

Merger and Acquisition Policy

Effective Date: July 20, 2020

This Merger and Acquisition Policy outlines how Sage will treat (1) mergers and acquisitions involving partners, (2) partner-initiated transfers of customers to other partners, and (3) requests to consolidate multi-office partners into one account or to separate accounts into independent partners. **Sage reserves the right, in its discretion, to not recognize a purported merger or acquisition, partner-initiated transfer of customers, or consolidation of multi-office partners into one account or separation into independent partners where the substance of the transaction, rather than its form, results in or is intended to result in multi-level or group distribution of Sage products in violation of the partner's reseller agreement. Further, Sage reserves the right to unwind any previously recognized transaction that resulted in multi-level or group distribution of Sage products in violation of the partner's reseller agreement.**

In evaluating whether to recognize such transactions, Sage will act reasonably and will consider criteria such as: the totality of the circumstances surrounding the transaction and whether it is intended to circumvent restrictions in Sage's reseller agreement; and whether the partner surviving the transaction, or acquiring customers as a result of the transaction, is financially and technically capable of fulfilling its obligations to such customers and Sage following completion of such transaction.

Mergers & Acquisitions

1. Generally. Any partner that requests that Sage recognize a merger or acquisition that would result in Sage consolidating the accounts of two or more current partners or acknowledging that a non-partner is authorized to resell Sage's products must be based upon one of the following transaction types:
 - 1.1. A partner acquiring all or substantially all of the assets or ownership interests of another partner;
 - 1.2. A non-partner acquiring all or substantially all of the assets or ownership interests of a partner; or
 - 1.3. Two or more entities (where at least one entity is a partner) merging their respective businesses into one surviving entity.
2. Information Requirements. Sage will only make a final decision regarding any request to recognize one of the above-referenced transactions after receiving all of the following:
 - 2.1. A letter signed by authorized officers of the parties involved in the transaction that:
 - Describes the transaction and provides Sage with reasonable details about its substance and form and the date upon which it was or is expected to be completed;
 - Includes the transaction documents evidencing that the transaction has or will take place (redacted as reasonably necessary to protect any confidential information);
 - Where a current partner is the surviving entity of a transaction, acknowledges that the reseller agreement for any partner's business that will not exist following completion of the transaction has or will be terminated and that the employees and agents of such non-surviving business are bound by and subject to the surviving partner's reseller agreement with Sage; and
 - Where a non-partner is the surviving entity of a transaction, acknowledges that the non-partner must agree to be bound by Sage's then-current reseller agreement and that the reseller agreement for any partner's business that will not exist following completion of the transaction has or will be terminated.

- 2.2. When available, certified copies of appropriate records from the applicable secretary of state's office evidencing that the transaction has taken place (e.g., filed articles or merger certificates).
- 2.3. All other information as Sage may reasonably request in connection with its evaluation of the transaction.

Transfers of Customers Between Sage Partners

1. When a current Sage partner no longer wishes to sell or support a specific product line(s) for which they are currently authorized for, they may request to transfer such customers to another partner.
2. Sage will only make a final decision regarding any request to recognize such transfer after receiving all of the following:
 - 2.1. A letter signed by authorized officers of the parties involved in the transaction that:
 - Describes the transaction and provides Sage with reasonable details about the reason for the transfer;
 - Requests a change in the reseller of record with respect to the transferred customers for the specified product line(s);
 - Acknowledges that customer transfers, once approved by Sage, are final and cannot be reversed;
 - Includes an executed copy of the asset purchase agreement or bill of sale between the partners (redacted to protect any confidential information).
 - Attaches a proposed copy of the communication to each transferred customer to inform them of the change. This communication must include a statement that the customer has the right to contact Sage with any questions or concerns they may have.
 - If the customer base transfer represents all of the transferring partner's business, acknowledges that the transferring partner's reseller agreement will terminate as of the effective date of the transfer.
 - 2.2. All other information as Sage may reasonably request in connection with its evaluation of the transaction.

Consolidation of Multi-Office Branches; Separation of Accounts

1. Consolidations. A partner may request that Sage consolidate multi-office accounts (where a partner has multiple offices with their own partner account with Sage) into one account with Sage. These requests require that a partner's branch or multi-office location be easily identifiable with the same name or clear parent/child relationship. Sage will only make a final decision regarding any request to recognize such consolidation after receiving all reasonably necessary legal documentation or other evidence proving the consolidated relationship exists. Unrelated entities do not qualify for consolidations. Once a consolidation has been approved, it is final and cannot be reversed.
2. Separations ("De-Consolidate" or "Un-Merge"). A partner may request that Sage permit it to separate into two or more separate business partners each having their own partner account with Sage. If approved by Sage, these requests require that on or before the one-year anniversary of the separation that the partner pay Sage an administrative fee in the amount of \$10,000. After the one-year anniversary of the applicable separation, then the partner must pay Sage an additional administrative fee in the amount of \$7,500. Each separated business partner must achieve

certification in its own right and is subject to the same certification conditions as any other business partner. The separated business partners are responsible for informing Sage in writing how commission credits and customers will be allocated between the separated partners. Each of the separated business partners will receive the then-current tier level for new Sage authorized business partners unless otherwise determined by Sage in its discretion.

Effect of Transactions Recognized by Sage

If Sage elects, in its discretion, to recognize one of the transaction types described in this policy, then such recognition will result in:

1. Account Consolidation. If the transaction involved the combination of entities, then the combined entities' accounts will be consolidated into the surviving partner's records as of a date reasonably determined by Sage. This includes, but is not limited to, customers, certifications, and contacts.
2. Reseller of Record. The surviving or acquiring partner will become the reseller of record for each of the transferred customers as of a date reasonably determined by Sage. Either such partner or Sage, as reasonably determined by Sage, will send a communication to each transferred customer to inform them of the change. This communication must include a statement that the customer has the right to contact Sage with any questions or concerns they may have, including the right to change to a different partner of their choosing if they do not wish to stay with the new partner.
3. Tier Level / Margin. The tier level (i.e., margin and commissions) for any surviving or acquiring partner will be that of (i) the surviving or acquiring partner, or (ii) if the surviving partner is a new entity, the level that was the highest of the partners involved in the transaction at the time of the transaction. Note, sales will not be combined. Future tier level calculations for the surviving or acquiring partner shall exclude all new license and installed base sales revenue of the transferring partner that were already recognized by Sage prior to the transaction.
4. Ordering Requirements. After the transaction is recognized, all product orders and business care renewals will be processed through the surviving or acquiring partner and its account number. This will create a single office for Sage's finance department to work with for invoicing and collections.