

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

FORM 10-K

- Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the calendar year ended December 31, 2024  
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_ to \_\_\_

Commission File Number: 1-34522



**ASURE SOFTWARE, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**74-2415696**

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

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

(Address of principal executive offices)

**78701**

(Zip Code)

**512-437-2700**

(Registrant's Telephone Number, including Area Code)

**None**

(Former name, former address and former fiscal year, if changed since last report)

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

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

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

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

Yes  No

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

Yes  No

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

Yes  No

Based on the closing sale price of common stock on The Nasdaq Global Select Market on June 30, 2024, the aggregate market value of the voting stock held by non-affiliates of the registrant was \$204,583,873 as of such date, which assumes, for purposes of this calculation only, that all shares of common stock beneficially held by officers and directors of the registrant are shares owned by "affiliates."

As of March 5, 2025, 26,979,485 shares of the registrant's Common Stock, \$0.01 par value, were outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement relating to its 2025 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Proxy Statement, or an amendment to this report containing the Items comprising Part III, will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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## ASURE SOFTWARE, INC.

FORM 10-K  
FOR THE YEAR ENDED DECEMBER 31, 2024

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## PART I

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain written and oral statements made by management of Asure Software, Inc. and its consolidated subsidiaries (“we”, “Asure”, “our”, “us”) included in this Form 10-K may constitute “forward-looking” statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. The words “believe,” “may,” “will,” “estimate,” “projects,” “anticipate,” “intend,” “expect,” “should,” “plan,” and similar expressions are intended to identify forward-looking statements. Examples of “forward-looking statements” include statements we make regarding our operating performance, future results of operations and financial position, revenue growth, earnings or other projections. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the “Risk Factors” section, factors discussed throughout Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as in our periodic filings with the Securities and Exchange Commission (the “SEC”). Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activities, performance, or achievements.

The information provided in this Form 10-K is based on facts and circumstances known as of the date of this report, and any forward-looking statements made by us in this Form 10-K speak only as of the date on which they are made. We are under no duty to update any of these forward-looking statements after the date of this report or to conform these statements to actual results or revised expectations.

#### Risk Factor Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled “Risk Factors.” These risks include, among others, the following:

- If our security measures, or those of our third-party data center hosting facilities, cloud computing platform providers or third-party service partners are compromised or breached, or if personal information of our clients or their employees is accessed or obtained, our services and HCM solution may be perceived as not being secure, our brand could be damaged, our services may be disrupted, and customers may curtail or stop using our services, all of which could reduce our revenue and earnings, increase our expenses, and expose us to legal claims and regulatory actions;
- We have identified a material weakness in our internal control over financial reporting and may identify additional material weaknesses in the future, fail to remediate the identified material weakness, or otherwise fail to maintain an effective system of internal control, all of which, if they occur, may result in material misstatements of our financial statements;
- We have a history of losses, and we cannot be certain that we will achieve or sustain profitability;
- Privacy concerns and laws and other regulations may limit the effectiveness of our applications and adversely affect our business;
- We have acquired and plan to continue to acquire from time to time our Reseller Partners’ businesses that have licensed our proprietary software and other complementary businesses either through stock acquisition or through an asset purchase of their client service agreements and related assets. These acquisitions could prove difficult to integrate, result in unknown or unforeseen liabilities, disrupt our business, dilute stockholder value and ownership and adversely affect our operating results and financial condition;
- Our failure to comply with existing laws and regulations may result in adverse effects on our business, service and financial condition and failure to comply with licensing requirements or changing laws and regulations through modifications, developments, and enhancements to our products and services could have a material adverse effect on our business and results of operations;
- Our software and solutions may not function adequately, which could damage our reputation and give rise to claims against us, which could harm our business and operating results;
- We depend on data centers and computing infrastructure operated by third parties, and any disruption in these operations or changes of these providers could adversely affect our business;

- We may be required to incur debt to meet future capital requirements of our business. Should we be required to incur debt, the restrictions imposed by the terms of such debt could adversely affect our financial condition and our ability to respond to changes in our business;
- Volatility and weakness in bank and capital markets may adversely affect credit availability and related financing costs for us;
- We may require additional capital to support business growth, and this capital may not be available on acceptable terms, or at all;
- We incur significant costs as a result of operating as a public company, and our management will devote substantial time to new compliance initiatives, including incremental requirements as a result in a change of filer status. We may fail to comply with the rules that apply to such public companies, which could result in sanctions or other penalties that would harm our business;
- A portion of our accounts receivable is related tax processing services to that enabled businesses to file for Employee Retention Tax Credits under the CARES Act. Such regulations were originally expected to expire in 2024 and 2025, which, following their expiration, will adversely impact our revenues on a comparative basis. Further, abuses of this program may require government intervention that could adversely affect the timing of our cash collections;
- If we are unable to release timely updates to reflect changes in wage and hour laws, tax, privacy, benefit and other laws and regulations that our products help our clients address, the market acceptance of our products may be adversely affected and our revenues could decline;
- If we are not able to develop enhancements and new features to our products, keep pace with technological developments or respond to future technologies, our business, operating results and financial results will be adversely affected;
- Our business depends substantially on clients renewing their agreements with us, purchasing additional products from us or adding additional users. If our customers do not renew their agreements with us or reduce the services purchased, our revenue will decline and our business, operating results and financial condition may be adversely affected. If we cannot accurately predict subscription renewals or upgrade rates, we may not meet our revenue targets, which may adversely affect the market price of our common stock;
- Client funds that we hold in trust are subject to market, interest rate, credit and liquidity risk. The loss of these funds could have a material adverse effect on our business, financial condition and results of operations;
- The markets in which we participate are highly competitive, and if we do not compete effectively, our operating results could be adversely affected;
- Our clients could have insufficient funds to cover payments we have made on their behalf or credit that we have extended to them in connection with the services that we have provided, resulting in financial loss to us;
- If the banks that currently provide ACH and wire transfers fail to properly transmit ACH, exit the payroll industry, or terminate their relationship with us or limit our ability to process funds or we are not able to increase our ACH capacity with our existing and new banking partners, our ability to process funds on behalf of our clients and our financial results and liquidity could be adversely affected;
- Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would adversely affect our business, operating results and financial condition;
- If we fail to adequately protect our proprietary rights, our competitive advantage and brand could be impaired and we may lose valuable assets, generate reduced revenue and incur costly litigation to protect our rights;
- We may be sued by third parties for infringement of their proprietary rights;
- Even if demand for HCM products and services increases generally, there is no guarantee that demand for SaaS products generally or our products in particular will increase to a corresponding degree, or at all;
- We may be subject to claims, lawsuits, governmental investigations and other proceedings that could adversely affect our business, financial condition and results of operations;
- Issues in the use of artificial intelligence (“AI”) in our HCM products and services may result in reputational harm or liability to us;
- Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported operating results;
- The use of open source software in our applications may expose us to risks and harm our intellectual property rights;
- We may be adversely affected by failure of third parties in providing their services;
- Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited;
- Inability to maintain the third-party licensed software we use in our applications at the current costs could result in increased costs or reduced service levels, which could adversely affect our business;
- Evolving regulation of the Internet, changes in the infrastructure underlying the Internet or interruptions in Internet access may adversely affect our business, operating results and financial condition by increasing our expenditures and causing client dissatisfaction;
- The adoption of new or interpretation of existing money service business statutes and money transmitter statutes at the federal and state level could subject us to additional regulation and related expense and necessitate changes to our business model;

- If we lose key personnel, including key management personnel, or are unable to attract and retain additional personnel as needed in the future, it could disrupt the operation of our business, delay our product development, harm our growth efforts and have a material adverse effect on our business;
- Some of our key components are procured from a single or limited number of suppliers. Thus, we are at risk of shortage, price increases, tariffs, changes, delay, or discontinuation of key components, which could disrupt and materially and adversely affect our business;
- Adverse tax laws or regulations could be enacted, or existing laws could be applied to us or our clients, which could increase the costs of our services and adversely impact our business;
- Political, economic and social factors may materially adversely affect our business and financial results;
- Sales, or the potential for sales, of a substantial number of shares of our common stock in the public market, including sales done by us in connection with financing activities or by our existing stockholders, could cause our stock price to fall;
- Our common stock has traded in low volumes and we cannot predict whether an active trading market for our common stock will develop;
- Our stock price has been, and likely will continue to be, volatile;
- We do not intend to pay dividends for the foreseeable future, and you must rely on increases in the market price of our common stock for returns on equity investment;
- Our stockholder rights plan, or “poison pill,” includes terms and conditions which could discourage a takeover or other transaction that stockholders may consider favorable;
- Provisions in our charter documents and under Delaware law, and our stockholder rights plan could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of our management and board of directors; and
- Our business could be negatively affected as a result of actions of activist stockholders, and such activism could impact the trading value of our securities.

## **ITEM 1. BUSINESS**

### **GENERAL**

Asure is a provider of cloud-based Human Capital Management (“HCM”) software solutions delivered as Software-as-a-Service (“SaaS”) to businesses of all sizes. We offer human resources (“HR”) tools necessary to build a thriving workforce, provide the resources to stay compliant with dynamic federal, state, and local tax jurisdictions and their respective labor laws, freeing cash flows so these businesses can spend their financial capital on growing their businesses rather than administrative overhead that can impede growth. Our solutions also provide new ways for employers to connect with their employees in order to enhance their relationships with their talent. Asure’s HCM suite (“Asure HCM”) includes Payroll & Tax solutions, Recruiting, HR compliance and services, Time & Attendance software, Insurance and Benefits Administration, and data integrations that enable employers and their employees to enhance efficiencies and take advantage of value-added solutions, which we refer to as AsureMarketplace™. AsureMarketplace™ automates interactions between our HCM systems with third-party providers to enhance efficiency, improve accuracy and to extend the range of services offered to employers and their employees. Our approach to HR compliance services leverages technology and on-demand content to enhance scalability and efficiency while prioritizing client interactions. We offer our services directly and indirectly through our network of Reseller Partners.

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

We strive to be the most trusted HCM resource. Our solutions solve three primary challenges that prevent businesses from growing: HR complexity, allocation of human and financial capital, and the ability to build great teams. We have and will continue to invest in research and development to expand our solutions. Our solutions reduce the administrative burden on employers and increase employee productivity while managing the employment lifecycle. The Asure HCM suite includes seven product lines: Asure Payroll & Tax, Asure Tax Management Solutions, Asure Recruiting™, Asure HR Compliance, Asure Time & Attendance, Asure Insurance and Benefits Administration, and AsureMarketplace™.

We were incorporated in 1985 as a Delaware corporation and our principal executive offices are located at 405 Colorado Street, Suite 1800, Austin, Texas 78701. Our telephone number is (512) 437-2700 and our website is [www.asuresoftware.com](http://www.asuresoftware.com). Information on our website is not part of this Annual Report on Form 10-K, however we do post information on the investor relations page of our website that we believe may be of interest to our investors.

We make available free of charge, on or through our website, our Annual Report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file these materials or furnish them to the SEC. Reports and other information we file with the SEC may also be viewed at the SEC's website at [www.sec.gov](http://www.sec.gov).

## SOLUTIONS

Our solutions are primarily cloud-based and delivered as SaaS, technology-enabled HR services, and hardware (time clocks and data collection devices) as one-time purchases or a Hardware-as-a-Service ("HaaS") offering.

**Payroll and Tax.** Asure Payroll & Tax is an integrated solution that provides a foundation for our clients' digital HR strategy. We simplify payroll and automate and ensure compliance with the changing nature of regulations associated with payroll and taxes in all U.S. jurisdictions—from wages, benefits, overtime, and garnishments to tips, direct deposits, the Fair Labor Standard Act and federal, state, and local payroll taxes. Features include payroll taxes driven by up-to-date federal, state, and local tax tables and filing in a timely and accurate manner; adhering to annual filing requirements for Form W-2 and forms mandated by the Affordable Care Act ("ACA"); general ledger integration; managed garnishments and employee self-service. Additionally, self-service tools empower employees to manage their payroll and personal data, including AsurePay, a payroll debit card that offers competitive banking features with free on-demand pay capabilities. With our self-service tools, employees can access pay stubs, update direct deposit preferences, track earnings in real time, and manage their financial information efficiently.

**Tax Management Solutions.** Asure provides innovative payroll tax processing software and service solutions for the payroll service industry and corporate employers. With several scalable software and service options, from traditional full-service outsourcing to SaaS solutions, the extensive product line offers companies the ability to select a payroll tax solution that suits their needs.

**Human Resource Compliance.** Asure handles HR complexities that businesses face, including talent management and compliance with federal, state, and local regulations. Asure provides three core levels of HR services: (i) HR support, which provides an on-demand HR resource library, phone and email support for any HR issues and compliance and policy updates; (ii) Strategic HR, which includes all the capabilities of HR Support while also providing more in-depth support for strategic HR decision making. This service is designed specifically for managers, helping them stay compliant with employment regulations and enhance their effectiveness in workforce planning, performance management, and compliance strategies; and (iii) Total HR, which includes all the capabilities of Strategic HR while also acting as HR support for frontline employees. This service provides a comprehensive HR outsourcing solution that assists managers in staying compliant and optimizing workforce management while ensuring employees have direct support for HR-related needs.

**Time and Attendance.** Asure Time & Attendance combines with our complementary hardware (time clocks and data collection devices) to provide cost savings and potential return on investment gains in the form of a more strategic use of labor dollars and the elimination of time theft. Mobile time tracking helps executives better understand where and when their employees are working, providing insight into labor schedules and labor costs. With our mobile solution, employees can punch in and out from remote locations, as geo-positioning verifies their physical coordinates. Biometric time clocks, including facial recognition, reduce time theft and assist in the verification of the identities of workers. Automated system notifications, real-time dashboards, and flexible configuration options all work to streamline operations. Finally, employees, supervisors, and executives have real-time access to data and business intelligence to optimize labor costing, improve labor scheduling, and control labor costs.

**Asure Marketplace.** AsureMarketplace™ automates interactions between our HCM systems with third-party providers to enhance efficiency, improve accuracy, and extend the range of services offered to employers and their employees. Asure has developed a large set of pre-built applications that businesses can connect with and has developed integrations with partners to exchange capabilities and data. These integrations enable businesses to communicate seamlessly and support a wide range of business-to-business and business-to-consumer applications. Business applications can include income verification and earned wage access.

**Recruiting.** AsureRecruiting™ is a robust talent acquisition solution that simplifies and optimizes the hiring process for employers. The platform provides unlimited job postings, locations, users, and applicant storage. Job postings are automatically submitted to major job boards, including Indeed, Google Jobs, ZipRecruiter, Monster, LinkedIn, Facebook, and local or regional boards. AsureRecruiting™ includes automated interview scheduling, an AI-powered job ad writing tool, and a mobile-friendly career site. Employers can track, score, and communicate with applicants efficiently. Additionally, the platform offers U.S.-based support with multiple contact options, including click, chat, and call, and provides free training and onboarding for seamless implementation.

**Insurance and Benefits Administration.** Asure Insurance and Benefits Administration provides employers with an end-to-end solution for managing employee benefits, including health insurance, retirement plans, and other employer-sponsored benefits. Asure Insurance and Benefits Administration is a comprehensive solution that enables businesses to both purchase and manage their employee benefits seamlessly. As a one-stop shop, Asure serves as a Broker of Record (“BOR”), allowing employers to procure health benefits directly while also streamlining benefits administration. The solution simplifies benefits enrollment, eligibility tracking, regulatory compliance, and carrier integrations. Employers can manage Affordable Care Act (ACA) reporting, COBRA administration, and other compliance obligations effortlessly. By integrating purchasing and administration into a single platform, Asure reduces administrative burdens, improves accuracy, and enhances the employee experience with easy access to benefits and support.

## PRODUCT DEVELOPMENT

The HCM industry is characterized by continuing improvements in technology, resulting in the frequent introduction of new products, short product life cycles, changes in client needs, and continual improvement in product performance characteristics. We strive to be cost-effective and timely in enhancing our solutions, developing software that addresses the varied needs of growing businesses and anticipating technological advances while adhering to payroll and HCM industry standards. First-to-market mobile applications are a testament to our success in innovation.

Our development teams work with clients and sales and marketing teams to build solutions based on market requirements and client feedback. We also garner inputs from clients, competitive comparisons, and relevant technology innovations. Development teams are staffed with product owners, solutions architects, software engineers, software engineers in test, quality assurance analysts, technical writers, scrum masters and usability designers.

Our research and development strategies are based on agile methodologies that foster continuous innovation and improvement with collaboration with stakeholders. The development team enhances the functionality of our solutions through new feature releases, with a focus on solutions delivered as SaaS for businesses that struggle with complexity and Reseller Partners that need back-office tools and scalable infrastructure. We continue to evaluate opportunities for developing new solutions that enable organizations to streamline and automate HR tasks associated with growing their businesses. We seek to simultaneously allow organizations to improve their productivity while reducing the costs associated with those tasks.

We continually work to automate processes using Robotic Process Automation (“RPA”) by developing “bots” that perform repetitive tasks. These bots act as digital workers that make us more efficient and eliminate errors. Most importantly, our RPA initiatives allow us to quickly take advantage of new opportunities and scale the business without the expense or lead times required to hire additional staff.

## SALES AND DISTRIBUTION

We sell our solutions through both direct and partner models. Prospective clients learn about Asure in a variety of ways, including advertising, website searches, sales calls, public relations, referral channels, direct marketing, and social media. When prospective clients show an interest in Asure, they are connected with a sales representative, who works to close the sale, via Asure’s web site, phone, or a face-to-face meeting by discussing solutions that meet their needs. We track our marketing and sales activities to provide immediate insights into activities, leads and pipeline opportunities. Our account management teams work with clients to promote and sell additional solutions that are relevant for each client. We supplement our direct sales efforts with partner programs. By working with partners, we gain access to opportunities in various geographic and industry niches.

Asure has two distinct partners: Reseller Partners and Referral Partners.

**Reseller Partners.** Reseller Partners pay us recurring license fees to white label our solutions while providing value-added services to their clients (our indirect clients). There are generally two types of Reseller Partners: regional payroll providers and trusted advisors (e.g., CPAs, regional banks, and benefit brokers). Regional payroll providers typically focus on a specific geographic area or industry. They have proven to be attractive alternatives for companies' payroll and HCM needs. Since trusted advisors are relied on by entrepreneurs and executives to advise on payroll and HR decisions, white labeling our solutions allows them to provide additional solutions directly to their clients.

Our Reseller Partners are the primary source of our acquisitions. Because they white label our solutions, technology integration risk is lessened. By acquiring Reseller Partners, we gain a presence in specific geographic (typically less densely populated U.S. metropolitan cities) and industry niches. These acquisitions help Asure gain scale by assuming all of the Reseller Partners' revenue rather than a recurring licensing fee. Reseller Partners can continue to license our solutions with the opportunity to expand their available solutions, or they can come under the Asure umbrella.

**Referral Partners.** Referral Partners are typically trusted advisors or referral agents that provide us with client leads but do not resell our solutions. Since companies rely on their trusted advisors and agents to guide them in selecting payroll and HCM solutions, we have found this to be a fruitful source of leads. Referral Partners provide qualified leads that convert to clients at a higher rate than non-referral leads. We have been successful in nurturing some Referral Partners to become Reseller Partners over time as the referral relationships develop and they become more comfortable in the HCM space.

## COMPETITION

The market for HCM solutions is competitive and subject to evolving technology, shifting client needs, and regular introduction of new products and services. Our competitors range from regional payroll companies to large, well-established companies with multiple product offerings.

Competition in the HCM market is based on product and service quality and reputation, scope of service, application offering and price. Price tends to be the most important factor of competition for our small business clients with fewer employees, while the range of features, implementation, and scalability is more important to our clients with larger businesses.

We compete with companies that provide HCM solutions by various means. Many providers continue to deliver legacy enterprise software, but there is increased competition in the delivery of HCM cloud-based solutions by other SaaS providers. Competitors in the HCM market tend to fluctuate and vary by product line. However, Asure's main competitors are ADP, Paychex, UKG, Paylocity, Paycor, Paycom, Ceridian, isolved, Gusto, and Time Simplicity.

While Asure has the advantage of a flexible, easy to use, cloud-based SaaS-delivered solution that is affordable and has a proven deployment methodology, Asure faces several competitive challenges:

- *Vendors with face-to-face sales contact.* In this highly relationship-based sales process, vendors with large, dispersed field-based sales teams who meet and consult with prospects have an advantage. Vendors that approach the market in this manner include ADP, Paychex, Kronos, and Paylocity.
- *National payroll processors with loss-leader products.* Large brand and market share payroll processing vendors (such as ADP and Paychex) offer equivalent point solutions at little or no cost to prospects when they sign up for the first few months when in a competitive engagement because the short-term lost revenue is inconsequential compared with the long-term revenue they expect to receive over the next 8 to 10 years with that same client.

Some of our competitors, both current and future, may have greater financial, technical and marketing resources than us and therefore may be able to respond more quickly to new or emerging technologies and changes in client requirements. As a result, they may compete more effectively on price and other terms. Additionally, those competitors may devote greater resources in developing products or in promoting and selling their products to achieve greater market acceptance. We are actively taking measures designed to address competitive challenges, and clients tend to recognize the benefits of working with an established and publicly traded partner versus a start-up or transitional vendor. However, we cannot ensure that we will be able to achieve or maintain a competitive advantage with respect to any of these competitive factors.

## MARKETING

Our marketing strategy relies on a comprehensive integrated plan rooted in our business objectives. Our marketing plan includes four primary objectives: build brand awareness, develop lead generation programs that drive revenue, launch products in a meaningful way, and develop an infrastructure that supports and measures marketing activities.

We deploy direct marketing programs to drive awareness, interest and revenue. Marketing vehicles include our web site, organic and paid search, advertising, public relations, direct marketing, events, social media, content marketing, reputation management, and other digital marketing tactics. Our marketing plan addresses growth and retention goals for key target audiences throughout the United States.

## **SALES ENABLEMENT**

We continue to invest in sales enablement tools, processes, and best-practice training of our sales organization. We have implemented and continue to optimize an end-to-end lead generation process that generates leads from marketing activities and captures and tracks all digital click behavior of the lead in our marketing automation software and customer relation management. We follow up with leads and take all through a qualification process that ends in a closed loop of either won/lost opportunities or leads that get passed back to marketing for further nurturing. Sales Enablement staff support sales with product training, client and prospect demonstrations, and marketing webinars as well as best practices in modern selling that leverages email, social media, and online video.

## **INDUSTRY REGULATION**

Many of our solutions are designed to assist clients with their compliance with certain U.S. laws and regulations that apply to them, particularly in their capacity as employers under state and federal laws. Failure to comply with existing laws or regulations or to anticipate and incorporate new laws and regulations into our services to remain compliant could have a materially adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences.

Data privacy and security of data is subject to strict regulatory oversight. The laws governing the collection, processing, and storage of personal and sensitive data differ between jurisdictions and differ based on the type of data collected. We collect and process the personal and sensitive information of clients, clients of our Reseller Partners, employees of our clients and Reseller Partners, vendors, and our own employees. In general, data that we process and store includes personally identifying information such as names, addresses, social security numbers, and bank account information. As part of our time and attendance products, data that we process and store includes biometric data. We are, therefore, subject to certain compliance obligations under federal, state, and foreign privacy and data security-related laws. For instance, in the United States, the Health Insurance Portability and Accountability Act of 1996, including the related data security provisions, applies to our flexible spending account services. We are also subject to federal and state security, privacy, and security breach notification laws with respect to personal and sensitive data as defined under such laws. Such state and federal laws include laws such as the California Consumer Privacy Act of 2018, as amended and the Illinois Biometric Information Privacy Act and rules and regulations promulgated under the Federal Trade Commission. Many other states where we operate have recently enacted new data privacy laws, and we expect other jurisdictions to adopt similar laws in the future. These new laws track significant portions of existing laws but include differences that may or may not increase our compliance burden. We have a small number of end-user clients located in the European Union using our time and attendance software. Accordingly, the EU's General Data Protection Regulation applies to the collection, processing, and storage of applicable sensitive and personal data. In some instances, these laws provide for civil penalties for violations and private rights of action for data breaches or other violations of the law. Moreover, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. The future enactment of more restrictive laws, rules, or regulations and/or future enforcement actions or investigations could have a materially adverse impact on us through increased costs or restrictions on our businesses, and noncompliance could result in regulatory penalties and significant legal liability. Failure to comply with data privacy laws and regulations could have a materially adverse effect on our reputation, results of operations, or financial condition; or have other adverse consequences.

As part of our payroll and payroll tax solutions, we move funds from clients' accounts to employees, taxing authorities, and other payees. Over the past few years, a number of state regulators have expanded their interpretation of state money transmission and money service business statutes to include these standard payroll processing activities, necessitating our registering in certain jurisdictions as a money transmitter. We are licensed as a payroll processor in jurisdictions requiring licensure of payroll processors. We are licensed as a money transmitter in jurisdictions that require payroll processors to be licensed under state money transmission laws. Due to the constantly evolving regulatory landscape, we continuously monitor state legislative developments and shifting interpretations of transmission laws, proactively seeking licensure where required. Money transmission activities may be subject to anti-money laundering laws at the state and federal levels. The applicable laws may include: the anti-money laundering and reporting provisions of The Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act of 2000, which apply to money services businesses, and all related laws and regulations, including the requirement to verify customer identification and report suspicious activities to applicable authorities.

As part of our insurance brokerage solutions, we (and applicable employees) are licensed by the insurance regulators in each of the 50 states and the District of Columbia.

Many of our solutions assist clients in complying with certain U.S. laws and regulations that apply to them, particularly in the human resources and employment law areas such as wage payment laws, state payroll tax filing and reporting, employee onboarding, and compliance with the IRS rules governing employers including tax withholdings, payroll tax filing and the preparation of Form W-2. Our HCM solutions assist clients with managing their compliance with other laws, including helping to meet their obligations as a plan sponsor under COBRA; sponsor and administer compliant Flexible Spending Account Plans; and provide compliant Consumer Health Care Plans, such as Health Savings Accounts and Health Reimbursement Accounts. Our Tax Management Solutions also support bulk filing and processing of Employee Retention Tax Credits, which is legislation that is part of the CARES Act. Recent legislation makes it possible that the government could make changes to or revoke the Employee Retention Tax Credit (“ERTC”) program prior to its scheduled expiration during 2024 and 2025, which may impact future cash collections.

## **TRADEMARKS**

We have registered Asure Software® as a federal trademark with the U.S. Patent and Trademark Office. Asure’s other core federally registered trademarks include Asure®, AsureForce®, AsureHCM® and Evolution®.

## **EMPLOYEES**

As of December 31, 2024, we had a total of 635 employees, 621 of which are full-time employees. The headcount by department includes 107 in research and development, 238 in sales and marketing, 233 in customer service and technical support, and 57 in finance, human resources and administration.

We continually evaluate and adjust the size and composition of our workforce. We also periodically retain contractors to support our sales and marketing, information technology and administrative functions. None of our employees are represented by a collective bargaining agreement. We have not experienced any work stoppages. Additionally, we augment our workforce capacity in research and development and client service and technical support by contracting for services through third parties.

## **ITEM 1A. RISK FACTORS**

The following risk factors and other information included throughout this Form 10-K, including those risks identified in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” represent our view of some of the most important risks we face. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. If any of the events or circumstances described in the following risk factors actually occurs, our business, operating results and financial condition could be materially adversely affected.

Refer to the cautionary note regarding forward-looking statements at the beginning of Part 1 of this Form 10-K.

## RISKS RELATED TO OUR BUSINESS

*If our security measures, or those of our third-party data center hosting facilities, cloud computing platform providers or third-party service partners are compromised or breached, or if personal information of our clients or their employees is accessed or obtained, our services and HCM solution may be perceived as not being secure, our brand could be damaged, our services may be disrupted, and customers may curtail or stop using our services, all of which could reduce our revenue and earnings, increase our expenses, and expose us to legal claims and regulatory actions.*

Our solution involves the collection, storage and transmission of clients' and their employees' confidential and proprietary information, including personal identifying information such as social security numbers and HIPAA data with respect to our consumer health care administration services, as well as financial and payroll data. This type of data is highly sensitive and is regulated by laws in all jurisdictions governing the security and privacy of personal information. HCM software is often targeted in cyber-attacks, including computer viruses, worms, phishing attacks, malicious software programs and other information security breaches due to the sensitive nature of the data, which could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our clients' sensitive data or otherwise disrupt our clients' or other third parties' business operations. If cybercriminals are able to circumvent our security measures, or if we are unable to detect an intrusion into our systems and contain such intrusion in a reasonable amount of time, our clients' sensitive data may be compromised, as well as our intellectual property and other confidential business information.

In addition to malicious acts by third parties, unauthorized access to or breach of our systems could occur through employee error or employee malfeasance. Certain of our employees have access to sensitive information about our clients' employees. While we conduct background checks of our employees and limit access to systems and data, it is possible that one or more of these individuals may circumvent these controls, resulting in a security breach.

Although we have security measures in place to protect client information and prevent data loss and other security breaches, these measures could be breached as a result of third-party action, employee error, third-party or employee malfeasance or otherwise. Because the techniques used to obtain unauthorized access or to sabotage systems change frequently, we may not be able to anticipate these techniques and implement adequate preventative or protective measures. In addition, our customers may not have adequate security measures in place to protect their data that is stored on our services. Because we do not control our customers or third-party technology providers, or the processing of such data by third-party technology providers, we cannot ensure the integrity or security of such transmissions or processing.

While we currently maintain a cyber liability insurance policy, the coverage limits of our cyber liability insurance may be inadequate or coverage under our cyber liability insurance policy may not be available in the future on acceptable terms, or at all. In addition, our cyber liability insurance policy may not cover all claims made against us, and defending a suit, regardless of its merit, could be costly and divert management's attention from our business and operations. Moreover, if a high profile security breach occurs with respect to another SaaS provider in our market, our clients and potential clients may lose trust in the security of the SaaS business model generally, which could adversely impact our ability to retain clients or attract new ones. Any actual or perceived breach of our security could damage our reputation, cause existing clients and resellers to terminate our services, prevent future clients from doing business with us and result in regulatory liability and third-party liability, any of which could adversely affect our business and results of operations.

*We have identified a material weakness in our internal control over financial reporting and may identify additional material weaknesses in the future, fail to remediate the identified material weakness, or otherwise fail to maintain an effective system of internal control, all of which, if they occur, may result in material misstatements of our financial statements.*

In connection with the preparation of our Annual Report for the year ended December 31, 2024, we have identified a material weakness in our internal controls over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. See Item 9A. Controls and Procedures included in Item II of this Annual Report for more information about the identified material weakness.

We are in the process of designing and implementing measures to improve our internal controls over financial reporting and remediate the identified material weakness. However, we cannot predict the success of these measures nor give assurance that these measures will remediate the material weakness or prevent additional material weaknesses or significant deficiencies in our internal controls over financial reporting from occurring. If our remediation measures are insufficient to address the material weakness or additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, we may not detect errors in a timely manner, our financial statements could be misstated, we could face a loss of confidence by stakeholders, or we could be subject to regulatory scrutiny, sanctions, or litigation, any of which could harm our business, financial condition, results of operations, or the market price of our securities.

***We have a history of losses, and we cannot be certain that we will achieve or sustain profitability.***

We have historically incurred losses since our inception. We experienced a net loss from continuing operations of \$11.8 million in the fiscal year ended December 31, 2024. At December 31, 2024, our accumulated deficit was \$307.2 million and total stockholders' equity was \$197.3 million. We expect to continue to incur operating losses as a result of expenses associated with the continued development and expansion of our business. Such expenses include among others, transaction costs associated with acquisitions, sales and marketing, research and development, consulting and support services and other costs relating to the development, marketing and sale and service of our products that may not generate revenue until later periods, if at all. Any failure to increase revenue or manage our cost structure as we implement initiatives to grow our business could prevent us from achieving or sustaining profitability. In addition, our ability to achieve profitability is subject to a number of the risks and uncertainties discussed below, many of which are beyond our control, including the impact of the current economic environment. We cannot be certain that we will be able to achieve or sustain profitability on a quarterly or annual basis.

***Privacy concerns and laws and other regulations may limit the effectiveness of our applications and adversely affect our business.***

Our products are subject to various complex laws and regulations on the federal, state and local levels, including those governing data security and privacy. The regulatory framework for privacy issues is rapidly evolving and will remain uncertain as more jurisdictions adopt laws and regulations regarding the collection, processing, storage and disposal of personal information. In the United States, the laws include regulations promulgated by the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, state data breach notification laws, and state security and privacy laws such as the California Consumer Privacy Act, as amended by the California Privacy Rights Act, (the "CCPA") and the Illinois Biometric Information Privacy Act ("IBIPA") governing biometric data. Some of these laws, such as the CCPA and IBIPA, grant consumers private right of actions for data breaches or violations as applicable. Additionally, new privacy legislation became effective throughout 2023 in many other states in which we operate. These laws track significant portions of existing laws but include differences that may or may not increase our compliance burden. Additional states may adopt privacy laws in the future that may increase our compliance burden.

Further, because some of our Reseller clients have clients in the European Union utilizing Asure's Time and Attendance product, the GDPR may impact our processing of certain client and client employee information. Failure to comply with laws, including security and privacy laws, could subject us to liability, fines, lawsuits and could require us to change our applications in order to comply.

In addition to governmental regulation, self-regulatory standards may place additional burdens on us. Many of our customers expect us to meet voluntary certification or other standards established by third parties as well as other audited measures and controls. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our solutions to certain customers and could harm our business. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our products or services, and could limit adoption of our cloud-based solutions.

Furthermore, certain of our products use client data to provide value to our solutions, aid in efficiency and reduce human error. Evolving privacy requirements and privacy concerns could restrict our ability to store and process data, which may impact our ability to offer our services thereby reducing demand. Enforcement actions and investigations could also impact us through increased costs, regulatory penalties, or restrictions on our business.

*We have acquired and plan to continue to acquire from time to time our Reseller Partners' businesses that have licensed our proprietary software and other complementary businesses either through stock acquisition or through an asset purchase of their client service agreements and related assets. These acquisitions could prove difficult to integrate, result in unknown or unforeseen liabilities, disrupt our business, dilute stockholder value and ownership and adversely affect our operating results and financial condition.*

Acquisitions and investments involve numerous risks, including:

- potential failure to achieve the expected benefits of the combination or acquisition;
- difficulties in, and the cost of, integrating operations, technologies, services, platforms and personnel;
- diversion of financial and managerial resources from existing operations;
- the potential entry into new markets in which we have little or no experience or where competitors may have stronger market positions;
- potential write-offs of acquired assets or investments, and potential financial and credit risks associated with acquired customers;
- potential loss of key employees of the acquired company;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- inability to maintain relationships with customers and partners of the acquired business;
- difficulty of transitioning the acquired technology onto our existing platforms and customer acceptance of multiple platforms on a temporary or permanent basis;
- increasing or maintaining the security standards for acquired technology consistent with our other services;
- potential unknown liabilities associated with the acquired businesses including regulatory noncompliance;
- negative impact to our results of operations because of the depreciation and amortization of amounts related to acquired intangible assets, fixed assets and deferred compensation;
- additional stock based compensation;
- the loss of acquired deferred revenue and unbilled deferred revenue;
- delays in customer purchases due to uncertainty related to any acquisition;
- ineffective or inadequate controls, procedures and policies at the acquired company;
- potential additional cybersecurity and compliance risks resulting from entry into new markets; and
- the tax effects of any such acquisitions.

Any of these risks could have an adverse effect on our business, operating results and financial condition. To facilitate these acquisitions or investments, we may seek equity or debt financing, which may not be available on terms favorable to us, or at all, which may affect our ability to complete acquisitions or investments. If we finance acquisitions by issuing equity or convertible or other debt securities or loans, or issue equity as consideration for an acquisition, our existing stockholders may be diluted, or we could face constraints related to the terms of, and repayment obligations related to, the incurrence of indebtedness.

***Our failure to comply with existing laws and regulations may result in adverse effects on our business, service and financial condition and failure to comply with licensing requirements or changing laws and regulations through modifications, developments, and enhancements to our products and services could have a material adverse effect on our business and results of operations.***

Our services are subject to various laws and regulations including COBRA, HIPAA, laws and regulations promulgated by state wage and hour authorities, anti-money laundering regulations, and licensure requirements. Failure to comply with the multiple laws and regulations that impact us may result in civil liability from our clients for noncompliance, regulatory fines, and loss of reputation in the event of a public regulatory investigation or consent order or civil lawsuit. Moreover, many of our solutions are designed to assist our clients with their compliance with myriad government regulations and laws that continually change. For example, regulatory changes in 2020 in response to the COVID-19 pandemic necessitated multiple product modifications to accommodate changes relevant to the collection and remittance of payroll tax, including payroll tax deferrals. The introduction of new regulatory requirements or changes in interpretation of existing laws or regulations could increase our cost of doing business. As with the development changes necessitated with new regulations in response to COVID-19, changing regulatory requirements may require the introduction of new applications or enhancements, or may make new modifications or new applications more expensive or could prevent the introduction of new applications. Changes in laws could also impact applications under development, rendering them inapplicable or obsolete mid-development which could result in wasted time and development money. Furthermore, we could fail to renew expiring licenses or have active licenses suspended or revoked for noncompliance with rules or regulations issued by the licensing bodies. Any failure to anticipate and respond to these legal regulations and changes and provide tools and applications to solve for these changes in a timely fashion could adversely affect our reputation and affect our business and results of operations.

***Our software and solutions may not function adequately, which could damage our reputation and give rise to claims against us, which could harm our business and operating results.***

Our software and solutions are complex and operate in an environment of intricate federal, state and local regulations that pertain to human resources, taxes, payroll, benefits and other areas of the Human Capital Management marketplace. To the extent to which our software contains defects or errors our clients might assert claims against us in the future alleging that they suffered damages due to a defect, error or other failure of our software or solutions.

While our agreements with our clients may contain provisions intended to limit our exposure to such claims, they may not be effective in limiting our exposure. A successful claim for product or service liability brought against us could result in substantial cost to us. We maintain insurance to cover such claims, however, it may be inadequate or may not be available in the future on acceptable terms or at all. In addition, the cost of defending a suit, regardless of its merit, could be costly and divert management's attention.

***We depend on data centers and computing infrastructure operated by third parties, and any disruption in these operations or changes of these providers could adversely affect our business.***

We rely on hosted infrastructure partners, such as Amazon Web Services and to a lesser extent, data center providers, to provide third-party hosted environments for our applications. While we control and have access to our servers and all the components of the networks that are located in our hosted environments, we do not control the operations of these facilities. The owners of such facilities have no obligation to renew their agreements with us on commercially reasonable terms. If we are not able to renew these contracts on commercially reasonable terms, we may be required to transfer our servers and other infrastructure to new data facilities, and we may incur significant costs and possible service interruption in doing so. We may not have adequately distributed our systems within our hosted infrastructure partner's environment to prevent in any regional disruption or interference at our hosted infrastructure partners from adversely impacting our operations and our business.

Our SaaS hosting network infrastructure is a critical part of our business operations. Our clients access our HCM software through a standard web browser and depend on us for fast and reliable access to our products. Our software is proprietary, and we rely on third-party data center hosting facilities and the expertise of members of our engineering and software development teams for the continued performance of our software. We have experienced, and may in the future experience, disruptions in our computing and communications infrastructure. Factors that may cause such disruptions include:

- human error;
- security breaches;
- telecommunications outages from third-party providers;

- computer viruses;
- acts of terrorism, war, sabotage or other intentional acts of vandalism, including cyber attacks;
- unforeseen interruption or damages experienced in moving hardware to a new location, including government-imposed travel restrictions;
- fire, earthquake, flood, the spread of major epidemics and other natural disasters; and
- power loss.

Although we generally back up our client databases hourly, and store our data in more than one geographically distinct location at least weekly, we do not currently offer immediate access to disaster recovery locations in the event of a disaster or major outage. Thus, in the event of any of the factors described above, or other failures of our computing infrastructure, clients may not be able to access their data for lengthy periods of time and it is possible that client data from recent transactions may be permanently lost or otherwise compromised. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. Moreover, some of our agreements include performance guarantees and service level standards that obligate us to provide credits, refunds or termination rights in the event of a significant disruption in our SaaS hosting network infrastructure or other technical problems that relate to the functionality or design of our software.

***We may be required to incur debt to meet future capital requirements of our business. Should we be required to incur debt, the restrictions imposed by the terms of such debt could adversely affect our financial condition and our ability to respond to changes in our business.***

If we incur debt, we may be subject to the following risks:

- our vulnerability to adverse economic conditions may be heightened;
- our flexibility in planning for, or reacting to, changes in our business may be limited;
- our debt covenants may affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;
- higher levels of debt may place us at a competitive disadvantage compared to our competitors or prevent us from pursuing opportunities;
- covenants contained in the agreements governing our indebtedness may limit our ability to borrow additional funds and make certain investments;
- a significant portion of our cash flow could be used to service our indebtedness; and
- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes may be impaired.

We cannot assure you that our leverage and such restrictions will not materially and adversely affect our ability to finance our future operations or capital needs or to engage in other business activities.

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

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

***We may require additional capital to support business growth, and this capital may not be available on acceptable terms, or at all.***

We intend to continue to make investments, including the acquisition of complementary businesses, to support our business growth and may seek additional funds to respond to business challenges, including the need to develop new features or enhance our existing products, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through issuances of equity or debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. In addition, we may not be able to obtain additional financing on terms favorable to us, if 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 support our business growth and to respond to business challenges could be significantly impaired.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations under the notes and any future indebtedness we may incur and to 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 reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance future 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 the notes or future indebtedness.

***We incur significant costs as a result of operating as a public company, and our management will devote substantial time to new compliance initiatives, including incremental requirements as a result in a change of filer status. We may fail to comply with the rules that apply to such public companies, which could result in sanctions or other penalties that would harm our business.***

We incur significant legal, accounting and other expenses as a public company, including costs resulting from public company reporting obligations under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Sarbanes-Oxley Act of 2002, and regulations regarding corporate governance practices. The listing requirements of The Nasdaq Capital Market require that we satisfy certain corporate governance requirements relating to director independence, distributing annual and interim reports, stockholder meetings, approvals and voting, soliciting proxies, conflicts of interest and a code of conduct. Our management and other personnel devote a substantial amount of time to ensure that we comply with all of these requirements. Moreover, new reporting requirements, rules and regulations will increase our legal and financial compliance costs and will make some activities more time consuming and costly. Any changes we make to comply with these obligations may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all.

***A portion of our accounts receivable is related tax processing services to that enabled businesses to file for Employee Retention Tax Credits under the CARES Act. Such regulations were originally expected to expire in 2024 and 2025, which, following their expiration, will adversely impact our revenues on a comparative basis. Further, abuses of this program may require government intervention that could adversely affect the timing of our cash collections.***

Since the introduction of the Employee Retention Tax Credits in 2021, we have received a significant portion of our tax processing revenues from the support we provide our customers as a tax processor in filing for Employee Retention Tax Credits. Employee Retention Tax Credits were originally expected to expire during 2024 and 2025; however, it is possible that the government could make changes to or revoke the program prior to its scheduled expiration. In January 2024, the United States House of Representatives passed the Tax Relief for American Families and Workers Act of 2024, which sets an expiration date of January 31, 2024, on additional claims for ERTC that can potentially apply retroactively. The bill also includes various enforcement provisions related to ERTC, including extending the statute of limitation on assessment for the credit, and increasing certain penalties and reporting requirements for those who are considered COVID-ERTC promoters. The Senate must also pass an identical version of the bill that must then be signed by the President before it becomes law. On September 14, 2023, the IRS announced a moratorium on processing new ERTC claims until at least December 31, 2023, to handle the increased number of fraudulent ERTC claims filed. While the IRS is not pausing the processing of ERTC claims filed before September 14, 2023, and eligible taxpayers retain the right to continue to file legitimate ERTC claims, the moratorium will likely adversely affect revenues earned from support provided to customers who would otherwise undergo ERTC claim processing. Given this, investors should not expect our tax processing revenues from ERTC filings to continue beyond 2024, and any earlier expiration or revocation of the ERTC program, including the moratorium described above, will have an adverse effect on our financial condition and results of operation. Further, we have entered into deferred payment arrangements with some customers and referral partners whereby collections from the customer are expected to be received upon the customer's future receipt of their tax credit. Given the deferred nature of such receipts there is risk pertaining to our ability to collect such amounts in the future. In certain situations, the tax authorities could have the ability to challenge the validity of a business' filing or could challenge our calculations or find other deficiencies in our filings that could expose us to uncertain penalties or damages.

***If we are unable to release timely updates to reflect changes in wage and hour laws, tax, privacy, benefit and other laws and regulations that our products help our clients address, the market acceptance of our products may be adversely affected and our revenues could decline.***

Our solutions are affected by changes in wage and hour laws, tax, privacy, benefit and other laws and regulations and generally must be updated regularly to maintain their accuracy, compliance and competitiveness. Although we believe our SaaS platform provides us with flexibility to release updates in response to these changes, we cannot be certain that we will be able to make the necessary changes to our solutions and release updates on a timely basis, or at all. Similarly, any compliance failure in our proprietary software and related internal processes will result in clients utilizing the affected services being out of compliance. Failure to provide a fully compliant SaaS solution could have an adverse effect on the functionality and market acceptance of our solutions and noncompliance could expose us and our clients to potential litigation, fines and penalties. Changes in laws and regulations may require us to make significant investments in modifying and improving our products or delay or cease sales of certain products, which could result in reduced revenues or revenue growth and our incurring substantial expenses and write-offs.

***If we are not able to develop enhancements and new features to our products, keep pace with technological developments or respond to future technologies, our business, operating results and financial results will be adversely affected.***

Our future success relies on our capacity to attract new clients and increase revenue from existing clients, necessitating the ongoing improvement and innovation of our products. The timely completion, introduction, and market acceptance of enhancements or new features are crucial factors for success. Inability to meet client needs, develop/acquire successful features, or navigate market challenges could adversely affect our business, operating results, and financial condition.

Our products, designed to operate across various platforms and utilizing Internet tools and protocols, require continuous modification to align with changes in Internet-related hardware, software, communication, browser, and database technologies. Additionally, the emergence of technologies offering HCM software at lower prices or with increased efficiency poses competition challenges. Failing to respond promptly and cost-effectively to these technological shifts may render our products less marketable or competitive, potentially impacting our business, operating results, and financial condition negatively.

***Our business depends substantially on clients renewing their agreements with us, purchasing additional products from us or adding additional users. If our customers do not renew their agreements with us or reduce the services purchased, our revenue will decline and our business, operating results and financial condition may be adversely affected. If we cannot accurately predict subscription renewals or upgrade rates, we may not meet our revenue targets, which may adversely affect the market price of our common stock.***

In order for us to improve our operating results, it is important that our clients renew their agreements with us when the initial contract term expires and also purchase additional products or add additional users.

Our customers have no obligation to renew their agreements after the expiration of their agreement, and in the normal course of business, some customers have elected not to renew. Even if customers elect to renew, they may renew for fewer subscriptions, renew for shorter contract lengths, or switch to lower cost offerings of our services. Moreover, certain of our clients have the right to cancel their agreements for convenience, subject to certain notice requirements and, in some cases, early termination fees. It is difficult to predict attrition rates given our varied customer base of enterprise, varied sizes of our customers and the number of multi-year subscription contracts. Our client renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction or dissatisfaction with our products, our pricing, the prices of competing products or services, mergers and acquisitions affecting our client base, reduced hiring by our clients or reductions in our clients' spending levels.

Our future success also depends in part on our ability to sell additional features and services, more subscriptions or enhanced editions of our services to our current customers. This may also require increasingly sophisticated and costly sales efforts. Similarly, the rate at which our customers purchase new or enhanced services depends on a number of factors, including general economic conditions and that our customers do not react negatively to any price changes related to these additional features and services.

In addition, if we cannot accurately predict subscription renewals or upgrade rates, we may not meet our revenue targets, which may adversely affect the market price of our common stock.

***Client funds that we hold in trust are subject to market, interest rate, credit and liquidity risk. The loss of these funds could have a material adverse effect on our business, financial condition and results of operations.***

We invest our funds held for clients in high quality, investment-grade marketable securities, money markets, and other cash equivalents. However, these funds held for clients are subject to general market, interest rate, credit, and liquidity risks. These risks may be exacerbated during periods of unusual financial market volatility. Any loss or inability to access client funds could have an adverse impact on our cash position and could require us to obtain additional sources of liquidity, and could have a material adverse effect on our business, financial condition and results of operations.

***The markets in which we participate are highly competitive, and if we do not compete effectively, our operating results could be adversely affected.***

The market for payroll and HCM solutions is fragmented, highly competitive and rapidly changing. Our competitors vary, and include (i) our main competitors, such as ADP, Paychex, UKG, Paylocity, Paycor, Paycom, Ceridian, isolved, and Gusto, (ii) competitors to Asure Time & Attendance, such as UKG, Paychex, ADP and Time Simplicity and (iii) primary competitors to our tax management solutions, such as Ceridian and ADP.

Several of our competitors are larger, have greater name recognition, longer operating histories, larger marketing budgets and significantly greater resources than we do, and are able to devote greater resources to the development, promotion and sale of their products and services. Some of our competitors could offer HCM solutions bundled as part of a larger product offering. In addition, many of our competitors have established marketing relationships, access to larger customer bases, and major distribution agreements with consultants, system integrators, and resellers.

Furthermore, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition. As a result, our competitors may be able to develop products and services better received by our markets or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations or client requirements.

In addition, current and potential competitors have established, and might in the future establish, partner or form other cooperative relationships with vendors of complementary products, technologies or services to enable them to offer new products and services, to compete more effectively or to increase the availability of their products in the marketplace. New competitors or relationships might emerge that have greater market share, a larger client base, more widely adopted proprietary technologies, greater marketing expertise, greater financial resources, and larger sales forces than we have, which could put us at a competitive disadvantage. In light of these advantages, current or potential clients might accept competitive offerings in lieu of purchasing our offerings. We expect intense competition to continue for these reasons, and such competition could negatively impact our sales, profitability or market share.

***Our clients could have insufficient funds to cover payments we have made on their behalf or credit that we have extended to them in connection with the services that we have provided, resulting in financial loss to us.***

Our payroll processing service involves moving significant funds from our clients' account to employees and taxing authorities. We debit our clients' accounts prior to disbursements; however, due to ACH banking regulations, funds previously credited to our accounts could be reversed after our payment of amounts due to employees and taxing authorities. Therefore, the risk exists that a client's funds will be insufficient to cover the amount paid on its behalf. Should such clients default on their obligations, we might be required to advance substantial funds to cover such obligations. Additionally, we may be the target of deliberate fraud with fraudsters attempting to exploit the payroll payment process by posing as legitimate businesses and deliberately underfunding their payroll obligations. If required to advance substantial amounts of funds to cover payment obligations of our clients, we may need to seek additional sources of short-term liquidity, which may not be available on reasonable terms, which could have a material, adverse effect on our business, financial condition and results of operations.

We grant credit to customers in the ordinary course of business, exposing us to the credit risk of our customers. In the course of our sales to customers, we may encounter difficulty collecting accounts receivable, which could adversely impact our operating results and financial condition. We maintain reserves for potential credit losses. However, these reserves are based on our judgment and a variety of factors and assumptions.

We perform credit evaluations of our customers' financial condition and follow the terms of our AML BSA program to verify clients and their beneficial owners. However, our evaluation of the creditworthiness of customers may not be accurate if they do not provide us with timely and accurate financial information or if their situations change after we evaluate their credit. While we attempt to monitor these situations carefully, adjust our allowances for doubtful accounts as appropriate and take measures to collect accounts receivable balances, we have written down accounts receivable and written off doubtful accounts in prior periods and may be unable to avoid additional write-downs or write-offs of doubtful accounts in the future. Such write-downs or write-offs could negatively affect our operating results for the period in which they occur, and could harm our financial condition.

***If the banks that currently provide ACH and wire transfers fail to properly transmit ACH, exit the payroll industry, or terminate their relationship with us or limit our ability to process funds or we are not able to increase our ACH capacity with our existing and new banking partners, our ability to process funds on behalf of our clients and our financial results and liquidity could be adversely affected.***

We currently have agreements with banks and third party ACH processors to execute ACH and wire transfers to support our client payroll, benefit and tax services. If one or more of the banks fails to process ACH transfers on a timely basis, or at all, then our relationship with our clients could be harmed and we could be subject to claims by a client with respect to the failed transfers. In addition, these banks have no obligation to renew their agreements with us on commercially reasonable terms, if at all. If these banks terminate their relationships with us or restrict the dollar amounts of funds that they will process on behalf of our clients, their doing so may impede our ability to process funds and could have an adverse impact on our financial results and liquidity.

***Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would adversely affect our business, operating results and financial condition.***

As a result of our acquisitions, a significant portion of our total assets consist of intangible assets, including goodwill. Goodwill and identifiable intangible assets together accounted for approximately 38% of the total assets on our balance sheet as of December 31, 2024. We may not realize the full fair value of our intangible assets and goodwill. We expect to engage in additional acquisitions, which may result in our recognition of additional identifiable intangible assets and goodwill. We evaluate on a regular basis whether all or a portion of our goodwill and identifiable intangible assets may be impaired. Under current accounting rules, any determination that impairment has occurred would require us to write off the impaired portion of goodwill and such intangible assets, resulting in a change to our earnings. Any future impairment of a significant portion of goodwill or intangible assets could have a material adverse effect on our business, operating results and financial condition.

***If we fail to adequately protect our proprietary rights, our competitive advantage and brand could be impaired and we may lose valuable assets, generate reduced revenue and incur costly litigation to protect our rights.***

Our success is dependent, in part, upon protecting our proprietary technology. We rely on a combination of trademarks, service marks, trade secret laws and contractual restrictions to establish and protect our proprietary rights in our products and services. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create products and services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our licensed products may be unenforceable under the laws of certain jurisdictions and foreign countries. While our general practice is to enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with the parties with whom we have strategic relationships and business alliances, these agreements may not be effective in controlling access to and distribution of our products and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products. Litigation brought to protect and enforce our intellectual property rights could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. If we fail to secure, protect and enforce our intellectual property rights, we may lose valuable assets, generate reduced revenue and incur costly litigation to protect our rights, which could adversely affect our business, operating results and financial condition.

***We may be sued by third parties for infringement of their proprietary rights.***

There is considerable intellectual property development activity in our industry. Our success depends upon our not infringing upon the intellectual property rights of others. Third parties, including our competitors, may own or claim to own intellectual property relating to our products or services and may claim that we are infringing their intellectual property rights. We may be found to be infringing upon such rights, even if we are unaware of their intellectual property rights. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, obtain licenses, modify applications, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers, vendors or partners in connection with any such claim or litigation. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations. Any such events could have a material adverse effect on our business, financial condition and results of operations.

***Even if demand for HCM products and services increases generally, there is no guarantee that demand for SaaS products generally or our products in particular will increase to a corresponding degree, or at all.***

The widespread adoption of our products depends not only on strong demand for HCM products and services generally, but also for products and services delivered via a SaaS business model in particular. A significant number of organizations do not use HCM products, and it is unclear whether such organizations will ever use these products and, if they do, whether they will choose to use a SaaS software service or our HCM products in particular. As a result, we cannot assure you that our SaaS HCM software products will achieve and sustain the high level of market acceptance that is critical for the success of our business.

***We may be subject to claims, lawsuits, governmental investigations and other proceedings that could adversely affect our business, financial condition and results of operations.***

We are sometimes the subject of claims, lawsuits, governmental investigations and other legal and regulatory proceedings in the ordinary course of business, including those involving, among others, breach of contract, tortious conduct and employment law matters. The results of any such claims, lawsuits, or other legal or regulatory proceedings cannot be predicted with certainty. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, impact licenses that are necessary or required to operate our business, require significant management attention and divert significant resources. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our business, financial condition and results of operations.

***Issues in the use of artificial intelligence (“AI”) in our HCM products and services may result in reputational harm or liability to us.***

We are enhancing our products and technologies through the integration of artificial intelligence (“AI”), anticipating its increasing role in our business offerings. Like any developing technology, AI brings inherent risks and challenges that may impact its development, adoption, and use, consequently affecting the reliability of our business and product offerings.

AI algorithms may have flaws, and datasets may be insufficient, of poor quality, or contain biased information. While our goal is to use AI to assist customers in data collection, there is a risk that the information produced by AI applications may be perceived as deficient or inaccurate, potentially resulting in competitive harm, legal liability, and damage to our brand or reputation.

In addition, our use of AI technology may subject us to financial or regulatory risks. Evolving rules, regulations, and industry standards governing AI may require us to expend significant resources to modify, maintain, or align our business practices or products to comply with US and non-US rules and regulations, the nature of which cannot be determined at this time. Several jurisdictions around the globe, including the EU and certain US states, have already proposed or enacted laws governing AI. US federal agencies are likely to release AI regulations in the near future in light of the Biden administration’s October 30, 2023 Executive Order on AI. The regulatory environment surrounding the impact of the implementation of AI on our products and services may adversely affect our ability to produce and export products and as a result may cause harm to our reputation and financial liability.

Despite our efforts to mitigate these risks through sound business practices, the ability to generate data-driven insights for our customers using AI in our HCM technology may be constrained by existing and future regulatory requirements. These regulations could limit our innovative use of data to support the evolving needs of our customers.

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

A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

***The use of open-source software in our applications may expose us to risks and harm our intellectual property rights.***

The use of open-source software in our products may expose us to additional risks and harm our intellectual property rights. There have been claims in the past challenging the ownership of open-source software against companies that incorporate such software into their products or applications. As a result, we could be subject to intellectual property related claims around ownership rights to what we believe to be open-source software. In addition, if we were to combine our applications with open-source software in a certain manner, we could, under certain of the open-source licenses, be required to release the source code of our applications. If we inappropriately use open-source software, we may be required to redesign our applications, discontinue the sale of our applications or take other remedial actions, which could adversely impact our business, operating results or financial condition.

***We may be adversely affected by failure of third parties in providing their services.***

We rely on multiple third-party service providers to provide services to our clients as part of our service offerings. Service providers include for example our banking and ACH transaction partners, mail services, outsourced consumer health care administration service providers, and Amazon Web Services hosting services. Failure of these providers to deliver their services in a compliant, timely manner could result in material disruption to our business, result in reputational damage, expose us to greater liability from our clients than we can recover from the third parties, any of which may adversely affect our results of operations.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income and taxes may be limited. In general, an “ownership change” occurs if there is a cumulative change in our ownership by “5% shareholders” that exceeds 50 percentage points over a rolling three-year period. Similar rules apply under state tax laws. In the event that it is determined that we have in the past experienced ownership changes, or if we experience one or more ownership changes as a result of future transactions in our stock, then we may be limited in our ability to use our net operating loss carryforwards and other tax assets to reduce taxes owed on the net taxable income that we earn. Any such limitations on the ability to use our net operating loss carryforwards and other tax assets could adversely impact our business, operating results, and financial condition.

***Inability to maintain the third-party licensed software we use in our applications at the current costs could result in increased costs or reduced service levels, which could adversely affect our business.***

We use certain third-party software in our applications that we obtain from other companies and will continue to rely on such third party software. If we were required to find alternatives to such software for whatever reason, it may be expensive to replace, and could require significant investment of time and resources to find alternatives and integrate with our software. Additionally, error or issues in that software could adversely affect our own software and errors or defects may not be readily apparent to us, resulting in a failure of our applications.

***Evolving regulation of the Internet, changes in the infrastructure underlying the Internet or interruptions in Internet access may adversely affect our business, operating results and financial condition by increasing our expenditures and causing client dissatisfaction.***

Our services depend on the ability of our registered users to access the Internet. Currently, this access is provided by companies that have significant market power in the broadband and Internet access marketplace, including incumbent telephone companies, cable companies, mobile communications companies and government-owned service providers. Laws or regulations that adversely affect the growth, popularity or use of the Internet, including changes to laws or regulations impacting Internet neutrality, could decrease the demand for our products, increase our operating costs, require us to alter the manner in which we conduct our business and/or otherwise adversely affect our business. For example, in 2017 the Federal Communications Commission (the “FCC”) adopted an order repealing rules that prohibit Internet service providers (“ISPs”) from blocking or throttling Internet traffic, and from engaging in practices that prioritize particular Internet content in exchange for payment (also known as “paid prioritization”). In October 2023, the FCC proposed to reclassify ISPs as a Title II telecommunications service under Title II of the Communications Act and reinstate net neutrality obligations on ISPs. The impact of these rules, if adopted, remains uncertain and further judicial review is likely. A number of states, including California, have also taken executive action or passed legislation seeking to reestablish net neutrality, and there are efforts within Congress to pass federal legislation to codify uniform net neutrality requirements. Changes in regulatory requirements or uncertainty associated with the regulatory environment could delay or cause us to experience discriminatory or anti-competitive behavior, which could adversely affect the sale of our products and services.

In addition, the rapid and continual growth of traffic on the Internet has resulted at times in slow connection and download speeds of Internet users. Our business may be harmed if the Internet infrastructure cannot handle our clients’ demands or if hosting capacity becomes insufficient. If our clients become frustrated with the speed at which they can utilize our products over the Internet, our clients may discontinue the use of our software and choose not to renew their contracts with us. Further, the performance of the Internet has also been adversely affected by viruses, worms, hacking, phishing attacks, denial of service attacks and other similar malicious programs, as well as other forms of damage to portions of its infrastructure, which have resulted in a variety of Internet outages, interruptions and other delays. These service interruptions could diminish the overall attractiveness of our products to existing and potential users and could cause demand for our products to suffer.

***The adoption of new or interpretation of existing money service business statutes and money transmitter statutes at the federal and state level could subject us to additional regulation and related expense and necessitate changes to our business model.***

The adoption of new money transmitter or money service business statutes in new jurisdictions, changes in regulators' interpretations of existing statutes, or disagreement by regulators of our interpretation of such statutes or regulations could require additional registrations or licensing, limit certain of our business activities until we are properly licensed and expose us to financial penalties. These occurrences could also require change to the manner in which we conduct some aspects of our money movement business, client funds investment strategy or our overall business strategy. Although we maintain that we are not a money service business or money transmitter at the federal level, we proactively registered with FinCEN and adopted an Anti-Money Laundering Policy and compliance program designed to mitigate the risk of our services and application being utilized for illegal purposes including money laundering and to assist in detecting fraud. We are licensed in any jurisdiction that requires a payroll processor to be licensed under state money transmission laws. Due to the constantly evolving regulatory landscape, we continuously monitor state legislative developments and shifting interpretations of transmission laws, proactively seeking licensure where required. The statutes governing our money transmitter licenses subject us to routine examinations from the regulatory agencies overseeing these licenses. If these examinations reveal violations of the money transmitter license and those violations cannot be remediated, we may be subject to civil and criminal fines and penalties and we could lose our license to provide our services in those jurisdictions, all of which could have a material adverse effect on our business. Further, should states or jurisdictions where we are not licensed or pursuing licenses determine that that we are a money service business or money transmitter, we could be subject to civil and criminal fines, penalties, registration fees, cost of surety bonds or other security, reputational damage and other negative consequences that may have an adverse effect on our financial condition.

***If we lose key personnel, including key management personnel, or are unable to attract and retain additional personnel as needed in the future, it could disrupt the operation of our business, delay our product development, harm our growth efforts and have a material adverse effect on our business.***

Our future performance depends largely on our ability to continually and effectively attract, train, retain, motivate and manage highly qualified and experienced technical, sales, marketing, finance, managerial and executive personnel. Our future development and growth depend on the efforts of key management personnel and technical employees. We cannot guarantee that we will continue to attract and retain personnel with the requisite capabilities and experience. The loss of one or more of our key management or technical personnel could have a material and adverse effect on our business, operating results and financial condition.

***Some of our key components are procured from a single or limited number of suppliers. Thus, we are at risk of shortage, price increases, tariffs, changes, delay, or discontinuation of key components, which could disrupt and materially and adversely affect our business.***

Some of the key components used to manufacture our products, such as the AsureForce® time clocks and air clocks, come from limited or single sources of supply. We do not have contractual commitments or guaranteed supply arrangements with our suppliers. As a result, we are subject to the risk of shortages and long lead times in the supply of our components or products. Further, our suppliers may experience financial or other difficulties as a result of uncertain and weak worldwide economic conditions. Other factors which may affect our suppliers' ability or willingness to supply components to us include internal management or reorganizational issues, such as roll-out of new equipment which may delay or disrupt supply of previously forecasted components, or industry consolidation and divestitures, which may result in changed business and product priorities among certain suppliers. It could be difficult, costly and time consuming to obtain alternative sources for these components, or to change product designs to make use of alternative components. In addition, difficulties in transitioning from an existing supplier to a new supplier could create delays in component availability that would have a significant impact on our ability to fulfill orders for our products.

***Adverse tax laws or regulations could be enacted, or existing laws could be applied to us or our clients, which could increase the costs of our services and adversely impact our business.***

The application of federal, state, and local tax laws to services provided electronically often involve complex issues and significant judgment. New laws or changes to existing income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, possibly with retroactive effect, and could be applied solely or disproportionately to services provided over the Internet. These enactments could adversely affect our business, results of operations and financial condition due to the inherent cost increase. Moreover, each state has different rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that change over time. We review these rules and regulations periodically and, when we believe we are subject to sales and use taxes in a particular state, we may voluntarily engage state tax authorities to determine how to comply with that state's rules and regulations. We cannot, however, assure you that we will not be subject to sales and use taxes or related penalties for past sales in states where we currently believe no such taxes are required. If one or more taxing authorities determines that taxes should have, but have not, been paid with respect to our services, we might be liable for past taxes and the associated interest and penalty charges, in addition to taxes going forward, which may adversely affect our business, sales activity, results of operations and financial condition.

***Political, economic and social factors may materially adversely affect our business and financial results.***

Trade, monetary and fiscal policies, and political and economic conditions may substantially change, and credit markets may experience periods of constriction and volatility. A slowdown in the economy or other negative changes, including in employment levels, the level of interest rates or the level of inflation, may have a negative impact on our businesses. In addition, as our operating costs increase due to inflationary pressure or otherwise, we may not be able to offset these increases by corresponding price increases for our products and solutions. Clients may react to worsening conditions by reducing their spending on HCM services or renegotiating their contracts with us, which may adversely affect our business and financial results.

## **RISKS RELATED TO OUR SECURITIES**

***Sales, or the potential for sales, of a substantial number of shares of our common stock in the public market, including sales done by us in connection with financing activities or by our existing stockholders, could cause our stock price to fall.***

The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to raise capital through the sale of equity securities in the future at a time and at a price that we deem appropriate.

***Our common stock has traded in low volumes. We cannot predict whether an active trading market for our common stock will ever develop.***

Historically, our common stock has experienced a lack of trading liquidity. In the absence of an active trading market:

- an investor may have difficulty buying and selling our common stock at all or at the price one considers reasonable; and
- market visibility for shares of our common stock may be limited, which may have a depressive effect on the market price for shares of our common stock and on our ability to raise capital or make acquisitions by issuing our common stock.

***Our stock price has been, and likely will continue to be, volatile.***

The market price of our common stock has in the past been and is likely to continue in the future to be, volatile. During the fiscal year ended December 31, 2024, the Nasdaq closing price of one share of our common stock fluctuated from a low of \$6.92 to a high of \$10.41. During the fiscal year ended December 31, 2023, the Nasdaq closing price of one share of our common stock fluctuated from a low of \$6.83 to a high of \$16.83. The market price of our common stock may be influenced by many factors, some of which are beyond our control, including:

- announcements regarding the results of expansion or development efforts by us or our competitors;
- announcements regarding the acquisition of businesses or companies by us or our competitors;

- technological innovations or new products and services developed by us or our competitors;
- changes in domestic or foreign laws and regulations affecting our industry
- issuance of new or changed securities analysts' reports and/or recommendations applicable to us or our competitors;
- changes in financial or operational estimates or projections;
- additions or departure of our key personnel;
- actual or anticipated fluctuations in our quarterly financial and operating results and degree of trading liquidity in our common stock; and
- political or economic uncertainties, including rising interest rates or inflation, ongoing international conflicts and other developments that affect the equity trading markets.

In addition, stock markets generally have experienced significant price and volume volatility. This volatility has had a substantial effect on the market prices of securities of many public companies for reasons frequently unrelated or disproportionate to the operating performance of the specific companies.

***We do not intend to pay dividends for the foreseeable future, and you must rely on increases in the market price of our common stock for returns on equity investment.***

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. Accordingly, investors must be prepared to rely on sales of their common stock after price appreciation to earn an investment return, which may never occur. Investors seeking cash dividends should not purchase our common stock. Any determination to pay dividends in the future will be made at the discretion of our board of directors and will depend on our results of operations, financial condition, capital requirements, contractual restrictions, restrictions imposed by applicable law and other factors our board deems relevant.

***Our stockholder rights plan, or "poison pill," includes terms and conditions which could discourage a takeover or other transaction that stockholders may consider favorable.***

On October 28, 2009, stockholders of record at the close of business on that date received a dividend of one right (a "Right") for each outstanding share of common stock. Each Right entitles the registered holder to purchase one one-thousandth of a share of Series A junior participating preferred stock of the Company (the "Preferred Stock"), at a price of \$11.63 per one thousandth of a share of Preferred Stock, subject to adjustment (the "Exercise Price"). The Rights are not exercisable until the Distribution Date referred to below. The description and terms of the Rights are set forth in the Third Amended and Restated Rights Agreement between the Company and American Stock Transfer & Trust Company LLC, dated as of October 28, 2022, which extended the expiration date of the Rights to October 28, 2025.

The Third Amended and Restated Rights Agreement imposes a significant penalty upon any person or group that acquires 4.9% or more (but less than 50%) of our then-outstanding common stock without the prior approval of the board of directors. Stockholders who own 4.9% or more of our then-outstanding common stock as of the close of business on the Record Date will not trigger the Third Amended and Restated Rights Agreement so long as they do not increase their ownership of the common stock after the Record Date by more than one-half of 1% of the then-outstanding common stock. A person or group that acquires shares of our common stock in excess of the above-mentioned applicable threshold, subject to certain limited exceptions, is called an "Acquiring Person." Any rights held by an Acquiring Person are void and may not be exercised. The Rights will not be exercisable until 10 days after a public announcement by us that a person or group has become an Acquiring Person. On the date (if any) that the Rights become exercisable (the "Distribution Date"), each Right would allow its holder to purchase one one-thousandth of a share of Preferred Stock for a purchase price of \$11.63. In addition, if a person or group becomes an Acquiring Person after the Distribution Date or already is an Acquiring Person and acquires more shares after the Distribution Date, all holders of Rights, except the Acquiring Person, may exercise their rights to purchase a number of shares of the common stock (in lieu of Preferred Stock) with a market value of twice the Exercise Price, upon payment of the purchase price.

The Rights will expire on the earliest of (a) October 28, 2025, (b) the exchange or redemption of the Rights, (c) consummation of a merger or consolidation or sale of assets resulting in expiration of the Rights, (d) the consummation of a reorganization transaction entered that the board of directors determines will help prevent an “Ownership Change,” as defined in Section 382 of the Code and protect our net operating losses, (e) the repeal of Section 382 of the Internal Revenue Code or any successor statute, or any other change, if the board of directors determines the Third Amended and Restated Rights Agreement is no longer necessary for the preservation of tax benefits, or (f) the beginning of a taxable year to which the board of directors determines that no tax benefits may be carried forward.

We may, at our option and with the approval of the board of directors, at any time prior to the close of business on the earlier of (i) the tenth day following the first date of public announcement by us or an Acquiring Person that an Acquiring Person has become such or such later date as may be determined by action of a majority of the members of the board of directors then in office and publicly announced by us or (ii) October 28, 2025, redeem all but not less than all the then outstanding Rights at a redemption price of \$0.067 per Right (such redemption price being herein referred to as the “Redemption Price”). We may, at our option, pay the Redemption Price either in common stock (based on the current per share market price thereof) or cash; provided, that if the board of directors authorizes redemption of the Rights on or after the time a person becomes an Acquiring Person, then such authorization shall require the concurrence of a majority of the members of the board of directors then in office. In addition, after a person becomes an Acquiring Person the board of directors may exchange the Rights (other than Rights owned by the Acquiring Person or its affiliates), in whole or in part, at an exchange ratio of one common share per Right (subject to adjustment).

The Rights have certain anti-takeover effects, including potentially discouraging a takeover that stockholders may consider favorable. The Rights will cause substantial dilution to a person or group that attempts to acquire us on terms not approved by the board of directors. On the other hand, the Rights should not interfere with any merger or other business combination approved by the board of directors since the Rights may be redeemed by us at the Redemption Price prior to the date ten days after the public announcement that a person or group has become the beneficial owner of 4.9% or more of the common stock, and any securities which a person or any of such person’s affiliates may be deemed to have the right to acquire pursuant to any merger or other acquisition agreement between us and such person may be excluded from the calculation of their beneficial ownership if such agreement has been approved by the board of directors prior to them becoming an Acquiring Person.

***Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of our management and board of directors.***

Our restated certificate of incorporation, as amended, and third amended and restated bylaws, as amended, contain provisions that could have the effect of delaying or preventing changes in control or changes in our management or our board of directors. These provisions include:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- in addition to our current stockholder rights plan, the ability of our board of directors to further 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 requirement that a special meeting of stockholders may be called only by the Chairman of the board of directors, the Chief Executive Officer or the Secretary at the request of the board of directors or upon the written request, stating the purpose of the meeting, of stockholders who together own of record 10% of the outstanding shares of each class of stock entitled to vote at such meeting, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order 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 Delaware law. Under Delaware law, 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, among other things, the board of directors has approved the transaction. We have not opted out of this provision of Delaware law.

*Our business could be negatively affected as a result of actions of activist stockholders, and such activism could impact the trading value of our securities.*

Stockholders may, from time to time, engage in proxy solicitations or advance stockholder proposals, or otherwise attempt to effect changes and assert influence on our board of directors and management. Activist campaigns that contest or conflict with our strategic direction or seek changes in the composition of our board of directors could have an adverse effect on our operating results and financial condition. A proxy contest would require us to incur significant legal and advisory fees, proxy solicitation expenses and administrative and associated costs and require significant time and attention by our board of directors and management, diverting their attention from the pursuit of our business strategy. Any perceived uncertainties as to our future direction and control, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team arising from a proxy contest could lead to the perception of a change in the direction of our business or instability which may result in the loss of potential business opportunities, make it more difficult to pursue our strategic initiatives, or limit our ability to attract and retain qualified personnel and business partners, any of which could adversely affect our business and operating results. If individuals are ultimately elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and create additional value for our stockholders. We may choose to initiate, or may become subject to, litigation as a result of the proxy contest or matters arising from the proxy contest, which would serve as a further distraction to our board of directors and management and would require us to incur significant additional costs. In addition, actions such as those described above could cause significant fluctuations in our stock price based upon temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 1C. CYBERSECURITY**

##### **Risk Management and Strategy**

We have implemented a comprehensive cyber risk management program that adheres to industry standards, specifically the National Institute of Standards and Technology's cybersecurity framework and risk management standards. This program is maintained by a dedicated security operations team at the Company (the "Security Operations Team"). This process includes annually assessing and categorizing existing and emerging threats to Asure's business operations and its information systems. Identified risks are assessed for severity and probability of impact and then risk treatments are identified and implemented. Additionally, Asure has implemented a vendor risk management program to continually assess and monitor risks posed by vendors and partners of the Company.

We maintain a comprehensive listing of controls that includes those risk treatments which are continuously monitored and assessed by the Security Operations team. These controls are derived from the risk assessment process and include physical, logical and environmental security, vulnerability management, secure development and change management, fraud detection, and privacy. We also maintain a security awareness program (the "Security Awareness Program"), which is designed, implemented and maintained by our VP of Information Security. Our Security Awareness Program includes training that reinforces our information technology risk and security management policies, standards and practices, as well as the expectation that employees comply with these policies. The Security Awareness Program engages personnel through training on how to identify potential cybersecurity risks and protect our resources and information, as well as how to respond to unauthorized access to or use of Company information. The Security Awareness Program training is mandatory for all employees at least annually, and it is supplemented by Company-wide assessment initiatives, including periodic testing. Additionally, we provide specialized security training for certain employee roles, such as application developers.

We conduct periodic tests to assess our processes and procedures and the threat landscape, which are designed with the goal of implementing and maintaining a robust cybersecurity program. Where appropriate, we take additional and ongoing steps intended to strengthen our cybersecurity capabilities and mitigate the risk of a breach or incident. Our security program and IT-related controls are regularly examined by internal auditors, external auditors and various regulators who regularly assess the design and effectiveness of our control framework. As part of those assessments, Asure maintains both SOC1 Type 2 and SOC2 Type 2 certifications specifically evaluating the security, confidentiality, and availability of its systems and information. Additionally, state examiners audit our IT-related controls as part of our Money Transmitter Licensing requirements.

Although we have designed its cybersecurity program and governance procedures noted above to mitigate cybersecurity risks, we continue to face unknown cybersecurity risks, threats and attacks. We have had no material cybersecurity incidents, and these risks, threats and attacks have not had a material impact on our operations, business strategy or financial results; however, they may have a material impact in the future.

Please refer to the “Risk Factors” in Part I, Item 1A of this Form 10-K for more information on risks posed by cybersecurity threats to the Company.

## **Governance**

Our Security Operations team, led by the VP of Information Security, is responsible for identifying, assessing, mitigating, and reporting on material cybersecurity risks to the executive management team. In addition, cybersecurity risks, emerging and existing threats and Asure’s current security posture are presented to the board of directors quarterly, as the board of directors is generally responsible for our risk management. Our VP of Information Security holds a high-level certification relating to information security, Certified Information Systems Security Professional (CISSP) from the International Information Security System Security Certification Consortium, and has 18 years of information security, risk management, application security, security operations, and incident management experience. Our Executive Management receives regular monthly reports from the VP of Information Security.

Our Security Operations team has implemented a continuous monitoring program that provides real time feedback to security events that are triaged and remediated. Critical incidents are escalated in accordance with Asure’s Incident Response Policy. Critical incidents are reported to the board of directors as required by Asure’s Incident Response Policy.

## **ITEM 2. PROPERTIES**

Our principal offices are located in Austin, Texas where we occupy approximately 9,500 square feet of office space. We also lease office suites in Alabama, California, Florida, New Jersey, New York, North Carolina, Ohio, South Dakota, Tennessee, and Vermont.

Management believes that the leased properties described above are adequate to meet Asure’s current operational requirements and can accommodate further physical expansion of office space as needed.

## **ITEM 3. LEGAL PROCEEDINGS**

Although we have been, are, and in the future may be, the defendant or plaintiff in various actions arising in the normal course of business, as of December 31, 2024, we were not currently a party to any material legal proceedings.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II – OTHER INFORMATION****ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****MARKET INFORMATION**

Our common stock trades on the Nasdaq Capital Market under the symbol “ASUR.”

**HOLDERS**

As of March 5, 2025, we had approximately 360 stockholders of record of our common stock.

**UNREGISTERED SALE OF EQUITY SECURITIES**

There were no unregistered sales of equity securities by us during the year ended December 31, 2024, that were not reported in our quarterly reports on Form 10-Q or our current reports on Form 8-K.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information as of December 31, 2024, with respect to shares of our common stock that we may issue under our existing equity compensation plans (share amounts in thousands):

	A	B	C
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
Equity Compensation Plan Approved by Stockholders <sup>(1)</sup>	2,406	\$ 8.35	1,015
Equity Compensation Plans Not Approved by Stockholders <sup>(2)</sup>	—	—	—
<b>Total</b>	<b>2,406</b>	<b>\$ 8.35</b>	<b>1,015</b>

(1) Consists of stock options, restricted stock units, and performance stock units adjusted for performance as of December 31, 2024.

(2) Our stockholders have previously approved our existing equity compensation plan.

**ITEM 6. RESERVED**

## ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this Report represent forward-looking statements. Forward-looking statements include but are not limited to statements regarding our strategy, future operations, financial condition, results of operations, projected costs, and plans and objectives of management. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the risks and uncertainties described in this Report and in our other SEC filings.

We have attempted to identify these forward-looking statements with the words “believe,” “may,” “will,” “estimate,” “projects,” “anticipate,” “intend,” “expect,” “should,” “plan,” and similar expressions. Examples of “forward-looking statements” include statements we make regarding our operating performance, future results of operations and financial position, revenue growth, earnings or other projections. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions, over many of which we have no control. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make. Additionally, we are under no obligation to update any of the forward-looking statements after the date of this Annual Report on Form 10-K or to conform such statements to actual results.

### OVERVIEW

We are a provider of cloud-based Human Capital Management (“HCM”) software solutions delivered as Software-as-a-Service (“SaaS”) to businesses of all sizes. We offer human resources (“HR”) tools necessary to build a thriving workforce, provide the resources to stay compliant with dynamic federal, state, and local tax jurisdictions and their respective labor laws, freeing cash flows so these businesses can spend their financial capital on growing their businesses rather than administrative overhead that can impede growth. Our solutions also provide new ways for employers to connect with their employees in order to enhance their relationships with their talent. Asure’s HCM suite (“Asure HCM”) includes Payroll & Tax solutions, Recruiting, HR compliance and services, Time & Attendance software, Insurance and Benefits Administration, and data integrations that enable employers and their employees to enhance efficiencies and take advantage of value-added solutions, which we refer to as AsureMarketplace™. AsureMarketplace™ automates interactions between our HCM systems with third-party providers to enhance efficiency, improve accuracy and to extend the range of services offered to employers and their employees. Our approach to HR compliance services leverages technology and on-demand content to enhance scalability and efficiency while prioritizing client interactions. We offer our services directly and indirectly through our network of Reseller Partners.

We strive to be the most trusted HCM resource. We sell our solutions through both direct and partner channels. We supplement our direct sales efforts with partner programs that afford us access to opportunities in various geographic and industry niches. Asure has two types of partners: Reseller Partners that white label our products while providing value-added services to their clients (our indirect clients) and Referral Partners that provide us with client leads but do not resell our solutions.

As of December 31, 2024, Asure had more than 100,000 clients, with approximately 20% direct and the remaining clients indirect who have contracts with Reseller Partners.

We plan to continue to enhance our products and technologies by leveraging the latest technology stack, Robotic Process Automation (“RPA”), artificial intelligence (“AI”), and development partnerships. We expect that our expanded investment in product, engineering, SaaS hosting, mobile and hardware technologies will lay the groundwork for broader market opportunities and represent a key aspect of our competitive differentiation. We also plan to expand our technological resources through organic improvements and acquired intellectual property. We expect to continue to expand the breadth of integration between our solutions, allowing direct clients and our Reseller Partners the ability to easily add and implement components across our entire solution set. Our initiatives include providing our customers with more accurate and efficient automation powered by an informed knowledge base. Consistent with that effort, our engineering team utilizes an AI development Copilot to increase their productivity and efficiency. Our operations team utilizes a digital assistant to allow for a more efficient and accurate way to automate repetitive tasks, which we believe will free up our time for more strategic work and reducing the risk of errors. We are committed to providing the best-in-class solutions.

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

Asure has several forms of revenue that result from our business model:

Software-as-a-service revenue is generated when clients utilize our product suite for their recurring human resource needs—primarily payroll, tax, recruiting, HR compliance, time and attendance, insurance and benefits administration and AsureMarketplace™. This also contains revenue generated from quarterly and annual reporting requirements to local, state and federal regulatory agencies. Examples include Form W-2 and reporting mandated by the ACA.

Hardware-as-a-service revenue is generated when clients choose not to purchase our hardware, but rather rent the devices. This hardware includes a variety of clocks used to track time and attendance. Hardware revenue is generated when our clients buy our devices outright.

Maintenance and support revenue is generated from servicing our hardware on our clients' behalf and providing training on how to operate both our hardware and software products.

Professional services revenue is generated from our clients' needs that would normally be fulfilled by an internal payroll system or human resources department.

Our tax management solutions revenue is derived from providing clients with innovative payroll tax processing software and service solutions.

Interest from client funds is generated when we gain possession of funds intended to be disbursed based on the clients' needs. We invest the monies in short and long-term securities that may be held to maturity before disbursement.

*2024 Highlights (in thousands)*

- Consolidated revenue of \$119,792 for 2024, representing a 1% increase over revenue in 2023.
- Recurring revenue of \$114,471 for 2024, representing a 15% increase over recurring revenue in 2023.
- Net loss of \$11,773 for 2024, an increase of \$2,559 from prior year loss of \$9,214.
- Gross profit of \$82,107 for 2024 versus \$85,537 in 2023.

**RESULTS OF OPERATIONS** (in thousands)

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

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenues	100 %	100 %
Gross profit	69 %	72 %
Sales and marketing	24 %	24 %
General and administrative	34 %	33 %
Research and development	7 %	6 %
Amortization of intangible assets	14 %	11 %
Total operating expenses	78 %	74 %
Interest Income	1 %	1 %
Interest expense	(1)%	(5)%
Loss on extinguishment of debt	— %	(1)%
Other (expense) income, net	— %	— %
Loss from operations before income taxes	(9)%	(8)%
Net loss	(10)%	(8)%

**Revenue**

Revenues are comprised of recurring revenues, professional services, hardware, and other revenues. We expect our revenues to increase as we introduce new applications, expand our client base and renew and expand relationships with existing clients. As a percentage of total revenues, we expect our mix of recurring revenues, and professional services, hardware and other revenues to remain relatively constant. While revenue mix varies by product, recurring revenue represented over 96% of total revenue in the year ended 2024, compared to 84% in 2023.

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

	<b>Year Ended December 31,</b>		<b>Variance</b>	
	<b>2024</b>	<b>2023</b>	<b>\$</b>	<b>%</b>
Recurring	\$ 114,471	\$ 99,734	\$ 14,737	15 %
Professional services, hardware and other	5,321	19,348	(14,027)	(72)%
Total	<u>\$ 119,792</u>	<u>\$ 119,082</u>	<u>\$ 710</u>	<u>1 %</u>

*Recurring Revenues*

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

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

This revenue line also includes interest earned on funds held for clients. Interest earned is generated from funds we collect from clients in advance of either the applicable due date for payroll tax submissions or the applicable disbursement date for employee payment services. These collections from clients are typically disbursed from one to 30 days after receipt, with some funds being held for up to 120 days. We typically invest funds held for clients in money market funds, demand deposit accounts, commercial paper, fixed income securities and certificates of deposit until they are paid to the applicable tax or regulatory agencies or to client employees. The amount of interest we earn from the investment of client funds is also impacted by changes in interest rates. Refer to “Risk Factors” in Part I, 1A. for more information about risks related to our ERTC business.

Recurring revenue for the year ended December 31, 2024, was \$114,471, an increase of \$14,737, or 15%, from \$99,734 for the year ended December 31, 2023. The increase is primarily due to an increase of approximately \$8,718 in acquisition related revenue and an increase of \$4,323 for new multi-year licensing agreements with larger employers finalized during the year.

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

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

Professional services, hardware and other revenue decreased by \$14,027, or 72%, for the year ended December 31, 2024, from the similar period in 2023, primarily due to the discontinuation of non-recurring ERTC revenues.

ERTC revenues were originally expected to expire during 2024 and 2025; however, subsequent legislation impacted revenues and cash collections during 2024 and is expected to continue in 2025. For example, in January 2024, the United States House of Representatives passed the Tax Relief for American Families Act of 2024, which sets an expiration date of January 31, 2024, on additional claims for ERTC that can potentially apply retroactively. In September 2023, the IRS announced a moratorium through the end of the year on processing new ERTC claims due to concerns over questionable or fraudulent claims. During 2024, the IRS issued multiple releases announcing they had resumed processing of ERTC claims, additionally indicating that most claims are being approved. Refer to “Risk Factors” in Part I, 1A. for more information about risks related to our ERTC business.

Our total customer base is widely spread across industries and sizes. Geographically, we sell our products primarily in the United States.

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

#### **Gross Profit and Gross Margin**

Consolidated gross profit for the year ended December 31, 2024, was \$82,107, a decrease of \$3,430, or 4%, from \$85,537 for the year ended December 31, 2023. Gross margin as a percentage of revenue was 69% for the year ended December 31, 2024, as compared to 72% for the year ended December 31, 2023. The decrease is primarily attributable to the decrease in revenue in higher margin revenue streams.

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

## **Sales and Marketing Expenses**

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

Sales and marketing expenses for the year ended December 31, 2024, were \$28,316, a decrease of \$418, or 1%, from \$28,734 for the year ended December 31, 2023, primarily due to an increase in direct sales personnel offset by decreases resulting from reduced ERTC revenues. Sales and marketing expenses as a percentage of revenue remained flat at 24% for the year ended December 31, 2024 and 2023.

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

## **General and Administrative Expenses**

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

General and administrative expenses for the year ended December 31, 2024, were \$40,499, an increase of \$1,166, or 3%, from \$39,333 for the year ended December 31, 2023, primarily attributable to an increase in personnel costs from higher healthcare premiums and an increase in share-based compensation. General and administrative expenses as a percentage of revenue increased to 34% for the year ended December 31, 2024, from 33% for the same period in 2023.

## **Research and Development Expenses**

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

R&D expenses for the year ended December 31, 2024, were \$7,807, an increase of \$961, or 14%, from \$6,846 for the year ended December 31, 2023. The increase in R&D expense is primarily attributable to an increase in personnel costs from higher wages and contractor usage, partially offset by an increase in capitalized software expenses driven by continued investments in development of our products. R&D expenses as a percentage of revenues increased to 7% for the year ended December 31, 2024, from 6% for the same period in 2023.

## **Amortization of Intangible Assets**

Amortization expense in operating expenses for the year ended December 31, 2024, was \$16,222, an increase of \$2,599, or 19%, from \$13,623 for the year ended December 31, 2023. The increase in Amortization expense is primarily attributable to increased acquisition activity compared to the prior year. Amortization expense as a percentage of revenue was 14% for the year ended December 31, 2024, from 11% for the same period in 2023.

## **Interest Income and Expense**

Interest income for the year ended December 31, 2024, was \$913 compared to interest income of \$1,342 for the year ended December 31, 2023. Interest income as a percentage of revenue remained flat at 1% for the years ended December 31, 2024 and 2023. Interest expense for the year ended December 31, 2024, was \$1,024 compared to interest expense of \$5,639 for the year ended December 31, 2023. The decrease in interest expense, net relative to the prior year is primarily attributable to our payoff of the outstanding debt under the credit facility with Structural Capital Investments III LP (“Structural Capital”) in 2023. Interest expense as a percentage of revenue was 1% for the year ended December 31, 2024, compared to 5% for the year ended December 31, 2023. Interest expenses for the years ended December 31, 2024 and 2023, are composed primarily of interest expense on notes payable.

**Loss on Extinguishment of Debt**

Loss on extinguishment of debt for the year ended December 31, 2024, was \$0 compared to a loss of \$1,517 for the year ended December 31, 2023. There was no loss on extinguishment of debt for the year ended December 31, 2024, compared to 1% of revenue for the year ended December 31, 2023. For the year ended December 31, 2023, the amount in loss on extinguishment of debt consisted of loss recognized as a result of the termination of our credit facility with Structural Capital.

**Other (Expense) Income, Net**

Other (expense) income, net for the year ended December 31, 2024, was an expense of \$8 compared to income of \$292 for the year ended December 31, 2023. Other (expense) income, net as a percentage of revenue was negligible for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2024, the amounts in other (expense) income, net primarily consisted of bank fees. For the year ended December 31, 2023, the amounts in other (expense) income, net primarily consisted of losses on disposal of assets.

**Income Taxes**

For the year ended December 31, 2024 and 2023, we recorded an income tax expense attributable to continuing operations of \$933 and \$109, respectively, an increase of \$824.

**Loss From Operations**

We incurred a loss from operations of \$11,773, or \$(0.45) per share, during the year ended December 31, 2024, compared to a loss from operations of \$9,214, or \$(0.42) per share, during the year ended December 31, 2023. Loss from operations as a percentage of total revenues was 10% and 8% for the years ended December 31, 2024 and 2023, respectively.

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents <sup>(1)</sup>	\$ 21,425	\$ 30,317

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

**Working Capital.** We had working capital of \$13,641 at December 31, 2024, a decrease of \$12,239 from working capital of \$25,880 at December 31, 2023. Working capital as of December 31, 2024 and 2023, includes \$8,363 and \$6,853 of short-term deferred revenue, respectively. Deferred revenue is an obligation to perform future services. We expect that deferred revenue will convert to future revenue as we perform our services, but this does not represent future payments. Deferred revenue can vary based on seasonality, expiration of initial multi-year contracts and deals that are billed after implementation rather than in advance of service delivery.

**Operating Activities.** Net cash provided by operating activities of \$9,388 for the year ended December 31, 2024, was driven by non-cash adjustments to our net loss of approximately \$28,940, primarily due to depreciation and amortization. Net cash provided by operating activities of \$18,900 for the year ended December 31, 2023, was driven by non-cash adjustments to our net loss of approximately \$29,530, primarily due to depreciation and amortization, offset by our net loss of \$9,214. For the year ended December 31, 2023, changes in operating assets and liabilities resulted in a use of \$1,416 in cash.

**Investing Activities.** Net cash used in investing activities of \$19,256 for the year ended December 31, 2024, is primarily due to purchases of available-for-sale securities of \$15,643, partially offset by proceeds from sales and maturities of available-for-sale securities of \$20,522. Net cash used in investing activities of \$29,525 for the year ended December 31, 2023, is primarily due to the purchase of available-for-sale securities of \$27,647, partially offset by proceeds from sales and maturities of available-for-sale securities of \$14,385.

**Financing Activities.** Net cash used in financing activities was \$22,042 for the year ended December 31, 2024, which primarily consisted of a net decrease in client fund obligations of \$26,342, offset by proceeds from notes payable, net of issuance costs of \$4,995. Net cash provided by financing activities was \$24,205 for the year ended December 31, 2023, which primarily consisted of net proceeds from the issuance of common stock of \$46,800, a net increase in client fund obligations of \$13,931, offset by payments of notes payable of \$35,627.

On October 31, 2024, we entered into a Sales Agreement (the “Sales Agreement”) with Roth Capital Partners, LLC (“Roth”). The Sales Agreement provides for the offer and sale of up to \$25,000 of our newly issued common stock, from time to time through an “at the market offering” program. We will specify the parameters for the sale of the shares of common stock, including the number of shares to be issued, the time period during which sales are requested to be made, any limitation on the number of shares that may be sold in any one trading day and any minimum price below which sales may not be made. We may offer and sell up to \$25,000 of shares of common stock pursuant to the Sales Agreement. Actual sales of common stock under the Sales Agreement will depend on a variety of factors including, among other things, market conditions, the trading price of the Common Stock and potential funding needs. As a result, the full amount of capital may not be fully realized. We intend to use the net proceeds from these at-market offerings, if any, for general corporate purposes. Our general corporate purposes include, but are not limited to, repayment or refinancing of debt, capital expenditures, funding possible acquisitions, working capital and satisfaction of other obligations. As of December 31, 2024, there are \$25,000 of shares of common stock available for issuance under this acquisition shelf registration statement.

On September 12, 2023, we terminated the Loan and Security Agreement (the “Loan Agreement”) dated September 10, 2021, with Structural Capital, and Ocean II PLO LLC, as administrative and collateral agent for the Lenders (“Agent”), and repaid the secured promissory note (the “Note”) with Agent evidencing our obligations under the Loan Agreement. In connection with the termination, we paid an aggregate amount of \$30,927 (the “Payoff Amount”) in full payment of the outstanding obligations under the Loan Agreement and Note. The Payoff Amount represented \$30,617 of outstanding principal and interest on the unpaid principal balance, a prepayment fee in the amount of \$306 and an immaterial amount of fees and other expenses due to Agent.

On August 16, 2023, we entered into an underwriting agreement (the “Underwriting Agreement”) with Stifel, Nicolaus & Company, Incorporated and Craig-Hallum Capital Group LLC, as representatives of the several underwriters named therein (collectively, the “Underwriters”), relating to a firm commitment offering of 3,333 newly issued shares of our common stock at a public offering price of \$12.00 per share (the “2023 Offering”). On August 21, 2023, we completed the 2023 Offering, and realized net proceeds of \$37,395, after deducting underwriting discounts and offering expenses of \$2,605. Additionally, on August 30, 2023, the Underwriters exercised their option to purchase an additional 500 shares of our common stock, and we realized net proceeds of \$5,507, after deducting underwriting discounts and offering expenses of \$493.

We also have an outstanding promissory note with an unrelated third party intended to fund future acquisitions and for general working capital purposes from November 2024 in the amount of \$5,000 as of December 31, 2024. The outstanding promissory note matures on November 1, 2025.

As of December 31, 2024, we have five promissory notes related to acquisitions that occurred during 2024 and prior years with a combined outstanding principal balance of \$9,943 and maturity dates ranging from October 1, 2025 to July 1, 2029.

**Sources of Liquidity.** As of December 31, 2024, our principal sources of liquidity consisted of approximately \$21,425 of cash, cash equivalents and restricted cash, and cash generated from operations of our business over twelve months.

We cannot assure that we can grow our cash balances or limit our cash consumption and thus maintain sufficient cash balances for our planned operations or future acquisitions. Future business demands may lead to cash utilization at levels greater than recently experienced. However, we believe to have sufficient liquidity as of December 31, 2024, to support our business operations for the next 12 months. We may need to raise additional capital in the future in order to grow our existing software operations and to seem additional strategic acquisitions in the near future. However, we cannot ensure that we will be able to raise additional capital on acceptable terms, or at all.

## **CRITICAL ACCOUNTING ESTIMATES**

We have prepared our Consolidated Financial Statements in accordance with U.S. generally accepted accounting principles and included the accounts of our wholly owned subsidiaries. Preparation of the Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. The SEC has defined a company’s critical accounting estimates as those which involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations. Based on this definition, we have identified the critical accounting estimates addressed below.

We base our estimates on historical experience and on various other assumptions that management believes are reasonable under the given circumstances. These estimates could be materially different under different conditions and assumptions. Additionally, the actual amounts could differ from the estimates made. Management periodically evaluates estimates used in the preparation of our financial statements for continued reasonableness. We prospectively apply appropriate adjustments, if any, to our estimates based upon our periodic evaluation.

### **Valuation of Acquired Assets and Goodwill**

#### *Description*

Identifiable intangible assets and goodwill obtained during business combination transactions are recognized based on the relative and absolute fair values of acquired assets and the excess of purchase price over that value. Intangible assets and goodwill are tested annual for impairment or more frequently when an event or circumstance indicates that they might be impaired.

#### *Judgements and Uncertainties*

During business combination transactions, we use the fair value of acquired identifiable intangible assets to allocate purchase price among acquired assets and determine the excess of purchase price to be recognized as goodwill. Valuation of acquired identifiable intangible assets entails significant estimates and assumptions including, but not limited to, estimating future cash flows from product sales, developing appropriate discount rates, estimating probability rates for the continuation of customer relationships and renewal of customer contracts.

#### *Sensitivity of Estimate to Change*

While we believe we have made reasonable estimates and assumptions to calculate the fair value of acquired intangible assets and goodwill, it is possible that a material difference could occur. If actual results are not consistent with the estimates and assumptions used to calculate fair value, it could result in a significant change to the assessment of fair value for intangible assets and goodwill and thus result in material impairment losses.

We completed our annual impairment assessments of long-lived assets and goodwill as of December 31, 2024, and determined that there was no impairment of either class of assets.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have operations in the United States, and we are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate, foreign exchange, inflation and counterparty risks, as well as risks relating to changes in the general economic conditions. To reduce certain of these risks, we monitor the financial condition of our large clients and limit credit exposure by principally collecting in advance and setting credit limits as we deem appropriate. In addition, our investment strategy has been to invest in financial instruments, including U.S. treasury securities and money market funds backed by United States Treasury Bills within the guidelines established under our investment policy. To date, we have not used derivative instruments to mitigate the impact of our market risk exposures. We have also not used, nor do we intend to use, derivatives for trading or speculative purposes.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of  
Asure Software, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Asure Software, Inc. (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of comprehensive loss, stockholders’ equity and cash flows for each of the two years in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, based on our audits, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2024, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 and our report dated March 6, 2025, expressed an adverse opinion on the effectiveness of the Company’s internal control over financial reporting because of the existence of a material weakness.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Marcum LLP

Marcum LLP

We have served as the Company’s auditor since 2016.

Los Angeles, California  
March 6, 2025

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

	December 31, 2024	December 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 21,425	\$ 30,317
Accounts receivable, net of allowance for credit losses of \$6,328 and \$4,787 at December 31, 2024, and December 31, 2023, respectively	18,154	14,202
Inventory	195	155
Prepaid expenses and other current assets	4,888	3,471
Total current assets before funds held for clients	44,662	48,145
Funds held for clients	192,615	219,075
Total current assets	237,277	267,220
Property and equipment, net	19,669	14,517
Goodwill	94,724	86,011
Intangible assets, net	69,114	62,082
Operating lease assets, net	4,041	4,991
Other assets, net	11,813	9,047
Total assets	\$ 436,638	\$ 443,868
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of notes payable	\$ 7,008	\$ 27
Accounts payable	1,364	2,570
Accrued compensation and benefits	4,485	6,519
Operating lease liabilities, current	1,438	1,490
Other accrued liabilities	6,600	3,862
Deferred revenue	8,363	6,853
Total current liabilities before client fund obligations	29,258	21,321
Client fund obligations	194,378	220,019
Total current liabilities	223,636	241,340
Long-term liabilities:		
Deferred revenue	3,430	16
Deferred tax liability	2,612	1,728
Notes payable, net of current portion	5,709	4,282
Operating lease liabilities, noncurrent	3,578	4,638
Other liabilities	358	209
Total long-term liabilities	15,687	10,873
Total liabilities	239,323	252,213
Commitments and contingencies - Note 8		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 1,500 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value; 44,000 shares authorized; 26,671 and 25,382 shares issued, 26,671 and 24,998 shares outstanding at December 31, 2024, and December 31, 2023, respectively	267	254
Treasury stock at cost, zero <sup>(1)</sup> and 384 shares at December 31, 2024, and December 31, 2023, respectively	—	(5,017)
Additional paid-in capital	504,849	487,973
Accumulated deficit	(307,226)	(290,440)
Accumulated other comprehensive loss	(575)	(1,115)
Total stockholders' equity	197,315	191,655
Total liabilities and stockholders' equity	\$ 436,638	\$ 443,868

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

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

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

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenue:</b>		
Recurring	\$ 114,471	\$ 99,734
Professional services, hardware and other	5,321	19,348
<b>Total revenue</b>	<b>119,792</b>	<b>119,082</b>
<b>Cost of sales</b>	<b>37,685</b>	<b>33,545</b>
Gross profit	82,107	85,537
<b>Operating expenses:</b>		
Sales and marketing	28,316	28,734
General and administrative	40,499	39,333
Research and development	7,807	6,846
Amortization of intangible assets	16,222	13,623
<b>Total operating expenses</b>	<b>92,844</b>	<b>88,536</b>
<b>Loss from operations</b>	<b>(10,737)</b>	<b>(2,999)</b>
Interest income	913	1,342
Interest expense	(1,024)	(5,639)
Loss on extinguishment of debt	—	(1,517)
Other income (expense), net	8	(292)
<b>Loss from operations before income taxes</b>	<b>(10,840)</b>	<b>(9,105)</b>
Income tax expense	933	109
<b>Net loss</b>	<b>(11,773)</b>	<b>(9,214)</b>
<b>Other comprehensive income:</b>		
Unrealized gain on marketable securities	540	1,368
<b>Comprehensive loss</b>	<b>\$ (11,233)</b>	<b>\$ (7,846)</b>
<b>Basic and diluted loss per share</b>		
Basic	\$ (0.45)	\$ (0.42)
Diluted	\$ (0.45)	\$ (0.42)
<b>Weighted average basic and diluted shares</b>		
Basic	26,054	22,138
Diluted	26,054	22,138

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

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

	Common Stock Outstanding	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2022	20,244	\$ 206	\$ (5,017)	\$ 433,586	\$ (281,226)	\$ (2,483)	\$ 145,066
Stock issued upon option exercise and vesting of restricted stock units	604	6	—	3,014	—	—	3,020
Stock issued, ESPP	103	1	—	539	—	—	540
Shares issued, net of issuance costs	4,047	41	—	45,404	—	—	45,445
Share based compensation	—	—	—	5,430	—	—	5,430
Net loss	—	—	—	—	(9,214)	—	(9,214)
Other comprehensive income	—	—	—	—	—	1,368	1,368
Balance at December 31, 2023	<u>24,998</u>	<u>\$ 254</u>	<u>\$ (5,017)</u>	<u>\$ 487,973</u>	<u>\$ (290,440)</u>	<u>\$ (1,115)</u>	<u>\$ 191,655</u>
Stock issued upon option exercise and vesting of restricted stock units	532	6	—	688	—	—	694
Stock issued, ESPP	116	1	—	675	—	—	676
Stock issued for acquisitions	1,025	10	—	9,069	—	—	9,079
Share based compensation	—	—	—	6,444	—	—	6,444
Retirement and reissuance of treasury shares	—	(4)	5,017	—	(5,013)	—	—
Net loss	—	—	—	—	(11,773)	—	(11,773)
Other comprehensive income	—	—	—	—	—	540	540
Balance at December 31, 2024	<u>26,671</u>	<u>\$ 267</u>	<u>\$ —</u>	<u>\$ 504,849</u>	<u>\$ (307,226)</u>	<u>\$ (575)</u>	<u>\$ 197,315</u>

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

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

	Year Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (11,773)	\$ (9,214)
Adjustments to reconcile loss to net cash provided by operations:		
Depreciation and amortization	22,142	19,135
Amortization of operating lease assets	1,386	1,481
Amortization of debt financing costs and discount	726	820
Non-cash interest expense	298	1,471
Net accretion of discounts and amortization of premiums on available-for-sale securities	(377)	(119)
Provision for expected losses	46	2,047
Provision for deferred income taxes	884	225
Loss on extinguishment of debt	—	990
Net realized gains on sales of available-for-sale securities	(2,609)	(2,257)
Share-based compensation	6,444	5,430
Loss on disposals of long-term assets	—	132
Change in fair value of contingent purchase consideration	—	175
Changes in operating assets and liabilities:		
Accounts receivable	(3,998)	(4,126)
Inventory	(41)	97
Prepaid expenses and other assets	(1,886)	5,101
Operating lease right-of-use assets	—	546
Accounts payable	(1,206)	376
Accrued expenses and other long-term obligations	(1,103)	87
Operating lease liabilities	(1,555)	(1,118)
Deferred revenue	2,010	(2,379)
Net cash provided by operating activities	9,388	18,900
Cash flows from investing activities:		
Acquisition of intangible assets	(13,256)	(7,651)
Purchases of property and equipment	(692)	(1,585)
Software capitalization costs	(10,187)	(7,027)
Purchases of available-for-sale securities	(15,643)	(27,647)
Proceeds from sales and maturities of available-for-sale securities	20,522	14,385
Net cash used in investing activities	(19,256)	(29,525)
Cash flows from financing activities:		
Proceeds from notes payable, net of issuance costs	4,995	—
Payments of notes payable	(420)	(35,627)
Debt extinguishment costs	—	(250)
Net proceeds from issuance of common stock	1,370	46,800
Capital raise fees	(132)	(338)
Payments made on amounts due for the acquisition of intangibles	(1,513)	(311)
Net change in client fund obligations	(26,342)	13,931
Net cash provided by (used in) financing activities	(22,042)	24,205
Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	(31,910)	13,580
Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period	177,622	164,042
Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period	\$ 145,712	\$ 177,622

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

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

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents to the Consolidated Balance Sheets</b>		
Cash and cash equivalents	\$ 21,425	\$ 30,317
Restricted cash and restricted cash equivalents included in funds held for clients	124,287	147,305
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	<u>\$ 145,712</u>	<u>\$ 177,622</u>
<b>Supplemental information:</b>		
Cash paid for interest	\$ —	\$ 3,140
Cash paid for income taxes	\$ 18	\$ 432
<b>Non-cash investing and financing activities:</b>		
Acquisition of intangible assets	\$ 5,338	\$ 357
Notes payable issued for acquisitions	\$ 3,107	\$ 1,209
Shares issued for acquisitions	\$ 9,125	\$ 2,543

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

**ASURE SOFTWARE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

**DESCRIPTION OF BUSINESS**

Asure Software, Inc. (“Asure”, the “Company”, “we” and “our”), a Delaware corporation, is a provider of cloud-based Human Capital Management (“HCM”) software solutions delivered as Software-as-a-Service (“SaaS”) to businesses of all sizes. We offer human resources (“HR”) tools necessary to build a thriving workforce, provide the resources to stay compliant with dynamic federal, state, and local tax jurisdictions and their respective labor laws, freeing cash flows so these businesses can spend their financial capital on growing their businesses rather than administrative overhead that can impede growth. Our solutions also provide new ways for employers to connect with their employees in order to enhance their relationships with their talent. Asure’s HCM suite (“Asure HCM”) includes Payroll & Tax solutions, Recruiting, HR compliance and services, Time & Attendance software, Insurance and Benefits Administration, and data integrations that enable employers and their employees to enhance efficiencies and take advantage of value-added solutions, which we refer to as AsureMarketplace™. AsureMarketplace™ automates interactions between our HCM systems with third-party providers to enhance efficiency, improve accuracy and to extend the range of services offered to employers and their employees. Our approach to HR compliance services leverages technology and on-demand content to enhance scalability and efficiency while prioritizing client interactions. We offer our services directly and indirectly through our network of Reseller Partners.

We strive to be the most trusted HCM resource. Our solutions solve three primary challenges that prevent businesses from growing: HR complexity, allocation of human and financial capital, and the ability to build great teams. We have and will continue to invest in research and development to expand our solutions. Our solutions reduce the administrative burden on employers and increase employee productivity while managing the employment lifecycle. The Asure HCM suite includes seven product lines: Asure Payroll & Tax, Asure Tax Management Solutions, AsureRecruiting™, Asure HR Compliance, Asure Time & Attendance, Asure Insurance and Benefits Administration, and AsureMarketplace™.

We develop, market, sell and support our offerings nationwide through our principal office in Austin, Texas, and from our processing hubs in Alabama, California, Florida, New Jersey, New York, North Carolina, Ohio, South Dakota, Tennessee, and Vermont.

**PRINCIPLES OF CONSOLIDATION**

We have prepared our Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and have included the accounts of our wholly owned subsidiaries. We have eliminated all intercompany transactions and balances in consolidation.

**REPORTABLE SEGMENTS**

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

**USE OF ESTIMATES**

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

## **CONTINGENCIES**

Although we have been, are, and in the future may be, the defendant or plaintiff in various actions arising in the normal course of business, as of December 31, 2024, we were not currently a party to any material legal proceedings.

## **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740), which requires companies to disaggregate information about their effective tax rate reconciliation as well as information on income taxes paid. The standard applies to all entities subject to income taxes. The standard becomes effective for public entities for annual periods beginning after December 15, 2024. We are currently evaluating this standard and the potential effects of these changes to our consolidated financial statements and will adopt this new standard in the fiscal year beginning January 1, 2025.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses for interim and annual periods. In addition, the standard requires public entities that have a single reportable segment to provide all the disclosures required by the standard and all existing segment disclosures in Topic 280. The standard is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. We adopted this standard for the annual period ending December 31, 2024, and for interim periods thereafter. This guidance did not have an impact on our financial position, results of operations, or cash flows, although it did result in expanded reportable disclosures. See Note 12 — *Segment Information* in the accompanying notes to the consolidated financial statements for further detail.

## **CASH, CASH EQUIVALENTS, AND RESTRICTED CASH**

We consider all highly liquid investments with maturities of 90 days or less to be cash equivalents. Cash equivalents include investments in an institutional money market fund, which invests in U.S. Treasury bills, notes and bonds, and/or repurchase agreements, backed by such obligations. Carrying value approximates fair value. Restricted cash consists of cash balances which are restricted as to withdrawal or usage. As of December 31, 2024, we had no restricted cash.

## **INVESTMENTS**

Available-for-sale securities are carried at fair value, with the unrealized gains and losses reported in accumulated other comprehensive loss. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. The amortization of premiums and accretion of discounts is included in interest income. Realized gains and losses and declines in value judged to be credit losses, if any, on available-for-sale securities are included in other income (expense), net. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income.

## **FUNDS HELD FOR CLIENTS**

Funds held for clients represent assets that are held for the purpose of satisfying the obligations to remit funds relating to our payroll and payroll tax filing services and are classified as client fund obligations on our Consolidated Balance Sheets. Funds held for clients are held in demand deposit or brokerage accounts at financial institutions and are classified as a current asset on our Consolidated Balance Sheets.

Client fund obligations represent our contractual obligations to remit funds to satisfy clients' payroll and tax payment obligations and are recorded on the Consolidated Balance Sheets at the time that we impound funds from clients. The client fund obligations represent liabilities that will be repaid within one year of the balance sheet date. We have reported client fund obligations as a current liability on the Consolidated Balance Sheets.

## **FAIR VALUE OF FINANCIAL INSTRUMENTS**

We apply the authoritative guidance on fair value measurements for financial assets and liabilities that are measured at fair value on a recurring basis, and non-financial assets and liabilities such as goodwill, intangible assets and property and equipment that are measured at fair value on a non-recurring basis.

## **CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents are deposited at various area banks, which at times may exceed federally insured limits. We monitor the viability of the banking institutions carrying our assets on a regular basis and have the ability to transfer cash to various institutions during times of risk. We have not experienced any losses related to these cash balances and believe our credit risk to be minimal.

## **ACCOUNTS RECEIVABLE, NET**

We grant credit to customers in the ordinary course of business, exposing us to the credit risk of our customers. In the course of our sales to customers, we may encounter difficulty collecting accounts receivable. We limit concentrations of credit risk related to our trade accounts receivable due to our large number of customers, including third-party resellers, and their dispersion across several industries and geographic areas. We perform ongoing credit evaluations of our customers and maintain reserves for potential credit losses. We require advanced payments or secured transactions when deemed necessary.

We review potential customers' credit ratings to evaluate customers' ability to pay an obligation within the payment term, which is usually net thirty days. If we receive reasonable assurance of payment and know of no barriers to legally enforce the payment obligation, we may extend credit to customers. We place accounts on "Credit Hold" if a placed order exceeds the credit limit or sooner if circumstances warrant. We follow our credit policy consistently and routinely monitor our delinquent accounts for indications of collectability.

We maintain an allowance for credit losses at an amount we estimate to be sufficient to provide adequate protection against credit losses resulting from extending credit to our customers. We base this allowance and our expected credit loss estimates, in the aggregate, on historical collection experience, age of receivables, general economic conditions and reasonable and supportable forecasts concerning the future. The allowance for credit losses also considers the need for specific customer reserves based on the customer's payment experience, credit worthiness and age of receivable balances. Our bad debts have been within management expectations. Refer to Note 8 - Contracts with Customers and Revenue Concentration for details on our accounts receivable and allowance for credit losses.

## **PROPERTY AND EQUIPMENT**

We record property and equipment, including software, furniture and equipment, at cost less accumulated depreciation. We record depreciation using the straight-line method over the estimated economic useful lives of the assets, which range from two to five years. Property and equipment also includes leasehold improvements which we record at cost less accumulated amortization. We record amortization of leasehold improvements using the straight-line method over the shorter of the lease term or over the life of the respective assets, as applicable. We recognize gains or losses related to retirements or disposition of fixed assets in the period incurred. We expense repair and maintenance costs as incurred. We periodically review the estimated economic useful lives of our property and equipment and make adjustments, if necessary, according to the latest information available.

## **BUSINESS COMBINATIONS**

We have accounted for our acquisitions using the acquisition method of accounting based on ASC 805—Business Combinations, which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their full fair value as of the date we obtain control. We have determined the fair value of assets acquired and liabilities assumed based upon our estimates of the fair values of assets acquired and liabilities assumed in the acquisitions. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. While we have used our best estimates and assumptions to measure the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, not to exceed one year from the date of acquisition, any changes in the estimated fair values of the net assets recorded for the acquisitions will result in an adjustment to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, we record any subsequent adjustments to our Consolidated Statements of Comprehensive Loss.

## **GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired in a business combination. We test goodwill for impairment on an annual basis in the fourth fiscal quarter of each year, and between annual tests if indicators of potential impairment exist, by first assessing qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test.

We amortize intangible assets not considered to have an indefinite useful life using the straight-line method over their useful lives. We currently amortize our acquired intangible assets with definite lives over periods ranging from two to fifteen years. Each reporting period, we evaluate the estimated remaining useful life of intangible assets and assess whether events or changes in circumstances warrant a revision to the remaining period of amortization or indicate that impairment exists.

## **IMPAIRMENT OF LONG-LIVED ASSETS**

Long-lived assets, including intangible assets with definite lives, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. We have determined that there was no impairment of long-lived assets including intangible assets with definite lives, for the year ended December 31, 2024.

## **ORIGINAL ISSUE DISCOUNTS**

We recognize original issue discounts (“OID”), when incurred on the issuance of debt, as a reduction of the current loan obligations that we amortize to interest expense over the life of the related indebtedness using the effective interest rate method. We record the amortization as interest expense in the Consolidated Statements of Comprehensive Loss. At the time of any repurchases or retirements of related debt, we write off the remaining amount of net original issue discounts and include them in the calculation of gain or loss on extinguishment of debt in the Consolidated Statements of Comprehensive Loss.

## **REVENUE RECOGNITION**

Our revenue primarily consists of SaaS offerings and income from investments made from funds held for clients. Collectively, the SaaS offerings are referred to as “Asure HCM”, consisting of Payroll & Tax solutions, Recruiting, HR compliance and services, Time & Attendance software, Insurance and Benefits Administration, and data integrations that enable employers and their employees to enhance efficiencies and take advantage of value-added solutions. We also provide support for processing and filing Employee Retention Tax credits and other professional services as part of our Tax solutions. Furthermore, our Time & Attendance software can be provided in the form of a software subscription license arrangement, that typically includes hardware, maintenance/support, and professional services. We recognize revenue on an output basis when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Our contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We determine standalone selling prices based on the amount that we believe the market is willing to pay determined through historical analysis of sales data as well as through use of the residual approach when we can estimate the standalone selling price for one or more, but not all, of the promised goods or services.

The terms of our contracts with customers range from month-to-month for some Asure HCM direct clients to longer terms ranging from one to five years, most of which are renewable for successive terms. A typical SaaS/software subscription arrangement will also include hardware, setup and implementation services. Revenue allocated to the SaaS/software subscription performance obligations are typically considered a series of distinct services and therefore recognized over time using an output-based ratable recognition method as the clients simultaneously consume the benefit of our services as they are performed. The revenue from these services is reported as Recurring revenue on the Consolidated Statement of Comprehensive Loss. In certain circumstances, payments related to our SaaS/software subscription performance obligations can be up-front or in arrears for the period during which the revenue is recognized and would create a contract liability or contract asset balance, respectively. Revenue allocated to other performance obligations included in the arrangement and further details on our associated contract balances are measured and recognized as outlined below.

Processing and filing support services for Employee Retention Tax credits are recognized at the time the applicable tax form is completed. Fees associated with these services are offered at a flat fee and/or a fee that is based on estimated credits the customer will receive upon completion of the applicable tax form. Revenue recognized from Employee Retention Tax credit services are reported as Professional services, hardware and other revenue on the Consolidated Statements of Comprehensive Loss.

Hardware devices sold to customers are sold as either a standard product sell arrangement where title to the hardware passes to the customer or under a hardware-as-a-service (“HaaS”) arrangement where the title to the hardware remains with Asure. Revenue allocated to hardware sold as a standard product are recognized on an output basis when title passes to the customer, typically the date we ship the hardware. Revenue allocated to hardware under a HaaS arrangement are recognized on an output basis, recorded ratably as the service is provided over the non-cancellable term of the HaaS arrangement, typically one year. Revenue recognized from hardware devices sold to customers via either of the two above types of arrangements are reported as Hardware revenue on the Consolidated Statement of Comprehensive Loss.

Our professional services offerings typically include data migration, set up, training, and implementation services. We can reasonably estimate professional services performed for a fixed fee and we recognize allocated revenue on an output basis on a proportional performance basis as the service is provided. Revenue recognized from professional services offerings are reported as Professional services, hardware and other revenue on the Consolidated Statements of Comprehensive Loss.

We recognize allocated revenue for maintenance/support on an output basis ratably over the non-cancellable term of the support agreement. Initial maintenance/support terms are typically one to three years and are renewable on an annual basis. Revenue recognized from maintenance/support are reported as recurring revenue on the Consolidated Statements of Comprehensive Loss.

We do not recognize revenue for agreements with rights of return, refundable fees, cancellation rights or substantive acceptance clauses until these return, refund or cancellation rights have expired or acceptance has occurred. Our arrangements with resellers do not allow for any rights of return.

Our payment terms vary by the type of customer and the customer’s payment history and the products or services offered. Due to the current political climate related to ERTC, including pending and anticipated changes to ERTC, there is a risk that we may not collect on some of our outstanding percentage of recovery ERTC receivables. The term between invoicing and when payment is due is not significant and as such our contracts do not include a significant financing component. The transaction prices of our contracts primarily do not include consideration amounts that are variable and do not include noncash consideration. In the event that variable consideration exists, management estimates the amount of variable consideration to the extent to prevent a material reversal of revenue in a future period.

Contract assets include both costs to obtain and fulfill contracts with customers. Costs to obtain a contract primarily result from commissions directly related to the acquisition of a new contract when it is expected that the future economic benefit of that contract will last longer than one year. Costs to obtain a contract are recognized as an expense on a straight-line basis over the expected customer relationships period. Costs to fulfill are costs that are specifically identifiable to a contract, create or enhance the resources we will use to satisfy our existing performance obligations and are expected to be recovered. Costs incurred to develop and/or implement customers onto our solutions primarily relate to compensation and compensation-related costs and are recognized as an expense on a straight-line basis over the expected customer relationship period.

We have estimated the expected customer relationship period to be eight years. We use historical client retention statistics to derive the period over which we transfer our services to the customer.

Contract liabilities, or deferred revenue, includes amounts invoiced to customers in excess of revenue we recognize, and is comprised of deferred SaaS/software, HaaS, Maintenance and support, and Professional services revenue. We recognize deferred revenue when we complete the service and over the terms of the arrangements, primarily ranging from one to five years or over the term of the arrangement using the same output-based revenue recognition method associated with the applicable performance obligation of the contract.

## **ADVERTISING COSTS**

We expense advertising costs as we incur them. Advertising expenses were \$1,991 and \$1,792 for the years ended December 31, 2024 and 2023, respectively. We recorded these expenses as part of sales and marketing expenses on our Consolidated Statements of Comprehensive Loss.

## **LEASE OBLIGATIONS**

At the commencement date of a lease, we recognize a liability to make lease payments and an asset representing the right-of-use underlying asset during the lease term. The lease liability is measured at the present value of lease payments over the lease term. As our leases typically do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date taking into consideration necessary adjustments for collateral, depending on the facts and circumstances of the lessee and the leased asset, and term to match the lease term. The operating lease asset is measured at cost, which includes the initial measurement of the lease liability and initial direct costs incurred by us and excludes lease incentives. Operating lease assets and liabilities are shown separately in our Consolidated Balance Sheets.

Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease costs are recognized on a straight-line basis over the lease term. Lease agreements that contain both lease and non-lease components are generally accounted for separately.

## **INCOME TAXES**

We account for income taxes using the liability method under ASC 740, Accounting for Income Taxes, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events included in the financial statements. Under the liability method, we determine deferred tax assets and liabilities based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which we expect the differences to reverse. We reduce deferred tax assets by a valuation allowance when it is more likely than not that we will not realize some component or all of the deferred tax assets.

## **SHARE BASED COMPENSATION**

We estimate the fair value of each award granted from our stock option plan at the date of grant using the Black-Scholes option pricing model. The fair value is recognized as expense over the service period, net of estimated forfeitures, using the straight-line method. The estimation of share-based awards that will ultimately vest requires judgment, and, to the extent actual results or updated estimates differ from current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. We primarily consider historical experience when estimating expected forfeitures.

## NOTE 2 - BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

### 2024

#### *Business Combinations*

Effective July 11, 2024, we purchased substantially all the assets of an applicant tracking technology company based out of South Dakota for an innovative hiring solution designed to streamline the recruitment process for businesses. This strategic acquisition reinforces Asure's commitment to delivering comprehensive, user-friendly tools that simplify people management. The aggregate purchase price paid for the business was \$15,162, consisting of \$7,900 paid in cash on hand, \$3,000 in the form of a promissory note (\$1,716 net of discount), and 525 shares of Asure common stock, which had a fair value of \$4,262 on the day of acquisition. As of December 31, 2024, the promissory note had an outstanding principal balance of \$3,000 and matures on July 1, 2029.

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

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

The operations included in our financial statements for the year ended December 31, 2024, and pro forma revenue and earnings amounts on a combined basis as if this acquisition had been completed on January 1, 2023, are immaterial to the consolidated financial statements and have been excluded.

#### *Asset Acquisitions*

During the year ended December 31, 2024, we completed eleven customer relationship asset acquisitions. The total purchase price of these acquisitions was \$14,049, which consisted of \$5,842 of cash paid during the year ended December 31, 2024, \$1,958 of cash to be paid over the next 12 months, the delivery of promissory notes in the amount of \$1,386, net of discounts, and the delivery of 500 shares of Asure common stock, which had an aggregate fair value of \$4,863 at the acquisition dates. The purchase price for certain acquisitions is subject to adjustments for contingent events to be resolved primarily over the next one to three years, including revenue generated from the acquired assets. The acquired customer relationships are recorded as intangible assets and are being amortized on a straight-line basis over eight years. As of December 31, 2024, the outstanding principal balance of the promissory notes for these acquisitions was \$1,663.

### 2023

During the year ended December 31, 2023, we completed four customer relationship asset acquisitions. The total purchase price of these acquisitions was \$9,705, which consisted of \$7,887 of cash paid during the year ended December 31, 2023, \$609 of cash paid during the year ended December 31, 2024, and the delivery of a promissory note in the amount of \$1,209, net of discounts. The acquired customer relationships are recorded as intangible assets and are being amortized on a straight-line basis over eight years. As of December 31, 2024, the outstanding principal balance of the promissory note for these acquisitions was \$1,500.

### 2021

In September 2021, we acquired certain assets of a payroll business, which were used to provide payroll processing services. In connection with the acquisition, there was an outstanding promissory note payable. The promissory note also includes contingent consideration for which we calculated the final value to be \$587. The contingent consideration was added as an increase to the principal balance due on the promissory note during the second quarter of 2023. As of December 31, 2024, the promissory note had an outstanding balance of \$3,780 and matures on September 30, 2026.

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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

- Level 1: Quoted prices in active markets for *identical* assets or liabilities;
- Level 2: Quoted prices in active markets for *similar* assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities; and model-driven valuations whose significant inputs are observable; and
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value hierarchy for our financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2024, and December 31, 2023, respectively (in thousands):

	<b>Total Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>December 31, 2024</b>				
<b>Assets:</b>				
Funds held for clients				
Money market funds	\$ 8,105	\$ 8,105	\$ —	\$ —
Available-for-sale securities	68,328	—	68,328	—
<b>Total</b>	<b>\$ 76,433</b>	<b>\$ 8,105</b>	<b>\$ 68,328</b>	<b>\$ —</b>
<b>December 31, 2023</b>				
<b>Assets:</b>				
Funds held for clients				
Money market funds	\$ 3,431	\$ 3,431	\$ —	\$ —
Available-for-sale securities	71,770	—	71,770	—
<b>Total</b>	<b>\$ 75,201</b>	<b>\$ 3,431</b>	<b>\$ 71,770</b>	<b>\$ —</b>

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

	Amortized Cost	Gross Unrealized Gains <sup>(1)</sup>	Gross Unrealized Losses <sup>(1)</sup>	Aggregate Estimated Fair Value
<b>December 31, 2024</b>				
Restricted cash equivalents	\$ 8,115	\$ —	\$ (10)	\$ 8,105
Available-for-sale securities:				
Certificates of deposit	—	—	—	—
Corporate debt securities	63,253	164	(619)	62,798
Municipal bonds	3,194	—	(104)	3,090
U.S. Government agency securities	2,449	6	(15)	2,440
Total available-for-sale securities	68,896	170	(738)	68,328
<b>Total<sup>(2)</sup></b>	<b>\$ 77,011</b>	<b>\$ 170</b>	<b>\$ (748)</b>	<b>\$ 76,433</b>
<b>December 31, 2023</b>				
Restricted cash equivalents	\$ 3,447	\$ —	\$ (16)	\$ 3,431
Available-for-sale securities:				
Certificates of deposit	845	2	(1)	846
Corporate debt securities	67,277	258	(1,090)	66,445
Municipal bonds	4,251	—	(239)	4,012
U.S. Government agency securities	500	—	(33)	467
Total available-for-sale securities	72,873	260	(1,363)	71,770
<b>Total<sup>(2)</sup></b>	<b>\$ 76,320</b>	<b>\$ 260</b>	<b>\$ (1,379)</b>	<b>\$ 75,201</b>

(1) Unrealized gains and losses on available-for-sale securities are included as a component of comprehensive loss. As of December 31, 2024, and December 31, 2023, there were 45 and 54 securities, respectively, in an unrealized gain position and there were 89 and 113 securities in an unrealized loss position, respectively. As of December 31, 2024, these unrealized losses were less than \$38 individually and \$738 in the aggregate. As of December 31, 2023, these unrealized losses were less than \$61 individually and \$1,363 in the aggregate. We invest in high quality securities with roughly 64% of our portfolio made up of A ratings and above with unrealized losses primarily attributable to macroeconomic factors rather than credit related. We have no material individual securities that have been in a continuous unrealized loss position greater than twelve months. We do not intend to sell these investments, and we do not expect to sell these investments before recovery of their amortized cost basis, which may be at maturity. We review our investments to identify and evaluate investments that indicate possible credit losses. Factors considered in determining whether a loss is a credit loss include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the investee, and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value.

(2) At December 31, 2024, and December 31, 2023, none of these securities were classified as cash and cash equivalents on the accompanying Consolidated Balance Sheets.

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

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

	2024	2023
Restricted cash and cash equivalents held to satisfy client funds obligations	\$ 124,287	\$ 147,305
Restricted short-term marketable securities held to satisfy client funds obligations	5,273	10,042
Restricted long-term marketable securities held to satisfy client funds obligations	63,055	61,728
Total funds held for clients	\$ 192,615	\$ 219,075

Expected maturities of available-for-sale securities as of December 31, 2024, are as follows (in thousands):

One year or less	\$	5,273
After one year through five years		63,055
	<u>\$</u>	<u>68,328</u>

#### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023, consisted of the following (in thousands):

	Estimated Useful Life (in years)	2024	2023
Furniture and equipment	2 to 5	\$ 8,273	\$ 7,950
Software development costs	3	31,305	25,242
Software	2 to 5	3,063	2,808
Leasehold improvements	2 to 5	2,595	2,516
Gross property and equipment		45,236	38,516
Less: accumulated depreciation and amortization		(25,567)	(23,999)
Property and equipment, net		<u>\$ 19,669</u>	<u>\$ 14,517</u>

We record the depreciation and amortization of our property and equipment as depreciation expense on our Consolidated Statements of Comprehensive Loss. We record depreciation expenses using the straight-line method over the estimated useful lives of the assets, as noted above. Depreciation and amortization expenses relating to property and equipment were \$5,720 and \$5,094 for the years ended December 31, 2024 and 2023, respectively.

We acquired software development costs from prior acquisitions and we continue to invest in software development. We are developing products which we intend to offer utilizing software as-a-service (“SaaS”). We follow the guidance of ASC 350-40, Intangibles—Goodwill and Other—Internal-Use Software, for development costs related to these new products. Costs incurred in the planning stage are expensed as incurred while costs incurred in the application and infrastructure stage are capitalized, assuming such costs are deemed to be recoverable. Costs incurred in the operating stage are generally expensed as incurred except for significant upgrades and enhancements. Capitalized software costs are amortized over the software’s estimated useful life, which management has determined to be three years. During the years ended December 31, 2024 and 2023, we capitalized \$10,187 and \$7,027 of software development costs, respectively.

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

	2023	Acquisitions	2024
Goodwill	\$ 86,011	\$ 8,713	\$ 94,724

We believe significant synergies are expected to arise from our strategic acquisitions and their assembled work forces. This factor contributed to a purchase price that was in excess of the fair value of the net assets acquired and, as a result, we recorded goodwill for each acquisition. A portion of acquired goodwill will be amortizable for tax purposes. As of December 31, 2024, there has been no impairment of goodwill based on the qualitative assessments we have performed.

Gross Intangible Assets	2023	Acquisitions	2024
Customer relationships	\$ 127,843	\$ 20,254	\$ 148,097
Developed technology	12,001	3,200	15,201
Trade names	880	—	880
Non-compete agreements	1,032	—	1,032
	<u>\$ 141,756</u>	<u>\$ 23,454</u>	<u>\$ 165,210</u>

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The gross carrying amount and accumulated amortization of our intangible assets as of December 31, 2024 and 2023, are as follows (in thousands, except weighted average periods):

	Weighted Average Amortization Period (in Years)	Gross	Accumulated Amortization	Net
<b>December 31, 2024</b>				
Customer relationships	8.6	\$ 148,097	\$ (83,074)	\$ 65,023
Developed technology	6.5	15,201	(11,201)	4,000
Trade names	4.3	880	(880)	—
Non-compete agreements	5.2	1,032	(941)	91
	8.3	<u>\$ 165,210</u>	<u>\$ (96,096)</u>	<u>\$ 69,114</u>
<b>December 31, 2023</b>				
Customer relationships	8.5	\$ 127,843	\$ (67,165)	\$ 60,678
Developed technology	6.9	12,001	(10,701)	1,300
Trade names	4.3	880	(880)	—
Non-compete agreements	5.2	1,032	(928)	104
	8.4	<u>\$ 141,756</u>	<u>\$ (79,674)</u>	<u>\$ 62,082</u>

We record amortization expenses using the straight-line method over the estimated useful lives of the intangible assets, as noted above. Amortization expenses recorded in operating expenses were \$16,222 and \$13,623 for the years ended December 31, 2024 and 2023, respectively. Amortization expenses recorded in cost of sales were \$200 and \$418 for the years ended December 31, 2024 and 2023, respectively. There was no impairment of intangibles during the year ended December 31, 2024, based on the qualitative assessment we performed. However, if market, political and other conditions over which we have no control continue to affect the capital markets and our stock price declines, we may experience an impairment of our intangibles in future quarters.

The following table summarizes the future estimated amortization expense relating to our intangible assets as of December 31, 2024 (in thousands):

2025	\$ 16,897
2026	13,802
2027	11,607
2028	10,162
2029	7,999
Thereafter	8,647
	<u>\$ 69,114</u>

**NOTE 6 - NOTES PAYABLE**

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

	Maturity	Cash Interest Rate	December 31, 2024	December 31, 2023
Notes Payable – Acquisitions <sup>(1)</sup>	10/01/25 - 07/01/29	2.00% - 5.00%	\$ 9,943	\$ 5,700
Notes Payable – Other	11/01/25	10.00%	5,000	—
<b>Total Notes Payable</b>			<u>\$ 14,943</u>	<u>\$ 5,700</u>

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

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

	Gross Notes Payable	Debt Issuance Costs and Debt Discount	Net Notes Payable
<b>December 31, 2024</b>			
Current portion of notes payable	\$ 7,578	\$ (570)	\$ 7,008
Notes payable, net of current portion	7,365	(1,656)	5,709
Total	<u>\$ 14,943</u>	<u>\$ (2,226)</u>	<u>\$ 12,717</u>
<b>December 31, 2023</b>			
Current portion of notes payable	\$ 420	\$ (393)	\$ 27
Notes payable, net of current portion	5,280	(998)	4,282
Total	<u>\$ 5,700</u>	<u>\$ (1,391)</u>	<u>\$ 4,309</u>

The following table summarizes the future principal payments related to our outstanding debt as of December 31, 2024 (in thousands):

2025	\$ 7,578
2026	4,365
2027	—
2028	—
2029	3,000
Total	<u>\$ 14,943</u>

#### *Notes Payable - Acquisitions*

As of December 31, 2024, we have five promissory notes related to acquisitions that occurred during 2024 and prior years with a combined outstanding principal balance of \$9,943 and maturity dates ranging from October 1, 2025 to July 1, 2029. See Note 2 — *Business Combinations and Asset Acquisitions* for further discussion regarding the issuance of notes payable related to acquisitions.

#### *Notes Payable - Other*

In November 2024, we delivered a promissory note to an unrelated third party in exchange for cash. As of December 31, 2024, the promissory note had an outstanding principal balance of \$5,000 and matures on November 1, 2025.

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

On September 12, 2023, we terminated the Loan and Security Agreement (the “Loan Agreement”), among the Company, Structural Capital Investments III, LP (“Structural” and together with the other lenders that were parties thereto, the “Lenders”), and Ocean II PLO LLC, as administrative and collateral agent for the Lender and repaid the outstanding balance on the secured promissory note issued under the Loan Agreement (the “Note”). In connection with the termination, we paid the Agent for the benefit of the Lenders an aggregate amount of \$30,927 (the “Payoff Amount”) in full payment of our outstanding obligations under the Loan Agreement. The Payoff Amount represented \$30,617 of outstanding principal and interest on the unpaid principal balance, a 1.0% prepayment fee in the amount of \$306 and \$5 for the accrued non-utilization fee and lender expenses associated with the extinguishment. As of December 31, 2024, there are no further amounts due or owing under the Facility.

On August 7, 2023, we entered into an amendment to the Loan Agreement, whereby the Final Payment Fee (as defined in the Loan Agreement) was settled for \$1,677 (the “Settled Amount”), which was paid on August 7, 2023. The Final Payment Fee was originally equal to 1.0% of the increase in our market capitalization since September 10, 2021, and was due upon payment in full of the obligations under the Loan Agreement. We also paid the Lenders a breakup fee equal to \$250.

## **NOTE 7 - CONTRACTS WITH CUSTOMERS AND REVENUE CONCENTRATION**

### **Receivables**

Receivables from contracts with customers, net of allowance for credit losses of \$6,328, were \$18,154 at December 31, 2024. Receivables from contracts with customers, net of allowance for credit losses of \$4,787, were \$14,202 at December 31, 2023. We had a provision for expected losses of \$46, write-offs charged against the allowance for credit losses of \$68, and recoveries on previously written off receivables of \$1,563 during the year ended December 31, 2024. We had a provision for expected losses of \$2,047, write-offs charged against the allowance for credit losses of \$735, and recoveries on previously written off receivables of \$227 during the year ended December 31, 2023. No customers represented more than 10% of our net accounts receivable balance as of December 31, 2024 and 2023.

### **Contract Assets**

#### *Costs to Fulfill Contracts*

Contract assets from contracts with customers were \$1,712 at December 31, 2024, with no balance at December 31, 2023. The establishment of contract assets during the year ended December 31, 2024, is due to new multi-year arrangements that began in 2024.

#### *Costs to Obtain Contracts*

Deferred commission costs from contracts with customers were \$12,351 and \$10,302 at December 31, 2024, and December 31, 2023, respectively. The amount of amortization recognized for the years ended December 31, 2024, and December 31, 2023, was \$2,568 and \$2,803, respectively.

### **Deferred Revenue**

During the years ended December 31, 2024 and 2023, revenue of \$6,626 and \$7,488, respectively, was recognized from the deferred revenue balance at the beginning of each period.

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

As of December 31, 2024, approximately \$79,095 of revenue is expected to be recognized from remaining performance obligations. We expect to recognize revenue on approximately 32% of these remaining performance obligations over the next 12 months, with the balance recognized thereafter.

During the year ended December 31, 2024, various multi-year arrangements were finalized primarily driving the increase in our deferred revenue balances as of December 31, 2024, compared to December 31, 2023. The arrangement is also driving the decrease in our transaction price estimated to be recognized during the next 12 months from 87% as of December 31, 2023, to 32% as of December 31, 2024.

### **Revenue Concentration**

During the years ended December 31, 2024 and 2023, there were no customers that individually represented 10% or more of consolidated revenue.

## **NOTE 8 - COMMITMENTS AND CONTINGENCIES**

### ***Lease Commitments***

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

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We record base rent expense under the straight-line method over the term of the lease. In the accompanying Consolidated Statements of Comprehensive Loss, rent expense is included in operating expenses under general and administrative expenses. The components of the rent expense for the years ended December 31, 2024 and 2023, are as follows (in thousands):

	2024	2023
Operating lease cost	\$ 1,948	\$ 2,397
Sublease income	(4)	(18)
Net rent expense	<u>\$ 1,944</u>	<u>\$ 2,379</u>

For purposes of calculating the operating lease assets and lease liabilities, extension options are not included in the lease term unless it is reasonably certain we will exercise the option, or the lessor has the sole ability to exercise the option. The weighted average discount rate of our operating leases is 10% as of December 31, 2024 and 2023. The weighted average remaining lease term is four years and five years as of December 31, 2024 and 2023, respectively.

Supplemental cash flow information related to operating leases for the years ended December 31, 2024 and 2023, are as follows (in thousands):

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 2,106	\$ 2,556
Non-cash operating activities:		
Operating lease assets obtained or removed in exchange for new, modified or terminated operating lease liabilities	\$ 419	\$ (546)

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

2025	\$ 1,866
2026	1,302
2027	1,088
2028	1,023
2029	683
Thereafter	235
Total minimum lease payments	<u>6,197</u>
Less: imputed interest	(1,181)
Total lease liabilities	<u>\$ 5,016</u>

### Contingencies

Although we have been, are, and in the future may be, the defendant or plaintiff in various actions arising in the normal course of business, as of December 31, 2024, we were not currently a party to any material legal proceedings.

### NOTE 9 - STOCKHOLDERS' EQUITY, EMPLOYEE BENEFIT PLANS AND SHARE-BASED COMPENSATION

#### Shelf Registration

In April 2024, we filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission ("SEC") to provide access to additional capital, if needed. Pursuant to the shelf registration statement, we may from time to time offer to sell in one or more offerings shares of our common stock or other securities having an aggregate value of up to \$150,000. The shelf registration statement relating to these securities became effective on April 19, 2024. As of December 31, 2024, there is \$150,000 available under the shelf registration statement.

On October 31, 2024, we entered into a Sales Agreement (the “Sales Agreement”) with Roth Capital Partners, LLC (“Roth”). The Sales Agreement provides for the offer and sale of up to \$25,000 of our newly issued common stock as registered under the April 2024 shelf registration, from time to time through an “at the market offering” program. We will specify the parameters for the sale of the shares of common stock, including the number of shares to be issued, the time period during which sales are requested to be made, any limitation on the number of shares that may be sold in any one trading day and any minimum price below which sales may not be made. We may offer and sell up to \$25,000 of shares of common stock pursuant to the Sales Agreement. Actual sales of common stock under the Sales Agreement will depend on a variety of factors including, among other things, market conditions, the trading price of the common stock and potential funding needs. As a result, the full amount of capital may not be fully realized. We intend to use the net proceeds from these at-market offerings, if any, for general corporate purposes. Our general corporate purposes include, but are not limited to, repayment or refinancing of debt, capital expenditures, funding possible acquisitions, working capital and satisfaction of other obligations. As of December 31, 2024, there are \$25,000 of shares of common stock available for issuance under this agreement.

On August 16, 2023, we entered into an underwriting agreement (the “Underwriting Agreement”) with Stifel, Nicolaus & Company, Incorporated and Craig-Hallum Capital Group LLC, as representatives of the several underwriters named therein (collectively, the “Underwriters”), relating to a firm commitment offering of 3,333 newly issued shares of our common stock at a public offering price of \$12.00 per share (the “2023 Offering”). On August 21, 2023, we completed the 2023 Offering, and realized net proceeds of \$37,395, after deducting underwriting discounts and offering expenses of \$2,605. Additionally, on August 30, 2023, the Underwriters exercised their option to purchase an additional 500 shares of our common stock, and we realized net proceeds of \$5,507, after deducting underwriting discounts and offering expenses of \$493.

Also in April 2024, we filed an acquisition shelf registration statement on Form S-4 with the SEC to allow for us to issue securities in future business combinations. Pursuant to the acquisition shelf registration statement, we may from time to time issue up to 12,500 shares of our common stock as consideration in future business combinations. The shelf registration statement relating to these securities became effective on April 19, 2024. As of December 31, 2024, there are 11,925 shares of common stock available for issuance under this acquisition shelf registration statement.

### **Share Repurchase Program**

On December 12, 2023, the Board of Directors amended and restated our prior Stock Repurchase Plan to authorize us to purchase up to \$10,000 in shares of our common stock, but no more than \$1,500 in shares of our common stock during any calendar quarter. Share repurchases must occur during an open trading window under our insider trading policy and the number of shares that we can purchase on any trading day may not exceed 10% of the trading volume on such trading day. The Stock Repurchase Plan sunsets on September 30, 2025.

Under the Stock Repurchase Plan, we may repurchase shares in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The extent to which we repurchase our shares, and the timing of such repurchases, will depend upon a variety of factors, including market conditions, regulatory requirements and other corporate considerations, as determined by management. The repurchase program may be extended, suspended or discontinued at any time. We expect to finance the program from existing cash resources.

### **Stock and Stock Option Plans**

We have one active equity plan, the 2018 Incentive Award Plan (the “2018 Plan”).

Employees and consultants of the Company, its subsidiaries and affiliates, as well as members of our board, are eligible to receive awards under the 2018 Plan. The 2018 Plan provides for the grant of stock options, including incentive stock options (“ISOs”) and nonqualified stock options (“NQSOs”), stock appreciation rights, restricted stock, restricted stock units (“RSUs”), performance bonus awards, performance stock unit awards (“PSUs”), other stock or cash-based awards and dividend equivalents to eligible individuals. We generally grant stock options with exercise prices equal to the fair market value at the time of grant. The options generally vest over three to four years and are exercisable for a period of five to ten years beginning with the date of grant.

The number of shares available for issuance under the 2018 Plan is 4,748 shares. We have 1,283 options, 754 RSUs, and 368 PSUs granted and outstanding pursuant to the 2018 Plan as of December 31, 2024.

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We use the Black-Scholes option valuation model to value employee stock awards. We estimate stock price volatility based upon our historical volatility. Estimated option life and forfeiture rate assumptions are derived from historical data. For stock-based compensation awards with graded vesting, we recognize compensation expense using the straight-line amortization method.

Total compensation expense recognized in the Consolidated Statements of Comprehensive Loss for stock based awards was \$6,444 and \$5,430 for 2024 and 2023, respectively.

The following table summarizes the weighted average assumptions used to develop their fair value for the years ended December 31:

	2024 <sup>(1)</sup>	2023
Grant date fair value	\$ —	\$ 5.30
Risk-free interest rate	— %	3.63 %
Expected volatility	— %	52 %
Expected life (in years)	0.00	3.35
Dividend yield	—	—

(1) No employee stock options granted in 2024.

As of December 31, 2024, we reserved shares of common stock for future issuance under the 2018 Plan as follows (in thousands):

Options, PSUs and RSUs outstanding	2,406
Shares available for future grant	1,015
Shares reserved	<u>3,421</u>

The following table summarizes activity related to options during the year ended December 31, 2024:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, beginning of year	1,397	\$ 7.30		
Granted	—	—		
Exercised	(104)	6.65		
Cancelled	(10)	6.76		
Outstanding, end of year	<u>1,283</u>	<u>\$ 7.36</u>	1.49	\$ 2,673
Vested and expected to vest	1,281	\$ 7.36	1.49	\$ 2,670
Exercisable	1,244	\$ 7.35	1.45	\$ 2,586

The total intrinsic value of options exercised during the years ended December 31, 2024 and 2023, was \$225 and \$2,154, respectively. As of December 31, 2024, total compensation cost not yet recognized related to nonvested share options was \$108, which is expected to be recognized over a weighted average period of 0.68 years.

The following table summarizes activity related to RSUs during the year ended December 31, 2024 (in thousands, except for weighted average grant date fair value):

	Shares	Weighted Average Grant Date Fair Value
Outstanding, beginning of year	519	\$ 10.87
Granted	571	9.19
Vested	(319)	10.91
Forfeited	(17)	10.17
Outstanding, end of year	<u>754</u>	<u>\$ 9.59</u>

The total fair value of RSUs vested during the years ended December 31, 2024 and 2023, was \$3,481 and \$2,126, respectively. As of December 31, 2024, total compensation cost not yet recognized related to nonvested RSUs was \$4,335, which is expected to be recognized over a weighted average period of 1.90 years.

The following table summarizes activity related to PSUs during the year ended December 31, 2024 (in thousands, except for weighted average grant date fair value):

	Shares	Weighted Average Grant Date Fair Value
Outstanding, beginning of year	304	\$ 9.49
Granted	220	9.04
Performance adjustments	(47)	9.15
Vested	(109)	9.49
Forfeited	—	—
Outstanding, end of year	<u>368</u>	<u>\$ 9.26</u>

As of December 31, 2024, total compensation cost not yet recognized related to nonvested PSUs was \$682 which is expected to be recognized over a weighted average period of 1.68 years.

As of December 31, 2024, we had 1,015 shares available for grant pursuant to the 2018 Plan.

#### 401(k) Savings Plan

We sponsor a defined contribution 401(k) plan that is available to substantially all employees. Our Board of Directors may amend or terminate the plan at any time. Defined contribution plan expense was \$2,061 and \$1,705 during the years ended December 31, 2024 and 2023, respectively.

#### Employee Stock Purchase Plan

Our Employee Stock Purchase Plan (“Purchase Plan”) was approved by the stockholders in June 2017. The Purchase Plan allows all eligible employees to purchase a limited number of shares of our common stock during pre-specified offering periods at a discount established by the Board of Directors, not to exceed 15% of the fair market value of the common stock, at the beginning or end of the offering period (whichever is lower). Under the ESPP, 875 shares were reserved for issuance of which there remains 409 shares available for future issuance.

**NOTE 10 - INCOME TAXES**

The components of the provision (benefit) for income taxes attributable to continuing operations for the years ended December 31, 2024 and 2023, are as follows (in thousands):

	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Federal	\$ 9	\$ (57)
State	40	(59)
Total current	\$ 49	\$ (116)
<b>Deferred</b>		
Federal	\$ 532	\$ 184
State	352	41
Total deferred	\$ 884	\$ 225
Total tax provision	\$ 933	\$ 109

Our provision for income taxes attributable to continuing operations for the years ended December 31, 2024 and 2023, differ from the expected tax expense (benefit) amount computed by applying the statutory federal income tax rate of 21% to income before income taxes as a result of the following:

	<b>2024</b>	<b>2023</b>
Computed at statutory rate	\$ (2,276)	\$ (1,912)
State tax, net of federal benefit	(377)	(686)
Permanent items and other	76	7
Officer's compensation limitation	345	56
Stock compensation	109	(428)
Credit carryforwards	759	(800)
Change in tax carryforwards not benefited	—	591
Change in valuation allowance	2,297	3,281
	\$ 933	\$ 109

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred taxes for the years ended December 31, 2024 and 2023, are as follows (in thousands):

	2024	2023
<b>Deferred tax assets</b>		
Net operating losses	\$ 10,914	\$ 11,643
Research and development credit carryforwards	3,500	4,255
Stock compensation	2,135	1,681
Fixed assets	24	—
Capitalized Software	3,254	2,012
Acquired intangibles	2,722	857
Lease liabilities	1,314	1,581
Accrued expenses	2,244	1,387
Deferred revenue	326	1
Other	34	3
Gross deferred tax assets	26,467	23,420
Less: Valuation allowance	(18,497)	(16,109)
Total deferred tax assets	\$ 7,970	\$ 7,311
<b>Deferred tax liabilities</b>		
Deferred commissions	\$ (3,236)	\$ (2,660)
Fixed assets	—	(167)
Goodwill	(6,287)	(4,924)
Right-of-use assets	(1,059)	(1,288)
Total deferred tax liabilities	\$ (10,582)	\$ (9,039)
Net deferred tax liabilities	\$ (2,612)	\$ (1,728)

At December 31, 2024, we had federal net operating loss carryforwards of \$46,576 and research and development credit carryforwards of \$3,570. We also had state net operating loss carryforwards of \$20,565 and state tax credit carryforwards of \$601. The net operating loss and research and development credit carryforwards will expire in varying amounts from 2025 through 2044, if not utilized. Approximately \$19,024 of the federal net operating loss carryforwards carry forward indefinitely, but can only offset up to 80% of taxable income.

As a result of various acquisitions by us in prior years, we may be subject to a substantial annual limitation in the utilization of the net operating losses and credit carryforwards due to the “change in ownership” provisions of Section 382 of the Internal Revenue Code of 1986. The annual limitation may result in the expiration of net operating losses before utilization. However, based on our analysis, we do not expect any material net operating losses to expire prior to utilization.

Due to the uncertainty surrounding the timing of realizing the benefits of our favorable tax attributes in future tax returns, we have placed a valuation allowance against our net deferred tax assets, exclusive of jurisdictions in which we have net deferred tax liabilities. During the year ended December 31, 2024, the valuation allowance increased by \$2,388 due primarily to operations.

Under ASC 740-10, Income Taxes, we periodically review the uncertainties and judgments related to the application of complex income tax regulations to determine income tax liabilities in several jurisdictions. We use a “more likely than not” criterion for recognizing an asset for unrecognized income tax benefits or a liability for uncertain tax positions. We have determined it has the following unrecognized assets or liabilities related to uncertain tax positions as of December 31, 2024. We do not anticipate any significant changes in such uncertainties and judgments during the next twelve months. To the extent we are required to recognize interest and penalties related to unrecognized tax liabilities, this amount will be recorded as an accrued liability. The reconciliation of our unrecognized tax benefits is as follows:

Balance at December 31, 2022	\$	566
Additions based on tax positions related to the current year		45
Additions for tax positions of prior years		64
Reductions for tax positions of prior years		(26)
Balance at December 31, 2023		649
Additions based on tax positions related to the current year		—
Additions for tax positions of prior years		—
Reductions for tax positions of prior years		(97)
Balance at December 31, 2024	\$	552

As of December 31, 2024, we had \$552 of unrecognized tax benefits, of which \$20 would affect the effective tax rate if recognized.

Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. During the twelve months ended December 31, 2024, we recognized \$5 of interest and penalties in our income tax expense.

We file tax returns in the U.S. federal jurisdiction and in several state jurisdictions. We are subject to U.S. federal income tax examinations for years ending on or after December 31, 2021 and are subject to state and local income tax examinations by tax authorities for years ending on or after December 31, 2020. We are not currently under audit for any federal or state jurisdictions. However, since we have net operating losses, the taxing authorities have the ability to review tax returns no longer subject to examination and make adjustments to these net operating loss carryforwards.

#### **NOTE 11 - NET LOSS PER SHARE**

We compute net loss per share based on the weighted average number of common shares outstanding for the period. Diluted net loss per share reflects the maximum dilution that would have resulted from incremental common shares issuable upon the exercise of stock options or vesting of RSUs and in some cases PSUs. In periods of net income, we compute the adjustment to the denominator of our dilutive net earnings per share calculation to include these stock options, RSUs, and PSUs, as applicable, using the treasury stock method. Regardless of the period resulting in net income or net loss, we exclude the adjustment to the denominator of our dilutive net loss per share calculation to the extent that they are anti-dilutive. We have excluded stock options and restricted stock units reflecting 297 shares for the year ended December 31, 2024, and 15 shares for the year ended December 31, 2023, from the computation of the diluted shares because the effect of including the stock options and restricted stock units would have been anti-dilutive.

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

	<b>2024</b>	<b>2023</b>
<b>Basic:</b>		
Net loss	\$ (11,773)	\$ (9,214)
Weighted-average shares of common stock outstanding	26,054	22,138
Basic loss per share	<u>\$ (0.45)</u>	<u>\$ (0.42)</u>
<b>Diluted:</b>		
Net loss	\$ (11,773)	\$ (9,214)
Weighted-average shares of common stock outstanding	26,054	22,138
Diluted loss per share	<u>\$ (0.45)</u>	<u>\$ (0.42)</u>

**NOTE 12 - SEGMENT INFORMATION**

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

The operating financial results of our single reportable segment for the years ended December 31, 2024 and 2023, are as follows (in thousands):

	<b>2024</b>	<b>2023</b>
Total revenues	\$ 119,792	\$ 119,082
<b>Significant segment expenses</b>		
Compensation	83,547	73,095
Non-compensation	30,792	34,668
Deferred software and commission costs	(12,398)	(10,249)
Amortization, depreciation, and other noncash expenses	29,522	24,676
Other segment expenses	102	6,106
Total expenses	<u>131,565</u>	<u>128,296</u>
Net loss	<u>\$ (11,773)</u>	<u>\$ (9,214)</u>

See the consolidated financial statements for other financial information regarding our reportable segment.

**NOTE 13 - SUBSEQUENT EVENTS**

Subsequent to December 31, 2024, but before the filing of the financial statements, we completed two customer relationship asset acquisitions. The total purchase price of these acquisitions was \$7,801, which consisted of \$6,501 of cash paid at close, \$150 of cash to be paid over the next 12 months, and the delivery of promissory notes in the amount of \$1,150, net of discounts, with maturity dates ranging from August 19, 2026, to January 1, 2027.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DOCUMENTS**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

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

Our management, with the participation of our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act, as of December 31, 2024. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the United States Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of December 31, 2024, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level because of the existence of a material weakness as described below in Management’s Report on Internal Control over Financial Reporting. Notwithstanding the material weakness in our internal control over financial reporting described below, management believes that the consolidated financial statements and related financial information included in this Annual Report fairly present in all material respects our financial condition, results of operations, and cash flows as of the dates presented, and for the periods ended on such dates, in conformity with accounting principles generally accepted in the United States of America.

### **Management’s Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Our management, including our chief executive officer and chief financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on such assessment, management has concluded that our internal control over financial reporting was ineffective as of December 31, 2024. The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Marcum LLP, an independent registered public accounting firm, as stated in its report which is included in Item 8 of this Annual Report on Form 10-K.

### **Identified Material Weakness**

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

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

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

#### **Management's Plan to Remediate the Identified Material Weakness**

The above-described material weakness has not been fully remediated as of the filing of this Annual Report on Form 10-K. Since identifying the material weakness described above, management, with oversight from the Audit Committee, has begun to implement enhanced policies, including changes to completely capture program and data change logs. These controls and procedures are intended to address the identified material weakness and to enhance the Company's overall internal control over financial reporting. Specifically, the Company has configured its back-ups for its production environment to retain complete program and data change logs. It also intends to implement automated tracking tools to ensure that all program and data changes are recorded and logged.

As management continues to evaluate and improve the Company's internal control over financial reporting and disclosure controls and procedures, management may determine to take additional measures to improve controls and determine to modify the remediation plan described above. The Company is working to remediate the material weakness as efficiently and effectively as possible, but the material weakness cannot be considered fully remediated until the updated policies and changes to the production environment have been in place and operated for a sufficient period of time to enable management to conclude, through testing, that these controls are designed and operating effectively. Accordingly, management will continue to monitor and evaluate the effectiveness of our internal control over financial reporting in the activities affected by the material weakness described above.

#### **Changes in Internal Control Over Financial Reporting**

Other than the material weakness and remediation plan discussed above, there have been no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the fourth quarter of the year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Stockholders and Board of Directors of  
Asure Software, Inc.

### Adverse Opinion on Internal Control over Financial Reporting

We have audited Asure Software, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness described in the subsequent paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in "Management's Annual Report on Internal Control Over Financial Reporting":

It was determined that as of December 31, 2024, the Company had ineffective design and operation of controls over program change management due to a lack of complete program and data change logs for certain financially relevant applications. Automated process-level and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the fiscal December 31, 2024 consolidated financial statements, and this report does not affect our report dated March 6, 2025 on those financial statements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets as of December 31, 2024 and 2023 and the related consolidated statements of comprehensive loss, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2024 and our report dated March 6, 2025 expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that degree of compliance with the policies or procedures may deteriorate.

/s/ Marcum LLP

Marcum LLP  
Los Angeles, California  
March 6, 2025

**ITEM 9B. OTHER INFORMATION**

(a)

**Performance Stock Unit Grants**

Effective January 1, 2025, the Compensation Committee of the Board of Directors (the “Compensation Committee”) approved the grant of performance stock units (“PSU”) pursuant to a Performance Stock Unit Award Grant Notice and Performance Stock Unit Award Agreement (the “PSU Award Agreement”) under the 2018 Plan to Patrick Goepel, John Pence and Eyal Goldstein payable in the form of RSUs. A form of the PSU Award Agreement is attached to this Annual Report as Exhibit 10.14. The PSU Award Agreements set target and maximum levels of awards based on the achievement of Performance Metrics (as defined in the PSU Award Agreement) through the Performance Period (as defined in the PSU Award Agreement). The RSUs granted pursuant to the PSU Award Agreement will vest over a three-year as follows: (a) 38.89% of the RSUs will vest on the Final Payment Date (as defined in the PSU Award Agreement) if the Final Payment Date is in February 2026 or 41.67% of the RSUs will vest on the Final Payment Date if the Final Payment Date is in March 2026; and (b) the remaining RSUs will vest in equal monthly installments beginning on the first day of the calendar month after the Final Payment Date through and including January 1, 2028.

(b)

During the three months ended December 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended), adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended ).

(c)

The Company has been in discussions with a number of lenders regarding the entry of a credit facility. Based on these discussions, (i) the size of the facility is expected to allow the Company to borrow between \$20.0 million to \$60.0 million; (ii) the facility is expected to have a term of 48-60 months; (iii) the facility is expected to be secured by all of the assets of the Company and its subsidiaries, and (iv) interest is expected to accrue on the outstanding balance of the loan at a rate of Term SOFR plus a range of 4.0% to 7.0%. For this purpose, “Term SOFR” will mean the per annum rate equal to the 30-day forwarding looking Term SOFR, as published by the CME Group Benchmark Administration Limited.

The Company has agreed to negotiate exclusively with one lender until April 13, 2025. The Company is in the very early stages of negotiating a credit agreement with this lender and no definitive agreements have been reached as to size of the facility, the interest rate to be charged, the financial and other covenants that the Company will bound to or other material terms of the credit agreement. Accordingly, there can be no assurance about the timing or terms of the definitive credit agreement, that a definitive credit agreement will be entered into by the Company with the lender or its affiliates on the above terms or otherwise, or that any financing transaction will be consummated. The Company assumes no obligation to comment on or disclose further developments regarding the facility unless and until a definitive agreement has been entered.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

None.

## PART III

### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Except as set forth below, the information required under this Item is incorporated by reference to the information set forth in our definitive proxy statement for our 2025 annual meeting of shareholders under the headings “Item 1 – Election of Directors and Other Matters.”

#### Code of Ethics

We have adopted a code of ethics entitled “Code of Business Conduct and Ethics” that applies to directors, officers and employees. It may be accessed through the “Corporate Governance” section of our website at [investor.asuresoftware.com/corporate-governance](http://investor.asuresoftware.com/corporate-governance). Asure also elects to disclose the information required by Form 8-K, Item 5.05, “Amendments to the Registrant’s Code of Ethics, or Waiver of a Provision of the Code of Ethics,” through our website, and such information will remain available on this website for at least a twelve month period. A copy of the “Code of Business Conduct and Ethics” is available in print to any stockholder who requests it.

### ITEM 11. EXECUTIVE COMPENSATION

The information required under this Item is incorporated by reference to the information set forth in our definitive proxy statement for our 2025 annual meeting of shareholders under the headings “Executive Compensation,” “Equity Compensation Plan Information” and “Non-Employee Director Compensation Table.”

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required under this Item is incorporated by reference to the information set forth in our definitive proxy statement for our 2025 annual meeting of shareholders under the heading “Security Ownership of Certain Beneficial Owners and Management.”

### ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required under this Item is incorporated by reference to the information set forth in our definitive proxy statement for our 2025 annual meeting of shareholders under the heading “Approval of Transactions with Related Parties.”

### ITEM 14. PRINCIPAL ACCOUNTANT AND SERVICES

The information required under this Item is incorporated by reference to the information set forth in our definitive proxy statement for our 2025 annual meeting of shareholders under the heading “Item 2 – Ratification of Independent Registered Public Accounting Firm.”

**PART IV****ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

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

(1) Financial Statements:

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

(2) Financial Statement Schedules:

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

(3) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
<a href="#">2.1</a>	<a href="#">Asset Purchase Agreement, among Evolution Payroll Processing LLC, USA Processing, Inc., Mary VanWyck-Fiannaca and Frank Fiannaca, dated as of September 30, 2021 (Previously filed as an Exhibit to the Company's Current Report on Form 8-K (File No. 1-34522), filed October 6, 2021).</a>
<a href="#">3.1</a>	<a href="#">Restated Certificate of Incorporation (Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q (File No. 1-34522), filed May 11, 2017).</a>
<a href="#">3.2</a>	<a href="#">Certificate of Amendment to Certificate of Incorporation (Previously filed as an Exhibit to the Company's Current Report on Form 8-K (File No. 1-34522), filed June 2, 2020).</a>
<a href="#">3.3</a>	<a href="#">Third Amended and Restated Bylaws (Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q (File No. 1-34522), filed November 9, 2018).</a>
<a href="#">3.4</a>	<a href="#">Amendment to No. 1 to Third Amended and Restated Bylaws (Previously filed as an Exhibit to the Company's Current Report on Form 8-K (File No. 1-34522), filed April 6, 2020).</a>
<a href="#">3.5</a>	<a href="#">Amendment to No. 2 to Third Amended and Restated Bylaws (Previously filed as Exhibit 3.5 to the Company's Annual Report on Form 10-K (File No. 1-34522) filed February 26, 2024).</a>
<a href="#">4.1</a>	<a href="#">Specimen Certificate for the Common Stock (Previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 1-34522), filed December 13, 2012).</a>
<a href="#">4.2</a>	<a href="#">Third Amended and Restated Rights Agreement, dated effective October 28, 2022 between Asure Software, Inc. and American Stock Transfer &amp; Trust Company (Previously filed as an Exhibit to the Company's Current Report on Form 8-K (File No. 1-34522), filed June 3, 2022).</a>
<a href="#">4.4</a>	<a href="#">Description of the Company's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.*</a>
<a href="#">10.1</a>	<a href="#">Stock Purchase Agreement dated September 25, 2009 with Patrick Goepel (Previously filed as an Exhibit to the Company's Current Report on Form 8-K/A (File No. 1-34522), filed September 28, 2009).</a>
<a href="#">10.2</a>	<a href="#">Amended and Restated Employment Agreement dated July 2, 2011 with Patrick Goepel (Previously filed as an Exhibit to the Company's Annual Report on Form 10-K (File No. 1-34522), filed March 30, 2012).</a>
<a href="#">10.3</a>	<a href="#">Employee Stock Purchase Plan, as amended on May 27, 2020 (Previously incorporated to the Company's Proxy Statement (File No. 1-34522) for its Annual Meeting of Shareholders held on May 27, 2020).†</a>
<a href="#">10.4</a>	<a href="#">Form of Indemnification Agreement (Previously filed as an Exhibit to the Company's Current Report on Form 8-K (File No. 1-34522), filed December 21, 2017).</a>
<a href="#">10.5</a>	<a href="#">Executive Change in Control Severance Plan (Previously filed as an Exhibit to the Company's Current Report on Form 8-K (File No. 1-34522), filed December 21, 2017).</a>
<a href="#">10.6</a>	<a href="#">First Amendment to Executive Change in Control Severance Plan, dated January 1, 2024 (Previously filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K (File No. 1-34522) filed February 26, 2024).</a>
<a href="#">10.7</a>	<a href="#">Asure Software, Inc. 2018 Incentive Award Plan, as amended on May 29, 2019, May 27, 2020 and May 31, 2022 (Previously filed as Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-34522), filed May 11, 2020).‡</a>

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
<a href="#">10.8</a>	<a href="#">Form of Stock Option Grant Notice and Stock Option Agreement under the 2018 Incentive Award Plan (Previously filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K (File No. 1-34522), filed March 11, 2021).</a> <sup>+</sup>
<a href="#">10.9</a>	<a href="#">Lease between 405 Colorado Holdings LP and Asure Software Inc., dated February 4, 2022. (Previously filed as Exhibit 10.35 to the Company's Annual Report on Form 10-K (File No. 1-34522), filed March 14, 2022).</a>
<a href="#">10.10</a>	<a href="#">Form of 2023 Performance Stock Unit Award Grant Notice and Performance Stock Unit Award Agreement under the Company's 2018 Incentive Award Plan (Previously filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K (File No. 1-34522), filed February 27, 2023).</a> <sup>+</sup>
<a href="#">10.11</a>	<a href="#">Form of 2024 Performance Stock Unit Award Grant Notice and Performance Stock Unit Award Agreement under the Company's 2018 Incentive Award Plan (Previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K (File No. 1-34522), filed February 26, 2024).</a> <sup>+</sup>
<a href="#">10.12</a>	<a href="#">Sales Agreement, dated October 31, 2024, by and between Asure Software, Inc. and Roth Capital Partners, LLC (Previously filed as Exhibit 1.1 to the Company's Current Report on Form 8-K (File No. 1-34522) filed October 31, 2024).</a>
<a href="#">10.16</a>	<a href="#">Form of 2025 Performance Stock Unit Award Grant Notice and Performance Stock Unit Award Agreement under the Company's 2018 Incentive Award Plan.</a> <sup>*,+</sup>
<a href="#">19.1</a>	<a href="#">Insider Trading Policy*</a>
<a href="#">21.1</a>	<a href="#">Subsidiaries of the Company*</a>
<a href="#">23.1</a>	<a href="#">Consent of Marcum LLP*</a>
<a href="#">31.1</a>	<a href="#">Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</a>
<a href="#">31.2</a>	<a href="#">Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</a>
<a href="#">32.1</a>	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished, not filed)**</a>
<a href="#">32.2</a>	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished, not filed)**</a>
<a href="#">97.1</a>	<a href="#">Dodd-Frank Clawback Policy (Previously filed as Exhibit 97.1 to the Company's Annual Report on Form 10-K (File No. 1-34522), filed February 26, 2024).</a>
101	The following materials from Asure Software, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2024, formatted in Inline XBRL: (1) the Consolidated Balance Sheets, (2) the Consolidated Statements of Comprehensive Loss, (3) the Consolidated Statements of Changes in Stockholders' Equity, (4) the Consolidated Statements of Cash Flows, and (5) Notes to Consolidated Financial Statements (filed herewith).
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2024, formatted as Inline XBRL and contained in Exhibit 101 (filed herewith).

<sup>+</sup> Indicates management contract or compensatory plan, contract or arrangement in which directors or executive officers participate.

<sup>\*</sup> Filed herewith.

<sup>\*\*</sup> Furnished herewith.

## ITEM 16. FORM 10-K SUMMARY

None.

**SIGNATURES**

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

**ASURE SOFTWARE, INC.**

Date: March 6, 2025

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

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>Signed</u>	<u>Title</u>	<u>Date</u>
<u>/s/ PATRICK GOEPEL</u> Patrick Goepel	Chief Executive Officer, Chairman of the Board of Directors Principal Executive Officer	March 6, 2025
<u>/s/ JOHN PENCE</u> John Pence	Chief Financial Officer Principal Financial and Accounting Officer	March 6, 2025
<u>/s/ DANIEL GILL</u> Daniel Gill	Lead Independent Director	March 6, 2025
<u>/s/ BENJAMIN ALLEN</u> Benjamin Allen	Director	March 6, 2025
<u>/s/ CARL DREW</u> Carl Drew	Director	March 6, 2025
<u>/s/ GRACE LEE</u> Grace Lee	Director	March 6, 2025
<u>/s/ BRADFORD OBERWAGER</u> Bradford Oberwager	Director	March 6, 2025
<u>/s/ BJORN REYNOLDS</u> Bjorn Reynolds	Director	March 6, 2025

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Asure Software, Inc. on Form S-3 File No. 333-278590, Form S-4 File No. 333-278589 and on Form S-8 File Nos. 333-230967, 333-232754, 333-249986, and 333-268220, of our report dated March 6, 2025, with respect to our audits of the consolidated financial statements of Asure Software, Inc. as of December 31, 2024 and 2023, and for the years ended December 31, 2024 and 2023 and our report dated March 6, 2025, with respect to our audit of internal control over financial reporting of Asure Software, Inc. as of December 31, 2024, which reports are included in this Annual Report on Form 10-K of Asure Software, Inc. for the year ended December 31, 2024

Our report on the effectiveness of internal control over financial reporting expressed an adverse opinion because of the existence of a material weakness.

/s/ Marcum LLP

Marcum LLP  
Los Angeles, California  
March 6, 2025

## CERTIFICATION OF PERIODIC REPORT

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

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

1. I have reviewed this annual report on Form 10-K of the Company for the calendar year ended December 31, 2024 (the "Report");
2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the Report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and we have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within these entities, particularly during the period in which the Report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the Report based on such evaluation; and
  - (d) Disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the quarter ended December 31, 2024) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the Audit Committee of the Board of Directors:
  - (a) All significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 6, 2025

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

## CERTIFICATION OF PERIODIC REPORT

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

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

1. I have reviewed this annual report on Form 10-K of the Company for the calendar year ended December 31, 2024 (the "Report");
2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the Report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and we have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within these entities, particularly during the period in which the Report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the Report based on such evaluation; and
  - (d) Disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the quarter ended December 31, 2024) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the Audit Committee of the Board of Directors:
  - (a) All significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 6, 2025

By: /s/ John Pence

John Pence

Chief Financial Officer and Principal Accounting Officer

**CERTIFICATION OF PERIODIC REPORT****PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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

1. The annual report on Form 10-K of the Company for the period ended December 31, 2024 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2025

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

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

**CERTIFICATION OF PERIODIC REPORT****PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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

1. The annual report on Form 10-K of the Company for the period ended December 31, 2024 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2025

By: /s/ John Pence

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John Pence  
Chief Financial Officer and Principal Accounting Officer

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