applicable, does not deliver a Claim Dispute Notice to the Buyer Indemnitor or Equityholder Representative, respectively, prior to the expiration of such 30-day period, then each claim or indemnification set forth in such Claim Certificate shall be deemed to have been conclusively determined in the applicable Indemnitee's favor for purposes of this Article 11 on the terms set forth in the Claim Certificate.

(d) In the event a party delivers a Claim Dispute Notice, then the parties shall attempt in good faith to resolve any such objections raised by the applicable Indemnitor in such Claim Dispute Notice. If the parties agree to a resolution of such objection, then a memorandum setting forth the matters conclusively determined by the parties shall be prepared and signed by both parties, and the parties shall promptly act in accordance with such memorandum.

(e) If no such resolution can be reached during the 45-day period following the receipt of a given Claim Dispute Notice, then upon the expiration of such 45-day period, either party may bring a suit to resolve the objection in accordance with Sections 12.08, 12.09 and 12.10. The decision of the trial court as to the validity and amount of any claim in such Claim Certificate shall be nonappealable, binding and conclusive upon each applicable Indemnitee,

each applicable Indemnitor and the Equityholder Representative, and the parties shall promptly act in accordance with such decision. Judgment upon any award rendered by the trial court may be entered in any court having jurisdiction.

(f) The Holdback Shares and Escrow Cash shall be held by Buyer and the Escrow Agent, respectively, in accordance with the terms of this Agreement and the Escrow Agreement and be available to compensate the Buyer for any claims by such parties for any Damages suffered or incurred by them and for which they are entitled to recovery under this Article 11. Each claim for Damages pursuant to this Article 11 that is to be satisfied from (i) the Holdback Shares shall be satisfied by forfeiture by the Indemnitors of the Holdback Shares and (ii) the Escrow Cash shall be satisfied by release of such Escrow Cash by the Escrow Agent in accordance with this Agreement and the Escrow Agreement, in each case, in an amount as determined pursuant to Section 11.04(h) below. For purposes of this Article 11, Buyer Shares held as Holdback Shares or received pursuant to the terms of this Agreement shall be valued at the Buyer Stock Price per Holdback Share.

(g) Except as set forth below, the period during which claims for Damages to be recovered from the Holdback Funds may be made under this Agreement shall commence at the Closing and terminate 15 days after the General Expiration Date (the "Holdback Period"). Promptly, and in any event within 20 Business Days, following (i) the date that is twelve (12) months after the Closing Date (the "Initial Holdback Release Date"), the Holdback Initial Release Funds less (x) the aggregate of all Due Amounts as of the Initial Holdback Release Date and (y) without duplication of subclause (x), any amount of actual or good faith estimated Damages in respect of any resolved claims that have yet to be satisfied or any unresolved and pending claims specified in any Claim Certificate ("Unresolved Claims") delivered to the Equityholder Representative in accordance with Section 11.04(a) on or prior to the end of the Holdback Period, shall be distributed to the Equityholders (through the Buyer, an Acquired Company or a paying agent designated by the Buyer) in accordance with Section 11.04(h) and (ii) the end of the Holdback Period, the undistributed Holdback Funds, less the amount of actual or good faith estimated Damages in respect of any Unresolved Claims delivered to the Equityholder Representative in accordance with Section 11.04(a) on or prior to the end of the Holdback Period, shall be distributed to the Equityholders (through the Buyer, an Acquired Company or a paying agent designated by the Buyer) in accordance with Section 11.04(h). In the event that there exist Unresolved Claims as of the expiration of the Holdback Period, as soon as any such Unresolved Claim has been resolved, Buyer shall promptly, and in any event within 20 Business Days following the resolution or satisfaction of such Unresolved Claim, deliver (or cause to be delivered) in accordance with Section 11.04(h), the portion of the Holdback Funds, if any, that was retained for purposes of satisfying such claim that was not needed to satisfy such claim or other Unresolved Claims.

(h) To the extent the Holdback Funds or any portion thereof are released to the Equityholders pursuant to this Section 11.04, such funds shall be released (i) in amounts equal to each such Equityholder's Pro Rata Share of such released amounts and (ii) in the same ratio of cash to Buyer Shares as such Equityholder received as part of such Equityholder's Pro Rata Share of the Estimated Total Consideration Value (i.e., if such Equityholder received 55% of its Pro Rata Share of the Estimated Total Consideration Value in cash and 45% in Buyer Shares, then such Equityholder would receive 55% of its Pro Rata Share of the released Holdback Funds in cash, and 45% of its Pro Rata Share of the released Holdback Funds in Buyer Shares). The amount of any Buyer Shares so delivered to any Equityholder shall be rounded down to the nearest whole number of Buyer Shares.

(i) The release of the Holdback Funds or any portion thereof to the Equityholders pursuant to this Section 11.04 shall be made by (i) the Buyer with respect to the Holdback Shares, in accordance with this Agreement, and (ii) the Escrow Agent with respect to the Escrow Cash, in accordance with this Agreement and the Escrow Agreement.

Section 11.05 No Contribution

No Equityholder shall have, or be entitled to exercise or assert (or attempt to exercise or assert), any right of contribution, right of indemnity or other right or remedy against Buyer or any of its Affiliates (including the Acquired Companies) in connection with any indemnification obligation or any other liability to which it may become subject under or in connection with this Agreement.

Section 11.06 Defense of Third-Party Claims

Except as otherwise provided in Article 8, in the event of the assertion of any claim or the commencement by any Person of any Proceeding against (i) an Indemnitee with respect to which any of the Equityholder Indemnitors may become obligated to hold harmless, indemnify, compensate or reimburse the Buyer pursuant to this Article 11 (each, a "Third Party Claim"), the Buyer shall have the right, at its election, to proceed with the defense of such Third Party Claim on its own; provided, however, that the Equityholder Representative and its counsel (at the Indemnitors' sole expense) may participate in (but not control the conduct of) the defense of such Third Party Claim. If Buyer so proceeds with the defense of any such Third Party Claim:

(a) the Equityholder Representative shall, and shall use commercially reasonable efforts to cause each Indemnitor to, make available to Buyer any documents and materials in his possession or control that may be necessary to the defense of such Third Party Claim;

(b) the Buyer shall keep the Equityholder Representative reasonably informed regarding the status of such Third Party Claim; and

(c) the Buyer shall have the right to control, settle, adjust or compromise such Proceeding without the consent of the Equityholder Representative; provided, however, that except with the consent of the Equityholder Representative (which consent shall not be unreasonably withheld, conditioned or delayed), no settlement of any such Proceeding shall be determinative of either the fact that liability may be recovered by the Buyer in respect of such Third Party Claim pursuant to the indemnification provisions of this Article 11 or the amount of such liability that may be recovered by the Buyer in respect of such Third Party Claim pursuant to the indemnification provisions of this Article 11. If the Equityholder Representative consents to such settlement, neither the Equityholder Representative nor any Equityholder Indemnitor will have any power or authority to object to the amount or validity of any claim by or on behalf of the Buyer for indemnity with respect such settlement.

Buyer shall give the Equityholder Representative prompt notice of the commencement of any such Third Party Claim against Buyer; provided, however, that any failure on the part of Buyer to so notify the Equityholder Representative shall not limit any of the obligations of the Indemnitors under this Article 11 (except to the extent such failure prejudices the defense of such Proceeding).

ARTICLE 12.
MISCELLANEOUS

Section 12.01 Equityholder Representative

(a) By virtue of the executing and delivering this Agreement or an effective joinder hereto, each of the Equityholders shall have irrevocably constituted and appointed, upon the Closing (and by execution of this Agreement as Equityholder Representative, Qualgro Partners Pte. Ltd. hereby accepts appointment) as the exclusive and lawful agent and attorney-in-fact (the "Equityholder Representative") of the Equityholders for all purposes under this Agreement, including for the purposes of (a) making, litigating, arbitrating, resolving, settling, waiving or compromising any claim under or in connection with this Agreement, (b) giving and receiving notices and communications under this Agreement or in respect of any claims, (c) executing and delivering all documents necessary or desirable to carry out the foregoing, and (d) taking all other actions, or refraining from taking any action, necessary or appropriate in the good faith judgment of the Equityholder Representative for the accomplishment of the foregoing.

(b) The Equityholder Representative shall have and may exercise all of the powers conferred upon it pursuant to this Agreement, including:

(i) to act for the Equityholders with regard to all matters pertaining to indemnification referred to in this Agreement, including the power to compromise and settle any indemnity claim on behalf of the Equityholders and to transact matters of litigation or other Proceedings;

(ii) to execute and deliver all amendments, waivers, ancillary agreements, stock powers, certificates and documents that the Equityholder Representative deems necessary or appropriate in connection with the consummation of the transactions contemplated by this Agreement;

(iii) to execute and deliver all amendments and waivers to this Agreement that the Equityholder Representative deems necessary or appropriate, whether prior to, at or after the Closing;

(iv) the power to consult with, engage and rely on any accountants or advisors retained and other experts, including legal counsel, selected by it, (subject to Section 12.01(e)) solely at the cost and expense of the Sellers;

(v) the power to review, negotiate and agree the calculation and determination of any post-Closing adjustments under Section 2.02(b);

(vi) to receive funds for the payment of expenses of the Equityholders and apply such funds in payment for such expenses;

(vii) the power to waive any terms and conditions of this Agreement providing rights or benefits to the Sellers in accordance with the terms hereof and in the manner provided herein;

(viii) to do or refrain from doing any further act or deed on behalf of the Equityholders that the Equityholder Representative deems necessary or appropriate in its sole discretion relating to the subject matter of this Agreement as fully and completely as the Equityholders could do if personally present; and

(ix) to receive service of process in connection with any claims under this Agreement.

(c) The Equityholder Representative shall not have by reason of this Agreement or otherwise a fiduciary relationship in respect of any Equityholder.

(d) Upon receipt or notice of any Third Party Claim pursuant to Section 11.06, the Equityholder Representative shall give prompt notice of the amount and details thereof (to the extent of the information in its possession) to the relevant Equityholder or Equityholders.

(e) Buyer, the Company and any other Person may conclusively and absolutely rely, without inquiry, upon any action of the Equityholder Representative in all matters referred to herein. The Equityholder Representative shall act for the Equityholders on all of the matters set forth in this Agreement in the manner the Equityholder Representative believes to be in the best interest of all of the Equityholders, taken as a whole, and consistent with the obligations under this Agreement, but the Equityholder Representative shall not be responsible to the Equityholders for any Damages the Equityholders may suffer by the performance of its duties under this Agreement, other than Damages arising from willful violation of the law or gross negligence in the performance of its duties under this Agreement. If the Equityholder Representative shall be unable or unwilling to serve in such capacity, its successor who shall serve and exercise the powers of the Equityholder Representative under this Agreement and the Escrow Agreement shall be appointed by a written instrument signed by Equityholders holding at least a majority of the outstanding Shares (on an as converted to ordinary share basis) as of immediately prior to the Closing. In the event of removal or replacement of the Equityholder Representative, the Sellers must be provided prompt written notice of such replacement, including the contact and notice information for such newly appointed Equityholder Representative.

(f) The Equityholder Representative shall not be personally liable as the Equityholder Representative to any Equityholder for any act done or omitted under this Agreement and the Escrow Agreement as Equityholder Representative while acting in good faith and in the exercise of reasonable judgment. The Equityholders shall severally (but not jointly or jointly and severally) indemnify the Equityholder Representative and hold the Equityholder Representative harmless against any Damages incurred and arising out of or in connection with the acceptance or administration of the Equityholder Representative's duties under this Agreement and the Escrow Agreement.

(g) The Equityholder Representative shall serve as the Equityholder Representative without compensation, provided that the Equityholder Representative shall use the Equityholder Representative Expense Account to pay any expenses incurred by the Equityholder Representative in fulfilling its obligations under this Agreement and the Escrow Agreement. Each of the Equityholders agree that, in the event that the Equityholder Representative Expense Account is depleted prior to the obligations of the Equityholder Representative under this Agreement and the Escrow Agreement being completed, such Equityholder agrees to reimburse the Equityholder Representative for such Equityholder's Pro Rata Share of all reasonable documented out-of-pocket expenses incurred by the Equityholder Representative in the performance of its duties under this Agreement and the Escrow Agreement. The Equityholder Representative shall distribute any remaining balance of the Equityholder Representative Expense

Account to the Equityholders upon completion by the Equityholder Representative of its duties under this Agreement and the Escrow Agreement. Any such distributions from the Equityholder Representative Expense Account shall be paid to the Equityholders, with equal priority and pro rata based on each such Equityholder's Pro Rata Share of the Equityholder Representative Expense Account, up to the aggregate total amount the Buyer originally deposited in the Equityholder Representative Expense Account.

Section 12.02 Notices

All notices, requests and other communications required or permitted under, or otherwise made in connection with, this Agreement, shall be in writing and shall be deemed to have been duly given (a) when delivered in person, (b) upon confirmation of receipt when transmitted by facsimile transmission, (c) upon receipt after dispatch by registered or certified mail, postage prepaid, (d) on the next Business Day if transmitted by national overnight courier (with confirmation of delivery) or (e) in the case of notices delivered by Buyer or the Company in connection with Section 6.01, on the date delivered if sent by email (with confirmation of delivery), in each case, addressed as follows:

if to Buyer, to:

8x8, Inc.

2125 O'Nel Drive

San Jose, CA 95131

Attention: General Counsel

Email: legal@8x8.com

with a copy to (which shall not constitute notice):

Latham & Watkins LLP

140 Scott Drive

Menlo Park, California 94025

Attention: Tad J. Freese, Mark M. Bekheit

Facsimile No.: (650) 463-2600

Email: tad.freese@lw.com, mark.bekheit@lw.com

if to the Company, to:

Wavecell Pte. Ltd.,
18 Cross Street,
#09-01 China Square Central,
Singapore 04842
Attention: Olivier Gerhardt
Email: olivier.gerhardt@wavecell.com

with a copy to (which shall not constitute notice):

Wavecell Pte. Ltd.,
18 Cross Street,
#09-01 China Square Central,

Singapore 04842
Attention: Julie Carminati
Email: julie.carminati@wavecell.com

if to the Equityholder Representative, to:

Qualgro Partners Pte Ltd,
160 Robinson Rd,
#18-06,
Singapore 068914
Attention: Jason Edwards
Email: jason.edwards@qualgro.com

with a copy to (which shall not constitute notice):

Qualgro Partners Pte Ltd,
160 Robinson Rd,
#18-06,
Singapore 068914
Attention: Trevor Han
Email:trevor.han@qualgro.com

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto.

Section 12.03 Remedies Cumulative; Specific Performance

The doctrine of election of remedies shall not apply in constructing or interpreting the remedies provisions of this Agreement or the equitable power of a court considering this Agreement or the transactions contemplated hereby. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions of this Agreement in addition to any other remedy to which they are entitled to at law or in equity, in each case without the requirement of posting any bond or other type of security.

Section 12.04 Amendments and Waivers

(a) Any provision of this Agreement may be amended or waived prior to the Closing if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or, in the case of a waiver, by each party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 12.05 Expenses

Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement, including all third-party legal, accounting, financial advisory, consulting or other fees and expenses incurred in connection with the transactions contemplated hereby, shall be paid by the party incurring such cost or expense.

Section 12.06 Further Assurances

Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, to the extent any original signature pages are reasonably required following the Closing Date by any party hereto in connection with this Agreement or any other agreements, instruments, transfer forms or other documents delivered by such party in connection with this Agreement or the Closing, such party shall deliver such original signature pages to such documentation promptly (and in any event within five (5) Business Days) following such party's written request; provided, that each Seller shall provide an original hand-signed signature page to such Seller's Share Transfer Form within five (5) Business Days following the Closing Date.

Section 12.07 Binding Effect; Benefit; Assignment

(a) The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Except with respect to Article 11, no provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

(b) No party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto, except that Buyer may transfer or assign its rights and obligations under this Agreement, in whole or from time to time in part, to (i) one or more of their Affiliates at any time and (ii) after the Closing, to any Person; provided that such transfer or assignment shall not relieve Buyer of its obligations hereunder or enlarge, alter or change any obligation of any other party hereto or due to Buyer.

Section 12.08 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York (including in respect of the statute of limitations or other limitations period applicable to any claim, controversy or dispute hereunder), without giving effect to principles of conflicts of laws that would require the application of the laws of any other jurisdiction.

Section 12.09 Exclusive Jurisdiction

The parties hereto agree that any Proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any federal or state court located in the State of New York sitting in the City of New York, Borough of Manhattan, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such Proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such Proceeding in any such court or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Process in any such Proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 12.02 shall be deemed effective service of process on such party.

Section 12.10 Waiver of Jury Trial

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 12.11 Counterparts; Effectiveness

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). The exchange of a fully executed Agreement (in counterparts or otherwise) by electronic transmission in .PDF format or by facsimile shall be sufficient to bind the parties to the terms and conditions of this Agreement.

Section 12.12 Entire Agreement

This Agreement and the confidentiality provisions of the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 12.13 Severability

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 12.14 Currency Matters

All amounts payable under this Agreement (including all amounts set forth in the Consideration Spreadsheet), regardless of the currency in which such amount was made or is denominated shall be paid in U.S. Dollars. Conversion of foreign currency to U.S. Dollars shall be made by applying the average of the rates (the "Applicable Exchange Rate") published in the eastern edition of The Wall Street Journal under the heading Money Rates for each of the 10 business days ending on the date of determination or, if such publication is not available, such other publication agreed by Buyer and the Equityholder Representative. The date of determination for the Applicable Exchange Rate shall be the sixth business day prior to the Closing.

Section 12.15 Disclaimer of Warranties

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IT IS THE EXPLICIT INTENT OF AND EXPRESSLY AGREED BY THE PARTIES HERETO THAT THE COMPANY'S REPRESENTATIONS AND WARRANTIES IN ARTICLE 3, THE SELLERS' REPRESENTATIONS AND WARRANTIES IN ARTICLE 4 AND THE BUYER'S REPRESENTATIONS AND WARRANTIES IN ARTICLE 5 CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF THE PARTIES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY AND THAT NEITHER THE COMPANY, NOR ANY EQUITYHOLDER OR SELLER NOR THE BUYER, IS MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, BEYOND THOSE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY GIVEN IN ARTICLE 3, THE SELLERS' REPRESENTATIONS AND WARRANTIES IN ARTICLE 4 AND THE BUYER'S REPRESENTATIONS AND WARRANTIES IN ARTICLE 5, AND, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER THE COMPANY NOR ANY

EQUITYHOLDER OR SELLER NOR THE BUYER IS MAKING ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, AS TO ANY OTHER MATTERS. IT IS UNDERSTOOD AND EXPRESSLY AGREED BY THAT ANY ESTIMATES, FORECASTS, PROJECTIONS OR OTHER PREDICTIONS THAT HAVE BEEN OR SHALL HEREAFTER BE PROVIDED OR MADE AVAILABLE TO THE COMPANY, ANY EQUITYHOLDER, ANY SELLER OR THE BUYER OR ANY OF THEIR RESPECTIVE AFFILIATES (INCLUDING IN ANY PRESENTATION BY THE COMPANY OR ANY EQUITYHOLDER OR SELLER OR BUYER, ANY AFFILIATE OF THE COMPANY OR ANY EQUITYHOLDER OR SELLER OR THE BUYER OR ANY REPRESENTATIVE OF THE COMPANY OR ANY EQUITYHOLDER OR SELLER OR BUYER) ARE NOT, AND SHALL NOT BE DEEMED TO BE, OR CONTAIN, REPRESENTATIONS OR WARRANTIES OF THE COMPANY OR ANY EQUITYHOLDER OR SELLER OR BUYER OR ANY AFFILIATE OF THE COMPANY OR ANY EQUITYHOLDER OR SELLER OR BUYER OR ANY OF THEIR RESPECTIVE REPRESENTATIVES, AND NONE OF THE COMPANY, THE EQUITYHOLDER, THE SELLERS AND THE BUYER IS ENTERING INTO THIS AGREEMENT IN RELIANCE ON, AND THE COMPANY, THE EQUITYHOLDERS, THE SELLERS AND THE BUYER MAY NOT RELY ON, ANY SUCH ESTIMATES, FORECASTS, PROJECTIONS OR OTHER PREDICTIONS, STATEMENTS OF INTENTION OR ANY OTHER REPRESENTATION, WARRANTY OR OTHER STATEMENT MADE OR PURPORTING TO BE MADE BY OR ON BEHALF OF THE COMPANY OR ANY EQUITYHOLDER OR SELLER OR BUYER OR ANY AFFILIATE OF THE COMPANY OR ANY EQUITYHOLDER OR SELLER OR BUYER, OR ANY OF THEIR RESPECTIVE REPRESENTATIVES, OTHER THAN THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY SET FORTH IN ARTICLE 3, THE REPRESENTATIONS AND WARRANTIES OF THE SELLERS SET FORTH IN ARTICLE 4 AND THE BUYER'S REPRESENTATIONS AND WARRANTIES IN ARTICLE 5.

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first written above.

8x8, Inc.

By: /s/ Vikram Verma

Name: Vikram Verma

Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first written above.

Wavecell Pte. Ltd.

By: /s/ Olivier Gerhardt

Name: Olivier Gerhardt

Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first written above.

Qualgro Partners Pte. Ltd., as Equityholder Representative

By: /s/ Chhong Eang Heang

Name: Chhong Eang Heang

Title: Director

EXHIBIT A

FORM OF RESTRICTED SHARE AGREEMENT

[Attached]

EXHIBIT B

FORM OF NON-COMPETITION AND NON-SOLICITATION AGREEMENT

[Attached]

EXHIBIT C

FORM OF VESTING AGREEMENT

[Attached]

EXHIBIT D

FORM OF OPTION ACKNOWLEDGEMENT

[Attached]

EXHIBIT D

FORM OF OPTION ACKNOWLEDGEMENT

[Attached]

EXHIBIT E

FORM OF LETTER OF TRANSMITTAL

[Attached]

EXHIBIT F

FORM OF CONSIDERATION SPREADSHEET

[Attached]

EXHIBIT G

FORM OF CONFIRMATION OF INVENTION ASSIGNMENT

[Attached]

EXHIBIT H

FORM OF ESCROW AGREEMENT

[Attached]

EMPLOYEE BONUS PLAN

Adopted June 2019

Proprietary and Confidential

For 8x8 Internal Use Only

8x8 Employee Bonus Plan

I. Introduction

A. Applicability

1. This 8x8 Employee Bonus Plan (the “Plan”) applies to full-time and part-time employees of 8x8, Inc. and its subsidiaries and affiliates (collectively, the “Company”) who are approved for participation in the Plan (the “Participants”) by the Plan Administrator (defined below). Any employee who (a) is a participant in the Company Sales Compensation Plan, (b) begins employment with the Company after the last day of an applicable Plan Period (defined below), or (c) is a temporary employee or an intern is not eligible to participate in the Plan, unless approved in writing by the Plan Administrator (in its sole discretion). The Plan Administrator has sole discretion to determine whether participation in the Plan will be offered to employees and whether an employee will be a Participant. The “Plan Administrator” is, in accordance with the terms of 8x8, Inc. Board of Directors (the “Board”) Compensation Committee (the “Compensation Committee”) Charter and Compensation Guidelines, (i) the Board with respect to adoption of the Plan and (ii) the Compensation Committee with respect to amendment, termination, direct oversight and administration of the Plan for all Participants. The Compensation Committee delegates the implementation and administration of the Plan to the CEO (or its designee) with respect to all Participants who are not otherwise Executive Vice Presidents (EVP) or Senior Vice Presidents (SVP) reporting directly to the CEO. For purposes of the Plan, the term “administration” includes, without limitation, determining who is a Participant, setting Bonus Targets (defined below), determining whether Company Financial Performance Factors and/or Individual Performance Factors have been achieved and approving payouts for Participants.

2. To the extent permitted by applicable law, the Company reserves the right to (in its sole discretion) amend, modify, suspend or terminate the Plan, in whole or in part, at any time, with or without notice, including, without limitation, to comply with applicable local laws, rules and regulations. Such changes will not amount to an act or omission which entitles the Participant to assert that his or her terms of employment have been breached and to bring his or her employment to an end, with or without notice. In addition, nothing in the Plan shall be deemed to constitute a term of employment between the Participant and the Company. Payment(s) made in any Plan Period is no guarantee of payment(s) in future Plan Periods.

B. Objectives of the Plan

The objectives of the Plan are to reward Participants for corporate results, to retain key talent and to establish a meaningful link between corporate results and employee rewards.

II. Bonus Plan Elements

A. Bonus Target

A bonus target (which means the target cash bonus that a Participant is eligible to receive during a Plan Period, the "Bonus Target") will be established for each Participant by the Company in its sole discretion and does not constitute a guarantee of or entitlement to a bonus payment. Bonus Targets are determined by position level and are typically calculated as a percentage of the Participant's eligible earnings paid during the Plan Period. A "Plan Period" may be the Company's fiscal quarter ("Plan Quarter") or fiscal year (which, as of the date of the Plan's adoption, runs from April 1st through March 31st) (the "Plan Year"), as applicable. Eligible earnings include base salary paid during the applicable Plan Period, but do not include expense reimbursements, equity compensation, superannuation/pension, payments from third parties such as disability insurance providers, over-time wages, shift differential, bonus payments (including bonuses paid under the Plan), long-term incentives, spot bonuses, awards, special one-time incentive payments, 13th-month pay, commissions and any other variable compensation. Bonus Targets may be reviewed and revised in the sole discretion of the Plan Administrator (to the extent permitted by applicable law) in accordance with the terms of the Plan.

A Participant's actual bonus payment (if any) may vary from his or her Bonus Target at the Company's sole discretion and is subject to the terms of the Plan.

B. Bonus Pool

Bonus Targets for all Participants will be aggregated to determine the Company's total Bonus Target amount (the "Target Bonus Pool") for the applicable Plan Period. In accordance with the terms of the Plan, if the Company meets or exceeds the minimum performance threshold for an applicable Plan Period, the Plan will be funded with an amount equal to the total amount of bonuses payable to Participants (the "Bonus Pool") based on the achieved Company Financial Performance Factor (defined below) for the applicable Plan Period. For Director, Sr. Director, Vice President (VP), Group Vice President (GVP), SVP and EVP level employees (except for the Chief Financial Officer), bonus payments will also be based on achievement of individual performance targets (the "Individual Performance Factor").

C. Company Performance

At the start of the applicable Plan Period, the applicable Plan Administrator will determine the Company financial performance metrics and the corresponding attainment level ("Company Financial Performance Factor") used to determine Bonus Pool funding.

Based on the achieved Company Financial Performance Factor for an applicable Plan Period, the Bonus Pool funding may vary from 0% to 100% of the Target Bonus Pool for Q1, Q2 and Q3 of the fiscal year and from 0% to 200% of the Target Bonus Pool for Q4 of the fiscal year.

The Company Financial Performance Factor will set minimum and maximum Bonus Pool funding thresholds. The achieved Company Financial Performance Factor must meet at least the minimum funding threshold during an applicable Plan Period in order fund the Bonus Pool. If the Company performs below the minimum threshold for an applicable Plan Period, the Bonus Pool will not be funded for such Plan Period.

D. Bonus Pool Allocation and Individual Awards

Bonus payments (if any) are based on achievement relative to the Company Financial Performance Factor and, as applicable, Individual Performance Factor(s).

Bonus payments will be calculated as follows:

FY Quarter 1, Quarter 2, Quarter 3

Step 1: Determine the Participant's quarterly Bonus Target.

8x8 Employee Bonus Plan

Participant's Earnings for Plan Quarter	X	Participant's Bonus Target %	=	Participant's Bonus Target Amount (qtr)

Step 2: Determine the portion of the quarterly Bonus Pool payable to each Participant for Company performance:

Bonus Target Amount (qtr) (Foundation *thru Sr. Manager*)			X	Company Financial Performance Factor	=	Bonus Payment for Plan Quarter
Bonus Target Amount (qtr) (Dir, Sr. Dir *VP, GVP, SVP, EVP*)	X	Individual Performance Factor	X	Company Financial Performance Factor	=	Bonus Payment for Plan Quarter
Bonus Target Amount (qtr) (*CFO and CEO*)			X	Company Financial Performance Factor	=	Bonus Payment for Plan Quarter

FY Quarter 4

Step 1: Determine the Participant's annual Bonus Target.

Participant's Earnings for Plan Year	X	Participant's Bonus Target %	=	Participant's Bonus Target Amount (yr)

Step 2: Determine the portion of the annual Bonus Pool payable to each Participant for Company performance:

Bonus Target Amount (yr) (Foundation *thru Sr. Manager*)			X	Company Financial Performance Factor	=	Bonus Amount for Plan Year
Bonus Target Amount (yr) (*Dir, Sr. Dir VP, GVP, SVP, EVP*)	X	Individual Performance Factor	X	Company Financial Performance Factor	=	Bonus Amount for Plan Year
Bonus Target Amount (yr) (*CFO and CEO*)			X	Company Financial Performance Factor	=	Bonus Amount for Plan Year

Step 3: Determine the Participant's quarterly (Q4) Bonus Payment.

Bonus Amount for Plan Year	-	Bonus Payments for Q1, Q2 & Q3	=	Bonus Payment for Plan Quarter (Q4)

The aggregate total of bonuses payable to all Participants under the Plan for an applicable Plan Period shall not exceed the Bonus Pool determined as described in the Plan.

Any bonus payable to a Participant under the Plan is a one-time discretionary award and, as such, does not constitute a contractual entitlement and shall not be considered as "salary" in any circumstance and shall not, in particular, be included in calculations for notice, severance or any other benefits under any applicable plan, policy, or agreement (unless required by applicable local law).

III. Additional Terms and Conditions

A. Plan Participation and Plan Integration

These terms and conditions govern all 8x8 Employee Bonus Plan payments made to Participants and the Plan supersedes and replaces eligibility for and/or participation in all previous employee bonus plans, as well as all agreements and all other previous or contemporaneous oral or written statements by the Company on this subject.

Participation in the Plan for a certain Plan Year (or Plan Quarter) does not guarantee continuation of the Plan or participation in the Plan in another Plan Year (or Plan Quarter). In addition, payment of a bonus for a certain Plan Year (or Plan Quarter) does not guarantee payment of a bonus in any other Plan Year (or Plan Quarter).

B. Earning a Bonus Payment

Bonuses awarded under the Plan are intended to encourage employee retention and are not earned until paid to the Participant. Subject to applicable local laws, a Participant must be employed by the Company, and not have given notice of intent to resign or received notice of termination by the Company, on the bonus payment date in order to be eligible to earn a bonus. If a Participant's employment is terminated by the Company or the employee resigns or receives a notice of termination before the bonus Payment date, no bonus shall have been earned and there shall be no pro rata payment.

C. Form and Timing of Payment

Bonuses will not be earned until after financial results for the applicable Plan Period are determined by the Company and the Bonus Pool amount has been approved for funding by the Board ("Funding Approval"). If the Plan minimum funding conditions are met and the Bonus Pool is funded, bonuses (if any) will be paid to the Participant in a lump sum cash payment in the first payroll after the Funding Approval and no later than 2-1/2 months following the close of the applicable Plan Quarter. Payment will be made in the Participant's local currency at the time of payment and subject to required payroll deductions and tax withholdings. Notwithstanding any provision of the Plan to the contrary, bonuses may be paid in shares of the Company's common stock in the sole discretion of the Compensation Committee with respect to any or all Participants. Any shares of common stock paid in lieu of cash pursuant to the Plan shall be issued pursuant to, and shall be subject to the terms and conditions of, the Company's Amended and Restated 2012 Equity Incentive Plan (or any successor plan), including, without limitation, the withholding provisions thereof.

From time to time, errors may occur in the amount of the bonus payment. If an error results in an underpayment of the bonus (as determined by the Company in its sole discretion), the Company will make a reconciliation payment promptly. If an error results in an overpayment of the bonus (as determined by the Company in its sole discretion), the Company reserves the right to recover the overpayment from the Participant's salary, bonus payments or any other compensation, subject to applicable local laws. Subject to applicable local law, by participating in the Plan, Participants expressly consent to the Company deducting amounts from their compensation to recover an overpayment, including without limitation as a result of a restatement of the Company's financial statements affecting the Company Financial Performance Factors.

Further, if the Company determines that a Participant has committed an act of embezzlement, fraud, dishonesty, violation of applicable law or breach of fiduciary duty or other Company policy or procedure, including without limitation the Company's Employee Handbook and Code of Business Conduct and Ethics, such Participant may not be eligible to earn a bonus under the Plan and may be subject to disciplinary action, including but not limited to termination, and if such act contributed to an obligation to restate the Company's financial statements, the Participant shall be required to repay to the Company, in cash and upon demand, any bonus payment received under the Plan in connection with each fiscal year in which the Company's financial statements were restated.

D. New Hires

Employees hired into a bonus-eligible position (as described in the employee's offer letter or employment contract) who begin employment on or before the last day of a Plan Quarter or Plan Year, and who meet all

other participation criteria, are eligible to participate in the Plan for that quarter or year, as applicable, and would be paid, if applicable performance factors are met in accordance with the Plan, on a pro-rata basis.

Employees hired into a bonus-eligible position (as described in the employee's offer letter or employment contract) who begin employment after the last day of a Plan Quarter or Plan Year are not eligible to participate in the Plan for that quarter or year, as applicable, unless the Plan Administrator (in its sole discretion) approves in writing an exception.

E. Transfers

The following guidelines will apply to internal Company transfers that occur on or before the last day of a Plan Quarter or Plan Year:

- If a Participant transfers from one bonus-eligible position to another bonus-eligible position during a Plan Quarter and has a different Bonus Target upon transfer, the Participant's Bonus Target Amount for the quarter will be determined using the higher of the Bonus Target percentage in effect during the Plan Quarter.

- If a Participant transfers from a bonus-eligible position to one that is not bonus-eligible during a Plan Quarter (for example, moving to a position that is eligible for sales incentive compensation), the Participant will remain eligible for a bonus in the quarter based on the Participant's eligible earnings paid during the time the Participant worked in the bonus-eligible position. Under no circumstances will the employee receive compensation under the Plan and any other incentive plan for the same period of time.

- If a Participant transfers from a position that is not bonus-eligible to one that is bonus-eligible during a Plan Quarter (for example, moving from a position that is eligible for sales incentive compensation), the Participant will be eligible for a bonus under the Plan based on the Participant's eligible earnings paid during the time the Participant worked in the bonus-eligible position. Under no circumstances will the employee receive compensation under the Plan and any other incentive plan for the same period of time.

The Plan Administrator has the sole discretion to prorate, reduce, offset or eliminate bonuses to account for advances and payouts to employees under any other compensation or incentive plans in effect during the same Plan Period or for other reasons as deemed appropriate (unless prohibited by applicable local law).

F. Leave of Absence.

Participants on a leave of absence during an applicable Plan Period will remain eligible for a pro-rated bonus under the Plan based on the period of time during the Plan Period which the Participant was not on a leave of absence, subject to the applicable Company leave of absence policy and applicable local laws.

G. Adjustments to Bonus Targets

To the extent permitted by applicable local laws, the Plan Administrator may, in its sole discretion, approve adjustments to Bonus Targets for Participants during the Plan Year. Any such changes will be communicated to the Participant in writing. Any bonus payment may be prorated based on the effective date of the change to the Bonus Target as determined by the Plan Administrator. Any adjustment to a Bonus Target may result in a corresponding adjustment to the Target Bonus Pool.

H. Plan Interpretation and Claims

The Plan shall be interpreted by the Plan Administrator. The Plan Administrator has the sole discretion to interpret or construe ambiguous, unclear or implied (but omitted) terms and shall resolve all questions regarding interpretation and/or administration of the Plan.

Claims regarding payments under the Plan or the administration of the Plan should be submitted in writing to the Plan Administrator within 90 days of the date on which the Participant first knew (or should have known in the Company's opinion) of the facts on which the claim is based. The Plan Administrator shall consider the claim and notify the Participant in writing of the determination of the claim. To the extent permitted by applicable local law, claims that are not pursued through this procedure shall be treated as having been irrevocably

waived. To the extent permitted by applicable local law, the determination of the Plan Administrator as to any claim will be final and binding and shall be upheld unless arbitrary or capricious or made in bad faith.

The provisions of the Plan are severable and if any provision is held to be unenforceable by any court of competent jurisdiction then such unenforceability shall not affect the enforceability of the remaining provisions of the Plan, which shall remain in full force and effect.

The Plan shall be construed and interpreted consistent with, and so as to avoid the imputation of any tax, penalty or interest under Section 409A of the United States Internal Revenue Code of 1986, as amended. To the extent that Section 409A is inapplicable to a Participant, such provisions will be replaced by any equivalent provision of local law.

I. Exceptions and Modifications

All exceptions, adjustments, additions or modifications to the Plan require the written approval of the Plan Administrator.

All aspects of the Plan (including, without limitation, financial targets, Bonus Targets, performance targets and funding formulas) are entirely discretionary and may be reviewed and revised at any time, with or without advance notice, in the sole discretion of the Plan Administrator (unless prohibited by applicable local law).

J. At Will Employment (U.S. Employees Only)

Participation in the Plan does not constitute an agreement (express or implied) between the Participant and the Company that the Participant will be employed by 8x8 for any specific period of time, or any agreement for continuing or long-term employment, or, with respect to Participants employed by 8x8 in the United States, employment other than at-will, or an expectation that any amount of compensation specified in the Plan will become earned by or due to any Participant.

Exhibit 31.1

CERTIFICATION 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

I, Vikram Verma, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 8x8, Inc.;

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.

July 30, 2019

/s/ VIKRAM VERMA

Vikram Verma

Chief Executive Officer

Exhibit 31.2

CERTIFICATION 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

I, Steven Gatoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 8x8, Inc.;

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.

July 30, 2019

/s/ STEVEN GATOFF

Steven Gatoff
Chief Financial Officer

Exhibit 32.1

CERTIFICATION 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 8x8, Inc. (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vikram Verma, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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.

/s/ VIKRAM VERMA
Vikram Verma
Chief Executive Officer

July 30, 2019

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, or otherwise required, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

CERTIFICATION 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 8x8, Inc. (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Gatoff, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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.

/s/ STEVEN GATOFF
Steven Gatoff
Chief Financial Officer

July 30, 2019

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, or otherwise required, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.