

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2023**

OR

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

For the transition period from _____ to _____

Commission File Number: **001-31666**

First Advantage Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

1 Concourse Parkway NE, Suite 200

Atlanta, GA

(Address of principal executive offices)

84-3884690

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

30328

(Zip Code)

Registrant's telephone number, including area code: (888) 314-9761

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	FA	The Nasdaq Stock Market LLC

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of May 4, 2023, the registrant had 146,259,519 shares of common stock, \$0.001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

First Advantage Corporation
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share and per share amounts)

	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 400,156	\$ 391,655
Restricted cash	140	141
Short-term investments	1,954	1,956
Accounts receivable (net of allowance for doubtful accounts of \$1,344 and \$1,348 at March 31, 2023 and December 31, 2022, respectively)	127,962	143,811
Prepaid expenses and other current assets	22,780	25,407
Income tax receivable	2,482	3,225
Total current assets	555,474	566,195
Property and equipment, net	103,301	113,529
Goodwill	793,293	793,080
Trade name, net	69,387	71,162
Customer lists, net	312,568	326,014
Deferred tax asset, net	2,405	2,422
Other assets	11,235	13,423
TOTAL ASSETS	\$ 1,847,663	\$ 1,885,825
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 47,484	\$ 54,947
Accrued compensation	12,990	22,702
Accrued liabilities	16,782	16,400
Current portion of operating lease liability	5,640	4,957
Income tax payable	808	724
Deferred revenues	1,256	1,056
Total current liabilities	84,960	100,786
Long-term debt (net of deferred financing costs of \$7,613 and \$8,075 at March 31, 2023 and December 31, 2022, respectively)	557,111	556,649
Deferred tax liability, net	88,422	90,556
Operating lease liability, less current portion	6,673	7,879
Other liabilities	3,170	3,337
Total liabilities	740,336	759,207
COMMITMENTS AND CONTINGENCIES (Note 11)		
EQUITY		
Common stock - \$0.001 par value; 1,000,000,000 shares authorized, 147,026,264 and 148,732,603 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	147	149
Additional paid-in-capital	1,179,595	1,176,163
Accumulated deficit	(50,953)	(27,363)
Accumulated other comprehensive loss	(21,462)	(22,331)
Total equity	1,107,327	1,126,618
TOTAL LIABILITIES AND EQUITY	\$ 1,847,663	\$ 1,885,825

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

First Advantage Corporation
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

<i>(in thousands, except share and per share amounts)</i>	Three Months Ended March 31,	
	2023	2022
REVENUES	\$ 175,520	\$ 189,881
OPERATING EXPENSES:		
Cost of services (exclusive of depreciation and amortization below)	91,061	96,431
Product and technology expense	12,624	13,773
Selling, general, and administrative expense	28,682	28,545
Depreciation and amortization	31,866	34,034
Total operating expenses	164,233	172,783
INCOME FROM OPERATIONS	11,287	17,098
OTHER EXPENSE, NET:		
Interest expense, net	8,681	(850)
Total other expense, net	8,681	(850)
INCOME BEFORE PROVISION FOR INCOME TAXES	2,606	17,948
Provision for income taxes	681	4,935
NET INCOME	\$ 1,925	\$ 13,013
Foreign currency translation income (loss)	869	(1,517)
COMPREHENSIVE INCOME	\$ 2,794	\$ 11,496
NET INCOME	\$ 1,925	\$ 13,013
Basic net income per share	\$ 0.01	\$ 0.09
Diluted net income per share	\$ 0.01	\$ 0.09
Weighted average number of shares outstanding - basic	145,862,562	150,538,700
Weighted average number of shares outstanding - diluted	147,031,866	152,348,806

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

First Advantage Corporation
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Three Months Ended March 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,925	\$ 13,013
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,866	34,034
Amortization of deferred financing costs	461	445
Bad debt recovery	(40)	(184)
Deferred taxes	(2,144)	1,698
Share-based compensation	2,058	1,859
Gain on foreign currency exchange rates	(10)	(411)
Loss on disposal of fixed assets and impairment of ROU assets	1,222	163
Change in fair value of interest rate swaps	1,879	(5,260)
Changes in operating assets and liabilities:		
Accounts receivable	15,980	8,862
Prepaid expenses and other assets	2,933	1,151
Accounts payable	(7,618)	(1,329)
Accrued compensation and accrued liabilities	(11,828)	(13,215)
Deferred revenues	209	(254)
Operating lease liabilities	(110)	(405)
Other liabilities	980	(26)
Income taxes receivable and payable, net	836	1,442
Net cash provided by operating activities	38,599	41,583
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of businesses, net of cash acquired	—	(18,920)
Purchases of property and equipment	(42)	(2,909)
Capitalized software development costs	(6,056)	(4,643)
Other investing activities	15	—
Net cash used in investing activities	(6,083)	(26,472)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share repurchases	(25,266)	—
Payments on finance lease obligations	(37)	(238)
Payments on deferred purchase agreements	(234)	(349)
Proceeds from issuance of common stock under share-based compensation plans	1,399	547
Net settlement of share-based compensation plan awards	(25)	—
Net cash used in financing activities	(24,163)	(40)
Effect of exchange rate on cash, cash equivalents, and restricted cash	147	58
Increase in cash, cash equivalents, and restricted cash	8,500	15,129
Cash, cash equivalents, and restricted cash at beginning of period	391,796	292,790
Cash, cash equivalents, and restricted cash at end of period	\$ 400,296	\$ 307,919
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for income taxes, net of refunds received	\$ 2,049	\$ 1,713
Cash paid for interest	\$ 10,625	\$ 4,774
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment acquired on account	\$ 275	\$ 206
Excise taxes on share repurchases incurred but not paid	\$ 252	\$ —

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

First Advantage Corporation
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

<i>(in thousands)</i>	Common Stock	Additional Paid-In-Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
BALANCE – December 31, 2022	\$ 149	\$ 1,176,163	\$ (27,363)	\$ (22,331)	\$ 1,126,618
Share-based compensation	—	2,058	—	—	2,058
Repurchases of common stock	(2)	—	(25,515)	—	(25,517)
Proceeds from issuance of common stock under share-based compensation plans	0	1,399	—	—	1,399
Common stock withheld for tax obligations on restricted stock unit and option settlement	0	(25)	—	—	(25)
Foreign currency translation	—	—	—	869	869
Net income	—	—	1,925	—	1,925
BALANCE – March 31, 2023	<u>\$ 147</u>	<u>\$ 1,179,595</u>	<u>\$ (50,953)</u>	<u>\$ (21,462)</u>	<u>\$ 1,107,327</u>

<i>(in thousands)</i>	Common Stock	Additional Paid-In-Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
BALANCE – December 31, 2021	\$ 153	\$ 1,165,163	\$ (31,441)	\$ (1,637)	\$ 1,132,238
Share-based compensation	—	1,859	—	—	1,859
Proceeds from issuance of common stock under share-based compensation plans	0	547	—	—	547
Foreign currency translation	—	—	—	(1,517)	(1,517)
Net income	—	—	13,013	—	13,013
BALANCE – March 31, 2022	<u>\$ 153</u>	<u>\$ 1,167,569</u>	<u>\$ (18,428)</u>	<u>\$ (3,154)</u>	<u>\$ 1,146,140</u>

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

First Advantage Corporation
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1. Organization, Nature of Business, and Basis of Presentation

First Advantage Corporation, a Delaware corporation, was formed on November 15, 2019. Hereafter, First Advantage Corporation and its subsidiaries will collectively be referred to as the “Company”.

The Company derives its revenues from a variety of background check and compliance services performed across all phases of the workforce lifecycle from pre-onboarding services to post-onboarding and ongoing monitoring services, covering employees, contractors, contingent workers, tenants, and drivers. We generally classify our service offerings into three categories: pre-onboarding, post-onboarding, and adjacent products.

Pre-onboarding services are comprised of an extensive array of products and solutions that customers typically utilize to enhance their evaluation process and support compliance from the time a job or other application is submitted to a successful applicant’s onboarding date. This includes searches such as criminal background checks, drug / health screenings, extended workforce screening, biometrics and identity checks, education / workforce verification, driver records and compliance, healthcare credentials, and executive screening.

Post-onboarding services are comprised of continuous monitoring and re-screening solutions which are important tools to help keep their end customers, workforces, and other stakeholders safer, more productive, and more compliant. Our post-monitoring solutions include criminal records, healthcare sanctions, motor vehicle records, social media, and global sanctions screening continuously or at regular intervals selected by our customers.

Adjacent products include products that complement our pre-onboarding and post-onboarding products and solutions. This includes fleet / vehicle compliance, hiring tax credits and incentives, resident / tenant screening, employment eligibility, and investigative research.

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated. The Company includes the results of operations of acquired companies prospectively from the date of acquisition.

The condensed consolidated financial statements included herein are unaudited, but in the opinion of management, such financial statements include all adjustments, consisting of normal recurring adjustments, necessary to summarize fairly the Company’s financial position, results of operations, and cash flows for the interim periods presented. The interim results reported in these condensed consolidated financial statements should not be taken as indicative of results that may be expected for future interim periods or the full year. For a more comprehensive understanding of the Company and its condensed consolidated financial statements, these interim financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

The Company has historically experienced seasonality with respect to certain customer industries as a result of fluctuations in hiring volumes and other economic activities. Generally, the Company’s highest revenues have historically occurred between October and November of each year, driven by many customers’ pre-holiday season hiring initiatives.

Use of Estimates — The preparation of the condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Changes in these estimates and assumptions may have a material impact on the condensed consolidated financial statements and accompanying notes.

Significant estimates, judgments, and assumptions, include, but are not limited to, the determination of the fair value and useful lives of assets acquired and liabilities assumed through business combinations, revenue recognition, capitalized software, and income tax liabilities and assets. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Note 2. Summary of Significant Accounting Policies

Fair Value of Financial Instruments — Certain financial assets and liabilities are reported at fair value in the accompanying consolidated balance sheets in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement*. ASC 820 establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation techniques required by ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect internal market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 — Quoted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 — Significant inputs to the valuation model are unobservable (supported by little or no market activities). These inputs may be used with internally developed methodologies that reflect the Company’s best estimate of fair value from a market participant.

The fair value of an asset is considered to be the price at which the asset could be sold in an orderly transaction between unrelated knowledgeable and willing parties. A liability’s fair value is defined as the amount that would be paid to transfer the liability to a new obligor, rather than the amount that would be paid to settle the liability with the creditor. Assets and liabilities recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The carrying amounts of cash and cash equivalents, short-term investments, receivables, short-term debt, and accounts payable approximate fair value due to the short-term maturities of these financial instruments (Level 1). The fair values and carrying values of the Company’s long-term debt are disclosed in Note 5.

The following table presents information about the Company’s financial assets and liabilities that are measured at fair value on a recurring basis and their assigned levels within the valuation hierarchy as of March 31, 2023 (in thousands):

	Level 1	Level 2	Level 3
Assets			
Interest rate collars	\$ —	\$ 9,007	\$ —
Liabilities			
Interest rate swap	\$ —	\$ 1,444	\$ —

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Other intangible assets are subject to nonrecurring fair value measurement as the result of business acquisitions. The fair values of these assets were estimated using the present value of expected future cash flows through unobservable inputs (Level 3).

Impairment of Long-Lived Assets — The Company regularly evaluates whether events and circumstances have occurred that indicate the carrying amount of property and equipment, ROU assets, and finite-life intangible assets may not be recoverable or that indicate useful lives warrant revision. The Company determined that triggering events occurred for certain leases exited during the three months ended March 31, 2023 which required an impairment review of certain ROU assets. Based on the results of the analysis, the Company recorded non-cash impairment charges of \$1.1 million for the three months ended March 31, 2023, primarily related to office space exited during the year. Write down of abandoned property and equipment no longer in use was less than \$0.2 million for the three months ended March 31, 2023.

Concentrations of Credit Risk — Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Cash is deposited with major financial institutions and, at times, such balances with each financial institution may be in excess of insured limits. The Company has not experienced, and does not anticipate, any losses with respect to its cash deposits. Accounts receivable represent credit granted to customers for services provided. The Company performs ongoing credit evaluations of its customers’ financial condition and generally does not require collateral on accounts receivable. The Company did not have any customers which represented 10% or more of consolidated revenues for the three months ended March 31, 2023 and 2022. Additionally, the Company did not have any customers which represented 10% or more of consolidated accounts receivable, net for any period presented.

Foreign Currency — The functional currency of all of the Company’s foreign subsidiaries is the applicable local currency. The translation of the applicable foreign currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenues and expense accounts using average exchange rates prevailing during the fiscal year. Adjustments resulting from the translation of foreign currency financial statements are accumulated net of tax in a separate component of equity. Currency translation (loss) income included in accumulated other comprehensive income (loss) was approximately \$0.9 million and \$(1.5) million for the three months ended March 31, 2023 and 2022, respectively.

Gains or losses resulting from foreign currency transactions are included in the accompanying condensed consolidated statements of operations and comprehensive income, except for those relating to intercompany transactions of a long-term investment nature, which are captured in a separate component of equity as accumulated other comprehensive income (loss). Currency transaction (loss) income included in the accompanying condensed consolidated statements of operations and comprehensive income was approximately \$(0.5) million and \$1.0 million for the three months ended March 31, 2023 and 2022, respectively.

Recent Accounting Pronouncements — There were no accounting pronouncements issued during the three months ended March 31, 2023 that are expected to have a material impact on the condensed consolidated financial statements.

Recently Adopted Accounting Pronouncements — In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, Revenue from Contracts with Customers. Prior to the issuance of this guidance, contract assets and contract liabilities were recognized by the acquirer at fair value on the acquisition date. This guidance is effective for annual reporting periods beginning after December 15, 2022 including interim periods therein. Adoption of this standard on January 1, 2023 did not have a material impact on the condensed consolidated financial statements. However, if the Company acquires material customer contracts in the future, this standard will impact the accounting for those arrangements which may have a material effect on future results.

Note 3. Property and Equipment, net

Property and equipment, net as of March 31, 2023 and December 31, 2022 consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Furniture and equipment	\$ 23,189	\$ 23,422
Capitalized software for internal use, acquired by business combination	227,405	227,405
Capitalized software for internal use, developed internally or otherwise purchased	66,369	60,187
Leasehold improvements	2,802	2,957
Total property and equipment	319,765	313,971
Less: accumulated depreciation and amortization	(216,464)	(200,442)
Property and equipment, net	\$ 103,301	\$ 113,529

Depreciation and amortization expense of property and equipment was approximately \$16.4 million and \$16.8 million for the three months ended March 31, 2023 and 2022, respectively.

Note 4. Goodwill, Trade Name, and Customer Lists

The changes in the carrying amount of goodwill for the three months ended March 31, 2023 by reportable segment were as follows (in thousands):

	Americas	International	Total
Balance – December 31, 2022	\$ 677,171	\$ 115,909	\$ 793,080
Foreign currency translation	37	176	213
Balance – March 31, 2023	\$ 677,208	\$ 116,085	\$ 793,293

The following summarizes the gross carrying value and accumulated amortization for the Company's trade name and customer lists as of March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Useful Life (in years)
Trade name	\$ 94,000	\$ (24,613)	\$ 69,387	20 years
Customer lists	516,009	(203,441)	312,568	13-14 years
Total	\$ 610,009	\$ (228,054)	\$ 381,955	

	December 31, 2022			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Useful Life (in years)
Trade name	\$ 93,959	\$ (22,797)	\$ 71,162	20 years
Customer lists	515,762	(189,748)	326,014	13-14 years
Total	\$ 609,721	\$ (212,545)	\$ 397,176	

Amortization expense of trade name and customer lists was approximately \$15.4 million and \$17.2 million for the three months ended March 31, 2023 and 2022, respectively. Trade name and customer lists are amortized on an accelerated basis based upon their estimated useful life.

Note 5. Long-term Debt

The fair value of the Company's long-term debt obligations approximated their book value as of March 31, 2023 and December 31, 2022 and consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
First Lien Credit Facility	\$ 564,724	\$ 564,724
Less: Deferred financing costs	(7,613)	(8,075)
Long-term debt, net	\$ 557,111	\$ 556,649

The Company is a party to a Second Amended First Lien Credit Agreement with its banking group ("Credit Agreement"), which provides for a term loan of \$766.6 million due January 31, 2027 carrying an interest rate of 2.75% to 3.00%, based on the first lien ratio, plus LIBOR ("First Lien Credit Facility") and a \$100.0 million revolving credit facility due July 31, 2026 ("Revolver"). The Credit Agreement is collateralized by substantially all assets and capital stock owned by direct and indirect domestic subsidiaries and are governed by certain restrictive covenants including limitations on indebtedness, liens, and other corporate actions such as investments and acquisitions. In the event the Company's outstanding indebtedness under the Revolver exceeds 35% of the aggregate principal amount of the revolving commitments then in effect, it is required to maintain a consolidated first lien leverage ratio no greater than 7.75 to 1.00. As of March 31, 2023, there were no outstanding borrowings under the Revolver and \$564.7 million outstanding under the First Lien Credit Facility. As the Company had no outstanding amounts under the Revolver, it was not subject to the consolidated first lien leverage ratio covenant and was compliant with all other covenants under the agreement as of March 31, 2023.

Note 6. Derivatives

To reduce exposure to variability in expected future cash outflows on variable rate debt attributable to the changes in one-month LIBOR, the Company has historically entered into interest rate derivative instruments to economically offset a portion of this risk and may do so in the future.

As of March 31, 2023, the Company had the following outstanding derivatives that were not designated as a hedge in qualifying hedging relationships:

Product	Effective Date	Maturity Date	Notional	Rate
Interest rate collars	February 29, 2020	February 29, 2024	\$300.0 million	0.48% floor/1.50% cap
Interest rate swap	February 28, 2023	February 28, 2026	\$100.0 million	4.36%

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements; however, the Company has not elected to apply hedge accounting for these instruments.

The following is a summary of location and fair value of the financial positions recorded related to the derivative instruments (in thousands):

Derivatives not designated as hedging instruments	Balance Sheet Location	Fair Value	
		As of March 31, 2023	As of December 31, 2022
Interest rate collars	Prepaid expenses and other current assets	\$ 9,007	\$ 11,570
Interest rate swap	Accrued liabilities	\$ 1,444	\$ —

The following is a summary of location and amount of gains and (losses) recorded related to the derivative instruments (in thousands):

Derivatives not designated as hedging instruments	Income Statement Location	Gain/(Loss)	
		Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Interest rate collars	Interest expense, net	\$ (435)	\$ 5,260
Interest rate swap	Interest expense, net	\$ (1,444)	\$ —

Note 7. Income Taxes

The Company's income tax expense and balance sheet accounts reflect the results of the Company and its subsidiaries.

For the three months ended March 31, 2023, the Company estimated the annual effective tax rate based on projected income for the full year and recorded a quarterly tax provision in accordance with the annual effective tax rate and adjusted for discrete tax items in the period.

The effective income tax rate for the three months ended March 31, 2023 was 26.1%. The Company's effective income tax rate for the three months ended March 31, 2023 was higher than the U.S. federal statutory rate of 21% primarily due to the Global Intangible Low-Taxed Income ("GILTI") inclusion, nondeductible share-based compensation, and U.S. state income taxes.

The effective income tax rate for the three months ended March 31, 2022 was 27.5%. The Company's effective income tax rate for the three months ended March 31, 2022 was higher than the U.S. federal statutory rate of 21%, primarily due to GILTI inclusion, nondeductible share-based compensation, and U.S. state income taxes.

Note 8. Revenues

Substantially all of the Company's revenues are recognized at a point in time when the orders are completed and the completed reports are reported, or otherwise made available. For revenues delivered over time, the output method is utilized to measure the value to the customer based on the transfer to date of the services promised, with no rights of return once consumed. In these cases, revenues on transactional contracts with a defined price but an undefined quantity is recognized utilizing the right to invoice expedient resulting in revenues being recognized when the service is provided and becomes billable. Additionally, under this practical expedient, the Company is not required to estimate the transaction price.

The Company considers negotiated and anticipated incentives and estimated adjustments, including historical collections experience, when recording revenues.

The Company's contracts with customers generally include standard commercial payment terms acceptable in each region, and do not include any financing components. The Company does not have any significant obligations for refunds, warranties, or similar obligations. The Company records revenues net of sales taxes.

Contract balances are generated when the revenues recognized in a given period varies from billing. A contract asset is created when the Company performs a service for a customer and recognizes more revenues than what has been billed. The contract asset balance was \$7.2 million and \$6.5 million as of March 31, 2023 and December 31, 2022, respectively, and is included in accounts receivable, net in the accompanying condensed consolidated balance sheets.

A contract liability is created when the Company transfers a good or service to a customer and recognizes less than what has been billed. The Company recognizes these contract liabilities as deferred revenues when the Company has an obligation to perform services for a customer in the future and has already received consideration from the customer. The contract liability balance was \$1.3 million and \$1.1 million as of March 31, 2023 and December 31, 2022, respectively, and is included in deferred revenues in the accompanying condensed consolidated balance sheets. An immaterial amount of revenues was recognized in the current period related to the beginning balance of deferred revenues.

For additional disclosures about the disaggregation of our revenues see Note 14, "Reportable Segments."

Note 9. Share-based Compensation

Share-based compensation expense is recognized in cost of services, product and technology expense, and selling, general, and administrative expense, in the accompanying condensed consolidated statements of operations and comprehensive income as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Share-based compensation expense		
Cost of services	\$ 275	\$ 274
Product and technology expense	457	204
Selling, general, and administrative expense	1,326	1,381
Total share-based compensation expense	<u>\$ 2,058</u>	<u>\$ 1,859</u>

2020 Equity Plan

Prior to the Company's Initial Public Offering ("IPO"), all share-based awards were issued by Fastball Holdco, L.P., the Company's previous parent company, under individual grant agreements and the partnership agreement of such parent company (collectively the "2020 Equity Plan"). Awards issued under the 2020 Equity Plan consist of options. No awards were issued under the plan during the period from January 1, 2023 through March 31, 2023.

A summary of the option and profits interests activity for the three months ended March 31, 2023 is as follows

		Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
December 31, 2022	Grants outstanding	2,843,342	\$ 6.66		
	Grants exercised	(85,760)	\$ 6.68		
	Grants cancelled/forfeited	(250,856)	\$ 6.69		
March 31, 2023	Grants outstanding	<u>2,506,726</u>	\$ 6.66	6.8 Years	\$18.3 million
March 31, 2023	Grants vested	<u>806,379</u>	\$ 6.64	6.6 Years	\$5.9 million
March 31, 2023	Grants unvested	1,700,347	\$ 6.67		

2021 Equity Plan

The 2021 Equity Plan is intended to provide a means through which to attract and retain key personnel and to provide a means whereby our directors, officers, employees, consultants, and advisors can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our common stock, thereby strengthening their commitment to our welfare and aligning their interests with those of our stockholders. The 2021 Equity Plan provides for the grant of awards of stock options, stock appreciation rights, restricted shares, restricted stock units, and other equity-based or cash-based awards as determined by the Company's Compensation Committee. The 2021 Equity Plan initially had a total of 17,525,000 shares of common stock reserved. The number of reserved shares automatically increases on the first day of each calendar year commencing on January 1, 2022 and ending on January 1, 2030, in an amount equal to the lesser of (x) 2.5% of the total number of shares of common stock outstanding on the last day of the immediately preceding calendar year and (y) a number of shares as determined by the Board of Directors. As of March 31, 2023, 17,204,287 shares were available for issuance under the 2021 Equity Plan.

Stock Options

A summary of the option activity for the three months ended March 31, 2023 is as follows:

		Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
December 31, 2022	Grants outstanding	4,311,662	\$ 15.24		
	Grants issued	71,099	\$ 13.70		
March 31, 2023	Grants outstanding	<u>4,382,761</u>	\$ 15.21	8.4 Years	\$0.0 million
March 31, 2023	Grants vested	<u>1,392,123</u>	\$ 15.16	8.3 Years	—
March 31, 2023	Grants unvested	2,990,638	\$ 15.23		

The fair value for stock options granted for the three months ended March 31, 2023 was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	<u>Options</u>	
Expected stock price volatility		35.48 %
Risk-free interest rate		4.22 %
Expected term (in years)		6.25
Fair-value of the underlying unit	\$	13.70

Restricted Stock Units

A summary of the restricted stock units (“RSU”) activity for the three months ended March 31, 2023 is as follows:

		<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
December 31, 2022	Nonvested RSUs	472,332	\$ 16.00
	Granted	21,202	\$ 13.70
	Vested	<u>(5,077)</u>	<u>\$ 16.33</u>
March 31, 2023	Nonvested RSUs	<u>488,457</u>	<u>\$ 15.90</u>

Restricted Stock

A summary of the restricted stock activity for the three months ended March 31, 2023 is as follows:

		<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
December 31, 2022	Nonvested restricted stock	2,281,300	\$ 3.85
	Vested	<u>(326,670)</u>	<u>\$ 3.85</u>
March 31, 2023	Nonvested restricted stock	<u>1,954,630</u>	<u>\$ 3.85</u>

As of March 31, 2023, the Company had approximately \$33.2 million of unrecognized pre-tax non-cash compensation expense, comprised of approximately \$7.3 million related to restricted stock, \$6.1 million related to RSUs, and approximately \$19.8 million related to stock options, which the Company expects to recognize over a weighted average period of 2.7 years.

2021 Employee Stock Purchase Plan

The Company adopted the First Advantage Corporation 2021 Employee Stock Purchase Plan (“ESPP”) that allows eligible employees to voluntarily make after-tax contributions of up to 15% of such employee’s cash compensation to acquire Company stock during designated offering periods. During each offering period, there is one six-month purchase period. During the holding period, ESPP purchased shares are not eligible for sale or broker transfer. The Company recorded an associated expense of approximately \$0.2 million and \$0.1 million for the three months ended March 31, 2023 and 2022, respectively.

Note 10. Equity

Stock Repurchase Program

On August 2, 2022, the Company's Board of Directors authorized the repurchase of up to \$50.0 million of the Company's common stock over the 12-month period ending August 2, 2023 (the "Repurchase Program"). On November 8, 2022, the Company's Board of Directors authorized an increase to the total available amount under its Repurchase Program to \$150.0 million and extended the program through December 31, 2023. In February 2023, the Company's Board of Directors further increased the total available amount under the Repurchase Program to \$200.0 million effective February 28, 2023.

Stock repurchases may be effected through open market repurchases at prevailing market prices, including through the use of block trades and trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, privately-negotiated transactions, through other transactions in accordance with applicable securities laws, or a combination of these methods on such terms and in such amounts as the Company deems appropriate and will be funded from available capital. The Company is not obligated to repurchase any specific number of shares, and the timing, manner, value, and actual number of shares repurchased will depend on a variety of factors, including the Company's stock price and liquidity requirements, other business considerations and general market and economic conditions. No shares will be purchased from SLP Fastball Aggregator, L.P. and its affiliates. The Company may discontinue or modify purchases without notice at any time.

A summary of the stock repurchase activity under the Repurchase Program, is summarized as follows (in thousands, except share and per share amounts):

	Three Months Ended March 31, 2023
Shares repurchased	1,871,691
Average price per share	\$ 13.50
Costs recorded to accumulated deficit	
Total repurchase costs	\$ 25,228
Additional associated costs	289
Total costs recorded to accumulated deficit	<u>\$ 25,517</u>

As of March 31, 2023, the remaining authorized value of shares available to be repurchased under this program was approximately \$114.2 million.

Repurchased shares of common stock are retired. The par value of repurchased shares is deducted from common stock and the excess repurchase price over par value is reflected as a reduction to accumulated deficit. Additional associated costs include the related brokerage commissions and excise taxes on share repurchases.

Preferred Stock

As of March 31, 2023 and December 31, 2022, 250,000,000 shares of Preferred Stock were authorized, and no Preferred Stock was issued or outstanding.

Note 11. Commitments and Contingencies

There have been no material changes to the Company's contractual obligations as compared to December 31, 2022.

The Company is involved in litigation from time to time in the ordinary course of business. At times, the Company, given the nature of its background screening business, could become subject to lawsuits, or potential class action lawsuits, in multiple jurisdictions, related to claims brought primarily by consumers or individuals who were the subject of its screening services.

For all pending matters, the Company believes it has meritorious defenses and intends to defend vigorously or otherwise seek indemnification from other parties as appropriate. However, the Company has recorded a liability of \$4.1 million and \$4.4 million at March 31, 2023 and December 31, 2022, respectively, for matters that it believes a loss is both probable and estimable. This is included in accrued liabilities in the accompanying condensed consolidated balance sheets.

The Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable.

Note 12. Related Party Transactions

The Company had no material related party transactions.

Note 13. Net Income Per Share

Basic weighted-average shares outstanding excludes nonvested restricted stock. Diluted weighted average shares outstanding is similar to basic weighted-average shares outstanding, except that the weighted-average number of shares is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common share had been issued, including the dilutive impact of nonvested restricted stock. Basic and diluted net income per share was calculated as follows:

	Three Months Ended March 31,	
	2023	2022
Basic net income per share	\$ 0.01	\$ 0.09
Diluted net income per share	\$ 0.01	\$ 0.09
Numerator:		
Net income (in thousands)	\$ 1,925	\$ 13,013
Denominator:		
Weighted average number of shares outstanding - basic	145,862,562	150,538,700
Add stock options to purchase shares and restricted stock units	1,169,304	1,810,106
Weighted average number of shares outstanding - diluted	<u>147,031,866</u>	<u>152,348,806</u>

For the three months ended March 31, 2023 and 2022, 2,913,298 and 2,099,781 stock options were excluded from the calculation of diluted net income per share, respectively, because their effects were anti-dilutive.

Note 14. Reportable Segments

We have two reportable segments, Americas and International. Our chief operating decision maker (“CODM”) uses the profit measure of Adjusted EBITDA, on both a consolidated and a segment basis, to allocate resources and assess performance of our businesses. We use Adjusted EBITDA as our profit measure because it eliminates the impact of certain items that we do not consider indicative of operating performance, which is useful to compare operating results between periods. Our Board of Directors and executive management team also use Adjusted EBITDA as a compensation measure for both segment and corporate management under our incentive compensation plans. Adjusted EBITDA is also a measure frequently used by securities analysts, investors, and other interested parties in their evaluation of the operating performance of companies similar to ours.

We define Adjusted EBITDA as net income before interest, taxes, depreciation, and amortization, and as further adjusted for loss on extinguishment of debt, share-based compensation, transaction and acquisition-related charges, integration and restructuring charges, and other non-cash charges. We exclude the impact of share-based compensation because it is a non-cash expense and we believe that excluding this item provides meaningful supplemental information regarding performance and ongoing cash generation potential. We exclude loss on extinguishment of debt, transaction and acquisition related charges, integration and restructuring charges, and other charges because such expenses are episodic in nature and have no direct correlation to the cost of operating our business on an ongoing basis.

The segment financial information below aligns with how we report information to our CODM to assess operating performance and how the Company manages the business. Corporate costs are generally allocated to the segments based upon estimated revenue levels and other assumptions that management considers reasonable. The CODM does not review the Company’s assets by segment; therefore, such information is not presented. The accounting policies of the segments are the same as described in Note 2, “Summary of Significant Accounting Policies” and Note 8, “Revenues.”

The following is a description of our two reportable segments:

Americas. This segment performs a variety of background check and compliance services across all phases of the workforce lifecycle from pre-onboarding services to post-onboarding and ongoing monitoring services, covering employees, contractors, contingent workers, tenants, and drivers. We generally classify our service offerings into three categories: pre-onboarding, post-onboarding, and adjacent products. We deliver our solutions across multiple vertical industries in the United States, Canada, and Latin America markets.

International. The International segment provides services similar to our Americas segment in regions outside of the Americas. We primarily deliver our solutions across multiple vertical industries in the Europe, India, and Asia Pacific markets.

A reconciliation of Segment Adjusted EBITDA to net income for the three months ended March 31, 2023 and 2022 is as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Adjusted EBITDA		
Americas	\$ 44,656	\$ 46,819
International	3,904	6,781
Total	\$ 48,560	\$ 53,600
Adjustments to reconcile to net income:		
Interest expense, net	8,681	(850)
Provision for income taxes	681	4,935
Depreciation and amortization	31,866	34,034
Share-based compensation	2,058	1,859
Transaction and acquisition-related charges ^(a)	1,071	1,498
Integration, restructuring, and other charges ^(b)	2,278	(889)
Net income	\$ 1,925	\$ 13,013

(a) Represents charges incurred related to acquisitions and similar transactions, primarily consisting of change in control-related costs, professional service fees, and other third-party costs. Additionally includes incremental professional service fees incurred related to the initial public offering and subsequent one-time compliance efforts. The three months ended March 31, 2023 and 2022 include a transaction bonus expense related to one of the Company’s 2021 acquisitions.

(b) Represents charges from organizational restructuring and integration activities, non-cash, and other charges primarily related to legal exposures inherited from legacy acquisitions, foreign currency (gains) losses, and (gains) losses on the sale of assets.

Geographic Information

The Company bases revenues by geographic region in which the revenues and invoicing are recorded. Other than the United States, no single country accounted for 10% or more of our total revenues during these periods.

The following summarizes revenues by geographical region (in thousands):

	Three Months Ended March 31,	
	2023	2022
Revenues		
Americas	\$ 152,056	\$ 160,088
International	24,848	31,741
Eliminations	(1,384)	(1,948)
Total revenues	\$ 175,520	\$ 189,881

The following table sets forth net long-lived assets by geographic area (in thousands):

	March 31, 2023	December 31, 2022
Long-lived assets, net		
United States, country of domicile	\$ 1,110,915	\$ 1,134,201
All other countries	176,848	180,258
Total long-lived assets, net	\$ 1,287,763	\$ 1,314,459

Note 15. Subsequent Events

Effective as of May 10, 2023, the Company's Board of Directors approved a modification of the vesting terms of outstanding unvested and unearned performance-based options, RSUs, and restricted stock. The modification offers eligible employees incremental vesting criteria which allows the currently unvested and unearned performance-based options, RSUs, and restricted stock to vest based on time on the fourth, fifth, and sixth anniversaries of the Vesting Commencement Date, as defined in each grant agreement, subject to continued service. The related accounting will be recorded prospectively on a straight-line basis beginning in the second quarter of 2023.

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

The following discussion and analysis of First Advantage Corporation’s financial condition and results of operations is provided as a supplement to the condensed consolidated financial statements for the three months ended March 31, 2023, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, our “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, our operations and financial performance. Forward-looking statements include all statements that are not historical facts. These forward-looking statements relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. In some cases, you can identify these forward-looking statements by the use of words such as “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “future,” “will,” “seek,” “foreseeable,” the negative version of these words, or similar terms and phrases.

These forward-looking statements are subject to various risks, uncertainties, assumptions, or changes in circumstances that are difficult to predict or quantify. Such risks and uncertainties include, but are not limited to, the following: negative changes in external events beyond our control, including our customers’ onboarding volumes, economic drivers which are sensitive to macroeconomic cycles, such as interest rate volatility and inflation, geopolitical unrest, uncertainty in financial markets (including as a result of recent bank failures and events affecting financial institutions), and the COVID-19 pandemic; our operations in a highly regulated industry and the fact that we are subject to numerous and evolving laws and regulations, including with respect to personal data and data security; inability to identify and successfully implement our growth strategies on a timely basis or at all; potential harm to our business, brand, and reputation as a result of security breaches, cyber-attacks, or the mishandling of personal data; operating in a penetrated and competitive market; our reliance on third-party data providers; due to the sensitive and privacy-driven nature of our products and solutions, we could face liability and legal or regulatory proceedings, which could be costly and time-consuming to defend and may not be fully covered by insurance; our international business exposes us to a number of risks; real or perceived errors, failures, or bugs in our products could adversely affect our business, results of operations, financial condition, and growth prospects; our ability to identify attractive targets or successfully complete such transactions; the timing, manner and volume of repurchases of common stock pursuant to our share repurchase program; failure to comply with anti-corruption laws and regulations; disruptions at our Global Operating Center and other operating centers; our contracts with our customers, which do not guarantee exclusivity or contracted volumes; disruptions, outages, or other errors with our technology and network infrastructure, including our data centers, servers, and third-party cloud and internet providers and our migration to the cloud; the continued integration of our platforms and solutions with human resource providers such as applicant tracking systems and human capital management systems as well as our relationships with such human resource providers; risks relating to public opinion, which may be magnified by incidents or adverse publicity concerning our industry or operations; our reliance on third-party vendors to carry out certain portions of our operations; our dependence on the service of our key executive and other employees, and our ability to find and retain qualified employees; our ability to obtain, maintain, protect and enforce our intellectual property and other proprietary information; our ability to maintain, protect, and enforce the confidentiality of our trade secrets; the use of open-source software in our applications; the indemnification provisions in our contracts with our customers and third-party data suppliers; seasonality in our operations from quarter to quarter; our indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our obligations; Silver Lake’s control of us and the potential conflict of its interest with ours or those of our stockholders; and changing interpretations of tax laws.

For additional information on these and other factors that could cause First Advantage’s actual results to differ materially from expected results, please see our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission (the “SEC”), as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. The forward-looking statements included in this Quarterly Report on Form 10-Q speak only as of the date of this Form 10-Q, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as required by law.

Glossary of Selected Terminology

The following terms are used in this Form 10-Q, unless otherwise noted or indicated by the context:

- “Americas” in regards to our business, means the United States, Canada, and Latin America;
- “Enterprise customers” means our customers who contribute \$500,000 or more to our revenues in a calendar year;
- “First Advantage,” the “Company,” “we,” “us,” and “our” mean the business of First Advantage Corporation and its subsidiaries;
- “International” in regards to our business, means all geographical regions outside of the United States, Canada, and Latin America;
- “Revenues attributable to the Company’s acquisitions” means revenues recognized in the first year following each acquisition; and
- “Silver Lake” means Silver Lake Group, L.L.C., together with its affiliates, successors, and assignees.

Certain monetary amounts, percentages, and other figures included in this Quarterly Report on Form 10-Q have been subject to rounding adjustments. Percentage amounts included in this Quarterly Report on Form 10-Q have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this Quarterly Report on Form 10-Q may vary from those obtained by performing the same calculations using the figures in our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Certain other amounts that appear in this Quarterly Report on Form 10-Q may not sum due to rounding.

Website and Social Media Disclosure

We use our websites (<https://fadv.com/> and <https://investors.fadv.com/>) to distribute company information. We make available free of charge a variety of information for investors, including our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after we electronically file that material with or furnish it to the Securities and Exchange Commission (“SEC”). The information we post on our websites may be deemed material. Accordingly, investors should monitor our websites, in addition to following our press releases, filings with the SEC, and public conference calls and webcasts. In addition, you may opt in to automatically receive email alerts and other information about First Advantage when you enroll your email address by visiting the “Email Alerts” section of our investor website at <https://investors.fadv.com/>. The contents of our websites and social media channels are not, however, a part of this Quarterly Report on Form 10-Q.

Overview

First Advantage is a leading global provider of employment background screening and verification solutions. We deliver innovative services and insights that help our customers manage risk and hire the best talent. Enabled by our proprietary technology, our products help companies protect their brands and provide safer environments for their customers and their most important resources: employees, contractors, contingent workers, tenants, and drivers.

Our comprehensive product suite includes criminal background checks, drug / health screening, extended workforce screening, biometrics and identity, education / work verifications, resident screening, fleet / driver compliance, executive screening, data analytics, continuous monitoring, social media monitoring, and hiring tax incentives. We derive a substantial majority of our revenues from pre-onboarding screening and perform screens in over 200 countries and territories, enabling us to serve as a one-stop-shop provider to both multinational companies and growth companies. Our approximately 33,000 customers are global enterprises, mid-sized companies, and small companies, and our products and solutions are used by personnel in recruiting, human resources, risk, compliance, vendor management, safety, and/or security.

Our products are sold both individually and packaged. The First Advantage platform offers flexibility for customers to specify which products to include in their screening package, such as Social Security numbers, criminal records, education and work verifications, sex offender registry, and global sanctions. Generally, our customers order a background screening package or selected combination of screens related to a single individual before they onboard that individual. The type and mix of products and solutions we sell to a customer vary by customer size, their screening requirements, and industry vertical. Therefore, order volumes are not comparable across both customers and periods. Pricing can also vary considerably by customer depending on the product mix in their screening packages, order volumes, screening requirements and preferences, pass-through and third-party out of pocket costs, and bundling of products.

We enter into contracts with our customers that are typically three years in length. These contracts set forth the general terms and pricing of our products and solutions but generally do not include minimum order volumes or committed order volumes. Accordingly, contracts do not provide guarantees of future revenues. Due to our contract terms and the nature of the background screening industry, we determined our contract terms for ASC 606 purposes are less than one year. Through our ongoing dialogue with our customers, we have visibility into their expected future order volumes, although these can be difficult to accurately forecast due to the dynamic nature of forecasting hiring and business needs. We typically bill our customers at the end of each month and recognize revenues as completed orders are reported or otherwise made available to our customers. Over 92% of the criminal searches performed in the United States are completed the same day they are submitted.

We generated revenues of \$175.5 million for the three months ended March 31, 2023, as compared to \$189.9 million for the three months ended March 31, 2022. Approximately 86% of our revenues for the three months ended March 31, 2023 was generated in the Americas, predominantly in the United States, while the remaining 14% was generated in our International segment. Other than the United States, no single country accounted for 10% or more of our total revenues for the three months ended March 31, 2023. Please refer to “Results of Operations” for further details.

Segments

During the first quarter of 2022, the Company made organizational changes and modified additional information provided to its chief operating decision maker (“CODM”) to better align with how its CODM assesses performance and allocates resources. As a result, the Company has two reportable segments, Americas and International:

- **Americas.** This segment performs a variety of background check and compliance services across all phases of the workforce lifecycle from pre-onboarding services to post-onboarding and ongoing monitoring services, covering employees, contractors, contingent workers, tenants, and drivers. We generally classify our service offerings into three categories: pre-onboarding, post-onboarding, and adjacent products. We deliver our solutions across multiple vertical industries in the United States, Canada, and Latin America markets.
- **International.** The International segment provides services similar to our Americas segment in regions outside of the Americas. We primarily deliver our solutions across multiple vertical industries in the Europe, India, and Asia Pacific markets.

Seasonality

We experience seasonality with respect to certain industries due to fluctuations in hiring volumes and other economic activity. For example, pre-onboarding revenues generated from our customers in the retail and transportation industries are historically highest during the months of October and November, leading up to the holiday season and lowest at the beginning of the new year, following the holiday season. Certain customers across various industries also historically ramp up their hiring throughout the second quarter of the year as winter concludes, commercial activity tied to outdoor activities increases, and the school year ends, giving rise to student and graduate hiring. In addition, apartment rental activity and associated screening activity typically decline in the fourth quarter heading into the holiday season. We expect that further growth in e-commerce, the continued digital transformation of the economy, and other economic forces may impact future seasonality, but we are unable to predict these potential shifts and how our business may be impacted.

Recent Developments

Current Economic Conditions

Macroeconomic factors, including inflation, increased interest rates, significant capital market volatility, uncertainty in financial markets (including as a result of recent bank failures and events affecting financial institutions), the prolonged COVID-19 pandemic, global supply chain constraints, and global economic and geopolitical developments, have negatively impacted significant portions of the global economy, and created volatility in the financial markets.

While our overall productivity has not been materially adversely impacted, recently, we have started to experience, and may continue to experience, the lengthening of certain sales cycles as cyclical concerns begin to factor into customer hiring plans. If the economic uncertainty is sustained or increases, we may experience a negative impact on new business, customer renewals and demand levels, sales and marketing efforts, revenues growth rates, customer deployments, customer collections, product development, or other financial metrics. Any of these factors could harm our business, financial condition, and operating results.

Despite the continuing uncertainty associated with these events, we are confident in the long-term overall health of our business, the strength of our product offerings, and our ability to continue to execute on our strategy and help our customers hire smarter and onboard faster. Our ability to deliver innovative products and solutions that enhance workplace safety and address compliance risks has contributed to the durability of our financial results. For additional information, see our “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

Recently Issued Accounting Standards

See Note 2 to the condensed consolidated financial statements for disclosure of the impact that recent accounting pronouncements may have on the condensed consolidated financial statements.

Components of our Results of Operations

Revenues

The Company derives revenues from a variety of background screening and adjacent products that cover all phases of the workforce lifecycle from pre-onboarding screening services to post-onboarding and ongoing monitoring services, covering employees, contractors, contingent workers, tenants, and drivers. We generally classify our products and solutions into three major categories: pre-onboarding, post-onboarding, and adjacent products, each of which is enabled by our technology, proprietary internal databases, and data analytics capabilities. Pre-onboarding products, which comprise the substantial majority of our revenues, span an extensive array of products that customers typically utilize to enhance their applicant evaluation process and ensure compliance with their workforce onboarding criteria from the time an application is submitted to an applicant’s successful onboarding. Post-onboarding products are comprised of continuous monitoring, re-screening, and other solutions to help our customers keep their end customers, workforces, and other stakeholders safer, more productive, and more compliant. Adjacent products include products that complement our pre-onboarding and post-onboarding solutions such as fleet / vehicle compliance, hiring tax credits and incentives, resident / tenant screening, employment eligibility, and investigative research.

Our suite of products is available individually or through packaged solutions that can be configured and tailored according to our customers’ needs. We typically bill our customers at the end of each month and recognize revenues after completed orders are reported or otherwise made available to our customers, with a substantial majority of our customers’ orders completed the same day they are submitted. We recognize revenues for other products over time as the customer simultaneously receives and consumes the benefits of the products and solutions delivered.

Operating Expenses

We incur the following expenses related to our cost of revenues and operating expenses:

- *Cost of Services:* Consists of amounts paid to third parties for access to government records, other third-party data and services, and our internal processing fulfillment and customer care functions. In addition, cost of services includes expenses from our drug screening lab and collection site network as well as our court runner network. Third-party cost of services are largely variable in nature and are typically invoiced to our customers as direct pass-through costs. Cost of services also includes our salaries and benefits expense for personnel involved in the processing and fulfillment of our screening products and solutions, as well as our customer care organization and robotics process automation implementation team. Other costs included in cost of services relate to allocations of certain overhead costs for our revenue-generating products and solutions, primarily consisting of certain facility costs and administrative services allocated by headcount or another related metric. We do not allocate depreciation and amortization to cost of services.
- *Product and Technology Expense:* Consists of salaries and benefits of personnel involved in the maintenance of our technology and its integrations and APIs, product marketing, management of our network and infrastructure capabilities, and maintenance of our information security and business continuity functions. A portion of the personnel costs are related to the development of new products and features that are primarily developed through agile methodologies. These costs are partially capitalized, and therefore, are partially reflected as amortization expense within the depreciation and amortization cost line item. Product and technology expense also includes third-party costs related to our cloud computing services, software licensing and maintenance, telecommunications, and other data processing functions. We do not allocate depreciation and amortization to product and technology expense.
- *Selling, General, and Administrative Expense:* Consists of sales, customer success, marketing, and general and administrative expenses. Sales, customer success, and marketing expenses consist primarily of employee compensation such as salaries, bonuses, sales commissions, stock-based compensation, and other employee benefits for our verticalized Sales and Customer Success teams. General and administrative expenses include travel expenses and various corporate functions including finance, human resources, legal, and other administrative roles, in addition to certain professional service fees and expenses incurred in connection with our IPO and now as a public company. We expect our selling, general, and administrative expenses to increase in the short-term, primarily as a result of additional public company related reporting and compliance costs. Over the long-term, we expect our selling, general, and administrative expenses to decrease as a percentage of revenues as we leverage our past investments. We do not allocate depreciation and amortization to selling, general, and administrative expenses.
- *Depreciation and Amortization:* Property and equipment consisting mainly of capitalized software costs, furniture, hardware, and leasehold improvements are depreciated or amortized and reflected as operating expenses. We also amortize the capitalized costs of finite-life intangible assets acquired in connection with business combinations.

We have a flexible cost structure that allows our business to adjust quickly to the impacts of macroeconomic events and scale to meet the needs of large new customers. Operating expenses are influenced by the amount of revenues, customer mix, and product mix that contribute to our revenues for any given period. As revenues grow, we would generally expect cost of services to grow in a similar fashion, albeit influenced by the effects of automation, productivity, and other efficiency initiatives as well as customer and product mix shifts and third-party pass-through costs. We regularly review expenses and investments in the context of revenues growth and any shifts we see in the business in order to align with our overall financial objectives. While we expect internal operating expenses to increase in absolute dollars to support our continued growth, we believe that, in the long term, operating expenses will decline gradually as a percentage of total revenues in the future as our business grows and our operating efficiency and automation initiatives continue to advance.

Other Expense, Net

Our other expense, net consists of the following:

- *Interest Expense, Net:* Relates primarily to our debt service costs, the interest-related unrealized gains and losses of our interest rate swaps and, to a lesser extent, the interest on our capital lease obligations and the amortization of deferred financing costs. Additionally, interest expense, net includes interest income earnings on our cash and cash equivalent balances held in interest-bearing accounts. We also earn interest income on our short-term investments which are fixed-time deposits having a maturity date within twelve months.

Provision for Income Taxes

Provision for income taxes consists of domestic and foreign corporate income taxes related to earnings from our sale of services, with statutory tax rates that differ by jurisdiction. Our effective tax rate may be affected by many other factors including changes in tax laws, regulations or rates, new interpretations of existing laws or regulations, shifts in the allocation of income earned throughout the world, and changes in overall levels of income before tax. For example, there are several proposals to change the current tax law, including changes in GILTI. If any or all of these (or similar) proposals are ultimately enacted into law, in whole or in part, they could increase our effective tax rate.

Results of Operations

The information contained below should be read in conjunction with our accompanying historical condensed consolidated financial statements and the related notes.

Comparison of Results of Operations for the three months ended March 31, 2023 compared to the three months ended March 31, 2022

(in thousands, except percentages)	Three Months Ended March 31,	
	2023	2022
Revenues	\$ 175,520	\$ 189,881
Operating Expenses:		
Cost of services (exclusive of depreciation and amortization below)	91,061	96,431
Product and technology expense	12,624	13,773
Selling, general, and administrative expense	28,682	28,545
Depreciation and amortization	31,866	34,034
Total operating expenses	164,233	172,783
Income from operations	11,287	17,098
Other Expense, Net:		
Interest expense, net	8,681	(850)
Total other expense, net	8,681	(850)
Income before provision for income taxes	2,606	17,948
Provision for income taxes	681	4,935
Net income	\$ 1,925	\$ 13,013
Net income margin	1.1%	6.9%

Revenues

(in thousands)	Three Months Ended March 31,	
	2023	2022
Revenues		
Americas	\$ 152,056	\$ 160,088
International	24,848	\$ 31,741
Eliminations	(1,384)	\$ (1,948)
Total revenues	\$ 175,520	\$ 189,881

Revenues were \$175.5 million for the three months ended March 31, 2023, compared to \$189.9 million for the three months ended March 31, 2022. Revenues for the three months ended March 31, 2023 decreased by \$14.4 million, or 7.6%, compared to the three months ended March 31, 2022.

The decrease in revenues was primarily due to:

- a net decrease of \$22.0 million in existing customer revenues primarily driven by reduced demand from customers more impacted by macro-economic events, the elevated levels of growth experienced in 2022 due to the post-pandemic recovery, and the impact of lost accounts. In the Americas segment, certain industry verticals were more impacted by lower hiring activity resulting in lower revenues. In the International segment, declines were more significantly experienced in the India and APAC markets, which was offset by growth in our Europe operations. These decreases were partially offset by ongoing strength in upselling and cross-selling existing customers, contributing \$9.3 million of additional revenues, and increased revenues from certain existing customers lesser impacted by the macro-economic declines.

The decrease in revenues was offset by:

- increased revenues of \$7.6 million attributable to new customers in our Americas segment.

Pricing remained relatively stable across all periods.

Cost of Services

(in thousands, except percentages)	Three Months Ended March 31,	
	2023	2022
Revenues	\$ 175,520	\$ 189,881
Cost of services	91,061	96,431
Cost of services as a % of revenue	51.9%	50.8%

Cost of services was \$91.1 million for the three months ended March 31, 2023, compared to \$96.4 million for the three months ended March 31, 2022. Cost of services for the three months ended March 31, 2023 decreased by \$5.4 million, or 5.6%, compared to the three months ended March 31, 2022.

The decrease in cost of services was primarily due to:

- a \$3.2 million decrease in personnel related expenses in our operations and customer service functions as a result of cost savings actions taken by the Company in late 2022 and 2023, as well as productivity efficiencies from the implementation of additional automation programs; and
- a decrease in variable third-party data expenses of \$2.9 million as a result of continued automation, decreased revenues, and variation in customer ordering mix.

Cost of services as a percentage of revenues was 51.9% for the three months ended March 31, 2023, compared to 50.8% for the three months ended March 31, 2022. The cost of services percentage of revenues in the first quarter of 2023 was impacted by increases in certain third-party data costs due to variation in customer ordering mix. This increase was partially offset by cost savings from the Company's continued implementation of automation and other process efficiencies, as well as certain cost savings actions taken by the Company in late 2022 and 2023.

Product and Technology Expense

(in thousands)	Three Months Ended March 31,	
	2023	2022
Product and technology expense	\$ 12,624	\$ 13,773

Product and technology expense was \$12.6 million for the three months ended March 31, 2023, compared to \$13.8 million for the three months ended March 31, 2022. Product and technology expense for the three months ended March 31, 2023 decreased by \$1.1 million, or 8.3%, compared to the three months ended March 31, 2022.

The decrease in product and technology expense was primarily due to:

- a \$2.2 million decrease in personnel-related expenses due to decreases in bonus-related expenses and higher capitalization of certain qualified costs related to the development of internal use software in 2023, relative to 2022, due to greater investment in our products that better align with our strategic product initiatives.

The decrease in cost of services was partially offset by:

- a \$1.1 million increase in software licensing related expenses.

Selling, General, and Administrative Expense

(in thousands)	Three Months Ended March 31,	
	2023	2022
Selling, general, and administrative expense	\$ 28,682	\$ 28,545

Selling, general, and administrative expense was \$28.7 million for the three months ended March 31, 2023, compared to \$28.5 million for the three months ended March 31, 2022. Selling, general, and administrative expense for the three months ended March 31, 2023 increased by \$0.1 million, or 0.5%, compared to the three months ended March 31, 2022.

Selling, general, and administrative expense increased primarily due to:

- a \$1.4 million increase in expenses related to litigation activities in the ordinary course of business;
- foreign currency exchange losses of \$1.1 million due to the impact of foreign exchange rate volatility; and
- a \$1.1 million increase in expenses related to the impairment of certain operating lease assets resulting from office space exited during the quarter.

The increase in selling, general, and administrative expense was partially offset by:

- a \$1.9 million decrease in commissions and bonus related expenses due to lower performance against internal targets; and
- a \$0.6 million decrease in personnel related expenses as well as certain other cost savings actions taken by the Company in late 2022 and 2023.

Depreciation and Amortization

(in thousands)	Three Months Ended March 31,	
	2023	2022
Depreciation and amortization	\$ 31,866	\$ 34,034

Depreciation and amortization was \$31.9 million for the three months ended March 31, 2023, compared to \$34.0 million for the three months ended March 31, 2022. Depreciation and amortization for the three months ended March 31, 2023 decreased by \$2.2 million, or 6.4%, compared to the three months ended March 31, 2022. This decrease was partially offset by increases in depreciation related to assets placed in service during the three months ended March 31, 2023.

Interest Expense, Net

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Interest expense, net	\$ 8,681	\$ (850)

Interest expense, net was \$8.7 million for the three months ended March 31, 2023, compared to \$(0.9) million for the three months ended March 31, 2022. Interest expense for the three months ended March 31, 2023 increased by \$9.5 million, compared to the three months ended March 31, 2022.

The increase in interest expense was primarily attributable to higher interest expense on the First Lien Credit Facility and \$1.9 million of unrealized losses on the interest rate swaps as a result of rising interest rates. Increases in interest expense were offset by interest income of \$3.8 million earned on cash held within interest bearing accounts.

Provision for Income Taxes

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Provision for income taxes	\$ 681	\$ 4,935

Our provision for income taxes was \$0.7 million for the three months ended March 31, 2023, compared to \$4.9 million for the three months ended March 31, 2022. Our provision for income taxes for the three months ended March 31, 2023 decreased by \$4.3 million, compared to the three months ended March 31, 2022.

The decrease in our provision for income taxes was primarily due to the decrease of income before income taxes during the three months ended March 31, 2023, as compared to the three months ended March 31, 2022.

Net Income and Net Income Margin

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,	
	2023	2022
Net income	\$ 1,925	\$ 13,013
Net income margin	1.1 %	6.9 %

Net income was \$1.9 million for the three months ended March 31, 2023, compared to \$13.0 million for the three months ended March 31, 2022. Net income for the three months ended March 31, 2023 decreased by \$11.1 million compared to the three months ended March 31, 2022.

Net income margin was 1.1% for the three months ended March 31, 2023 compared to 6.9% for three months ended March 31, 2022, as reduced demand from customers more impacted by macro-economic events contributed to lower revenues and profitability, particularly as the Company cycled over the growth experienced in 2022 due to the post-pandemic recovery.

Key Operating and Financial Metrics

In addition to our results determined in accordance with GAAP, we believe certain measures are useful in evaluating our operating performance. Management believes these non-GAAP measures are useful to investors in highlighting trends in our operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate, and capital investments. Management uses Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted Earnings Per Share to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, to establish discretionary annual incentive compensation, and to compare our performance against that of other peer companies using similar measures. Management supplements GAAP results with non-GAAP financial measures to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone.

The presentations of these measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

Adjusted EBITDA and Adjusted EBITDA Margin

Management believes that Adjusted EBITDA is a strong indicator of our overall operating performance and is useful to management and investors as a measure of comparative operating performance from period to period. We define Adjusted EBITDA as net income before interest, taxes, depreciation, and amortization, and as further adjusted for loss on extinguishment of debt, share-based compensation, transaction and acquisition-related charges, integration and restructuring charges, and other non-cash charges. We exclude the impact of share-based compensation because it is a non-cash expense and we believe that excluding this item provides meaningful supplemental information regarding performance and ongoing cash generation potential. We exclude loss on extinguishment of debt, transaction and acquisition related charges, integration and restructuring charges, and other charges because such expenses are episodic in nature and have no direct correlation to the cost of operating our business on an ongoing basis.

Adjusted EBITDA was \$48.6 million for the three months ended March 31, 2023 and represented an Adjusted EBITDA Margin of 27.7%. Adjusted EBITDA was \$53.6 million for the three months ended March 31, 2022 and represented an Adjusted EBITDA Margin of 28.2%. Adjusted EBITDA for the three months ended March 31, 2023 decreased by \$5.0 million, or 9.4%, compared to the three months ended March 31, 2022.

Adjusted EBITDA declined as macro-economic events impacted our revenues attributed to existing customers. Decreases were further impacted by the effects of changes in foreign currencies. These decreases were partially offset by increased revenues from certain existing and new customers, including ongoing strength in upselling and cross-selling, cost structure benefits due to increased automation, operational efficiencies, and certain other cost savings actions taken by the Company in late 2022 and 2023.

The following table presents a reconciliation of Adjusted EBITDA for the periods presented.

(in thousands)	Three Months Ended March 31,	
	2023	2022
Net income	\$ 1,925	\$ 13,013
Interest expense, net	8,681	(850)
Provision for income taxes	681	4,935
Depreciation and amortization	31,866	34,034
Share-based compensation	2,058	1,859
Transaction and acquisition-related charges ^(a)	1,071	1,498
Integration, restructuring, and other charges ^(b)	2,278	(889)
Adjusted EBITDA	\$ 48,560	\$ 53,600

(a) Represents charges incurred related to acquisitions and similar transactions, primarily consisting of change in control-related costs, professional service fees, and other third-party costs. Additionally includes incremental professional service fees incurred related to the initial public offering and subsequent one-time compliance efforts. The three months ended March 31, 2023 and 2022 include a transaction bonus expense related to one of the Company's 2021 acquisitions.

(b) Represents charges from organizational restructuring and integration activities, non-cash, and other charges primarily related to legal exposures inherited from legacy acquisitions, foreign currency (gains) losses, and (gains) losses on the sale of assets.

We define Adjusted EBITDA Margin as Adjusted EBITDA divided by total revenues. The following table presents the calculation of Adjusted EBITDA Margin for the periods presented.

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,	
	2023	2022
Adjusted EBITDA	\$ 48,560	\$ 53,600
Revenues	175,520	189,881
Adjusted EBITDA Margin	27.7 %	28.2 %

The following table presents a calculation of Adjusted EBITDA by segment for the periods presented. Refer to Note 14 to the condensed consolidated financial statements for a reconciliation of Adjusted EBITDA for the periods presented by segment.

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,	
	2023	2022
Adjusted EBITDA ⁽¹⁾ :		
Americas	\$ 44,656	\$ 46,819
International	3,904	6,781
Adjusted EBITDA	\$ 48,560	\$ 53,600
Revenues		
Americas	\$ 152,056	\$ 160,088
International	24,848	31,741
Less: intersegment eliminations	(1,384)	(1,948)
Total revenues	\$ 175,520	\$ 189,881
Adjusted EBITDA Margin		
Americas	29.4 %	29.2 %
International	15.7 %	21.4 %
Adjusted EBITDA Margin	27.7 %	28.2 %

(1) See the reconciliation of net income to Adjusted EBITDA above. Segment Adjusted EBITDA margins are calculated using segment gross revenues and segment Adjusted EBITDA. Consolidated Adjusted EBITDA margin is calculated using consolidated revenues and consolidated Adjusted EBITDA.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

Similar to Adjusted EBITDA, management believes that Adjusted Net Income and Adjusted Diluted Earnings Per Share are strong indicators of our overall operating performance and are useful to our management and investors as measures of comparative operating performance from period to period. We define Adjusted Net Income for a particular period as net income before taxes adjusted for debt-related costs, acquisition-related depreciation and amortization, share-based compensation, transaction and acquisition related charges, integration and restructuring charges, and other non-cash charges, to which we then apply the related effective tax rate. We define Adjusted Diluted Earnings Per Share as Adjusted Net Income divided by adjusted weighted average number of shares outstanding—diluted.

Adjusted Net Income was \$28.4 million for the three months ended March 31, 2023, compared to \$33.5 million for the three months ended March 31, 2022. Adjusted Net Income for the three months ended March 31, 2023 decreased by \$5.1 million, or 15.3%, compared to the three months ended March 31, 2022.

Adjusted Diluted Earnings Per Share was \$0.19 for the three months ended March 31, 2023 decreased by \$0.03, or 13.6% compared to the three months ended March 31, 2022.

Adjusted Net Income and Adjusted Diluted Earnings Per Share declined as reduced demand from customers more impacted by macro-economic events contributed to lower revenues and profitability. Adjusted Net Income and Adjusted Diluted Earnings Per Share were further impacted by changes in acquisition-related depreciation and amortization and changes in our capital structure that are captured in interest expense. Gains or losses and actual cash payments and receipts on the Company's interest rate swaps impact the comparability of Adjusted Net Income and Adjusted Diluted Earnings Per Share across historical periods.

The following tables present a reconciliation of Adjusted Net Income for the periods presented.

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Net income	\$ 1,925	\$ 13,013
Provision for income taxes	681	4,935
Income before provision for income taxes	2,606	17,948
Debt-related charges ^(a)	4,468	(4,815)
Acquisition-related depreciation and amortization ^(b)	25,485	29,115
Share-based compensation	2,058	1,859
Transaction and acquisition-related charges ^(c)	1,071	1,498
Integration, restructuring, and other charges ^(d)	2,278	(889)
Adjusted Net Income before income tax effect	37,966	44,716
Less: Income tax effect ^(e)	9,602	11,219
Adjusted Net Income	\$ 28,364	\$ 33,497

The following table presents the calculation of Adjusted Diluted Earnings Per Share for the periods presented.

	Three Months Ended March 31,	
	2023	2022
Diluted net income per share (GAAP)	\$ 0.01	\$ 0.09
<i>Adjusted Net Income adjustments per share</i>		
Income taxes	0.00	0.03
Debt-related charges ^(a)	0.03	(0.03)
Acquisition-related depreciation and amortization ^(b)	0.17	0.19
Share-based compensation	0.01	0.01
Transaction and acquisition related charges ^(c)	0.01	0.01
Integration, restructuring, and other charges ^(d)	0.02	(0.01)
Adjusted income taxes ^(e)	(0.07)	(0.07)
Adjusted Diluted Earnings Per Share (Non-GAAP)	\$ 0.19	\$ 0.22

Weighted average number of shares outstanding used in computation of Adjusted Diluted Earnings Per Share:

Weighted average number of shares outstanding—diluted (GAAP and Non-GAAP)	147,031,866	152,348,806
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- (a) Represents non-cash interest expense related to the amortization of debt issuance costs for the Company's First Lien Credit Facility (as defined below). Beginning in 2022, this adjustment also includes the impact of the change in fair value of interest rate swaps. This adjustment, which represents the difference between the fair value gains or losses and actual cash payments and receipts on the interest rate swaps, was added as a result of the increased interest rate volatility observed in 2022.
- (b) Represents the depreciation and amortization expense related to intangible assets and developed technology assets recorded due to the application of ASC 805, *Business Combinations*. As a result, the purchase accounting related depreciation and amortization expense will recur in future periods until the related assets are fully depreciated or amortized, and the related purchase accounting assets may contribute to revenue generation.
- (c) Represents charges incurred related to acquisitions and similar transactions, primarily consisting of change in control-related costs, professional service fees, and other third-party costs. Additionally includes incremental professional service fees incurred related to the initial public offering and subsequent one-time compliance efforts. The three months ended March 31, 2023 and 2022 include a transaction bonus expense related to one of the Company's 2021 acquisitions.
- (d) Represents charges from organizational restructuring and integration activities, non-cash, and other charges primarily related to legal exposures inherited from legacy acquisitions, foreign currency (gains) losses, and (gains) losses on the sale of assets.
- (e) Effective tax rates of approximately 25.3% and 25.1% have been used to compute Adjusted Net Income and Adjusted Diluted Earnings Per Share for the three months ended March 31, 2023 and 2022, respectively. As of December 31, 2022, we had net operating loss carryforwards of approximately \$11.0 million for federal income tax purposes available to reduce future income subject to income taxes. As a result, the amount of actual cash taxes we may pay for federal income taxes differs significantly from the effective income tax rate computed in accordance with GAAP and from the normalized rate shown above.

Liquidity and Capital Resources

Liquidity

The Company's primary liquidity requirements are for working capital, continued investments in software development and other capital expenditures, and other strategic investments. Income taxes are currently not a significant use of funds but after the benefits of our net operating loss carryforwards are fully recognized, in early 2023, will become a material use of funds, depending on our future profitability and future tax rates. The Company's liquidity needs are met primarily through existing balance sheet cash, cash flows from operations, as well as funds available under our revolving credit facility and proceeds from our term loan borrowings. Our cash flows from operations include cash received from customers, less cash costs to provide services to our customers, which includes general and administrative costs and interest payments.

As of March 31, 2023, we had \$400.2 million in cash and cash equivalents and \$100.0 million available under our revolving credit facility. As of March 31, 2023, we had \$564.7 million of total debt outstanding. We believe our cash on hand, together with amounts available under our revolving credit facility, and cash provided by operating activities are and will continue to be adequate to meet our operational and business needs in the next twelve months. To the extent additional funds are necessary to meet our long-term liquidity needs as we continue to execute our business strategy, we anticipate that they will be obtained through the incurrence of additional indebtedness, additional equity financings or a combination of these potential sources of funds. In the event that we need access to additional cash, we may not be able to access the credit markets on commercially acceptable terms or at all. Our ability to fund future operating expenses and capital expenditures and our ability to meet future debt service obligations or refinance our indebtedness will depend on our future operating performance, which will be affected by general economic, financial, and other factors that may be beyond our control, including those described under our "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Share Repurchase Program

On August 2, 2022, the Company's Board of Directors authorized the repurchase of up to \$50.0 million of the Company's common stock over the 12-month period ending August 2, 2023 (the "Repurchase Program"). Stock repurchases may be effected through open market repurchases at prevailing market prices, including through the use of block trades and trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, privately-negotiated transactions, through other transactions in accordance with applicable securities laws, or a combination of these methods on such terms and in such amounts as the Company deems appropriate and will be funded from available capital. The Company is not obligated to repurchase any specific number of shares, and the timing, manner, value, and actual number of shares repurchased will depend on a variety of factors, including the Company's stock price and liquidity requirements, other business considerations and general market and economic conditions. No shares will be purchased from SLP Fastball Aggregator, L.P. and its affiliates. The Company may discontinue or modify purchases without notice at any time. The Company has used and plans to use its existing cash to fund repurchases made under the share repurchase program.

On November 8, 2022, the Company's Board of Directors authorized an increase to the total available amount under its Repurchase Program to \$150.0 million and extended the program through December 31, 2023. On February 28, 2023, the Company's Board of Directors authorized an increase to the total available amount under its Repurchase Program to \$200.0 million. Through May 4, 2023, the Company repurchased \$97.4 million of shares under the Repurchase Program.

Long-Term Debt

In February 2020, a new financing structure was established consisting of a new First Lien Credit Agreement (“First Lien Agreement”). The First Lien Agreement provided financing in the form of a \$670.0 million term loan due January 31, 2027 (“First Lien Credit Facility”) and a \$75.0 million new revolving credit facility due January 31, 2025 (“Revolver”).

On February 1, 2021, we amended the First Lien Agreement to fund \$100.0 million of additional first lien term loans and reduce the applicable margins by 0.25%.

In connection with the IPO, the Company entered into an amendment to increase the borrowing capacity under the Revolver from \$75.0 million to \$100.0 million and extend the maturity date from January 31, 2025 to July 31, 2026.

Borrowings under the First Lien Agreement bear interest at a rate per annum equal to an applicable margin plus, at our option, either (a) a base rate or (b) LIBOR, which is subject to a floor of 0.00% per annum. The applicable margins under the First Lien Agreement are subject to stepdowns based on our first lien net leverage ratio. In connection with the closing of the IPO, each applicable margin was reduced further by 0.25%. In addition, the borrower, First Advantage Holdings, LLC, which is an indirect wholly-owned subsidiary of the Company, is required to pay a commitment fee on any unutilized commitments under the revolving credit facility. The commitment fee rate ranges between 0.25% and 0.50% per annum based on our first lien net leverage ratio. The borrower is also required to pay customary letter of credit fees.

The First Lien Credit Facility amortizes in equal quarterly installments in aggregate annual amounts equal to 1.00% of the principal amount. The Revolver has no amortization. The First Lien Credit Facility requires the borrower to prepay outstanding term loans, subject to certain exceptions, with certain proceeds from non-ordinary course asset sales, issuance of debt not permitted by the credit agreement to be incurred and annual excess cash flows. In addition, any voluntary prepayment of term loans in connection with certain repricing transactions on or prior to August 1, 2021 were subject to a 1.00% prepayment premium. Otherwise, the borrower may voluntarily repay outstanding loans without premium or penalty, other than customary “breakage” costs.

In connection with the closing of the IPO, on June 30, 2021, the Company repaid \$200.0 million of the First Lien Credit Facility outstanding, of which \$44.3 million was applied to all of the remaining quarterly amortizing principal payments due under the First Lien Agreement. The remaining \$564.7 million term loan is scheduled to mature on January 31, 2027.

The First Lien Agreement is unconditionally guaranteed by Fastball Parent, Inc., a wholly-owned subsidiary of the Company and the direct parent of the borrower, and material wholly owned domestic restricted subsidiaries of Fastball Parent, Inc. The First Lien Agreement and the guarantees of such obligations, are secured, subject to permitted liens and other exceptions, by (1) a first priority security interest in certain tangible and intangible assets of the borrower and the guarantors and (2) a first-priority pledge of 100% of the capital stock of the borrower and of each wholly-owned material restricted subsidiary of the borrower and the guarantors (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, does not include more than 65% of the voting stock of such non-U.S. subsidiary).

The First Lien Agreement contains customary affirmative covenants, negative covenants, and events of default (including upon a change of control). The First Lien Agreement also includes a “springing” first lien net leverage ratio test, applicable only to the Revolver, that requires such ratio to be no greater than 7.75:1.00 on the last day of any fiscal quarter if more than 35.0% of the Revolver is utilized on such date.

Cash Flow Analysis

Comparison of Cash Flows for the three months ended March 31, 2023 compared to the three months ended March 31, 2022

The following table is a summary of our cash flow activity for the periods presented:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Net cash provided by operating activities	\$ 38,599	\$ 41,583
Net cash used in investing activities	(6,083)	(26,472)
Net cash used in financing activities	(24,163)	(40)

Cash Flows from Operating Activities

Net cash provided by operating activities was \$38.6 million for the three months ended March 31, 2023, compared to \$41.6 million for the three months ended March 31, 2022. Net cash provided by operating activities for the three months ended March 31, 2023 decreased by \$3.0 million compared to the three months ended March 31, 2022. Cash flows from operating activities was impacted by the continuation of more modest hiring activity in the Americas and softness internationally resulting from the ongoing uncertainty from the economic environment that began to impact hiring demand in late 2022. This was offset in part by lower accounts receivable driven by increased cash collections from customers.

Cash Flows from Investing Activities

Net cash used in investing activities was \$6.1 million for the three months ended March 31, 2023, compared to \$26.5 million for the three months ended March 31, 2022. Net cash used in investing activities for the three months ended March 31, 2023 decreased by \$20.4 million compared to the three months ended March 31, 2022. The cash flows used in investing activities for the three months ended March 31, 2023 were driven primarily by capitalized software development costs, which increased in 2023 as the Company continued to make incremental investments in its technology platform. Cash flows used in investing activities for the three months ended March 31, 2022 were impacted by the \$19.1 million acquisition of Form I-9 Compliance, net of cash acquired.

Cash Flows from Financing Activities

Net cash used in financing activities was \$24.2 million for the three months ended March 31, 2023, compared to \$0.0 million for the three months ended March 31, 2022. Cash flows from financing activities for the three months ended March 31, 2023 were primarily driven by share-based compensation activity. These inflows were offset by cash outflows related to payments on finance lease obligations, deferred purchase of a software platform, and shares repurchased under the Company's Repurchase Program. During the three months ended March 31, 2023, 1,871,691 shares were repurchased under the program at a total cost of \$25.3 million.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of March 31, 2023, no material change had occurred in our market risks, compared with the disclosure in our Annual Report on Form 10-K filed with the SEC on February 28, 2023.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. 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 SEC's rules and forms and that such information is accumulated and communicated to management including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosures.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving their desired control objectives. Based on the evaluation of management's disclosure controls and procedures as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, the disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

During the quarter covered by this report, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Information in response to this Item is included in “Part I — Item 1. — Note 11 — Commitments and Contingencies” and is incorporated by reference into Part II of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

As of March 31, 2023, no material changes had occurred in our risk factors, compared with the disclosure in our Annual Report on Form 10-K filed with the SEC on February 28, 2023.

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

Use of Proceeds

On June 25, 2021, we completed our IPO. All shares sold were registered pursuant to a registration statement on Form S-1 (File No. 333-256622), declared effective by the SEC on June 22, 2021.

There has been no material change in the expected use of the net proceeds from our IPO as described in our Annual Report on Form 10-K filed with the SEC on February 28, 2023.

Issuer Purchases of Equity Securities

The following information relates to the Company’s purchase of its common stock during each month within the first quarter of 2023:

Period	Total Number of Shares Purchased	Average Price Paid Per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
1/1/2023 - 1/31/2023	641,061	\$ 13.15	641,061	\$ 131,039,602
2/1/2023 - 2/28/2023	525,603	\$ 13.71	525,603	\$ 123,833,318
3/1/2023 - 3/31/2023	705,027	\$ 13.66	705,027	\$ 114,202,781
Total	<u>1,871,691</u>	\$ 13.50	<u>1,871,691</u>	\$ 114,202,781

⁽¹⁾ Average price paid per share for shares purchased as part of our Repurchase Program (includes brokerage commissions).

⁽²⁾ On August 2, 2022, the Company’s Board of Directors authorized the repurchase of up to \$50.0 million of the Company’s common stock over the 12-month period ending August 2, 2023 (the “Repurchase Program”). On November 8, 2022, the Company’s Board of Directors authorized an increase to the total available amount under its Repurchase Program to \$150.0 million and extended the program through December 31, 2023. On February 28, 2023, the Company’s Board of Directors authorized an increase to the total available amount under its Repurchase Program to \$200.0 million. Through May 4, 2023, the Company repurchased \$97.4 million of shares under the Repurchase Program.

Stock repurchases may be effected through open market repurchases at prevailing market prices, including through the use of block trades and trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, privately-negotiated transactions, through other transactions in accordance with applicable securities laws, or a combination of these methods on such terms and in such amounts as the Company deems appropriate and will be funded from available capital. The Company is not obligated to repurchase any specific number of shares, and the timing, manner, value, and actual number of shares repurchased will depend on a variety of factors, including the Company’s stock price and liquidity requirements, other business considerations and general market and economic conditions. No shares will be purchased from SLP Fastball Aggregator, L.P. and its affiliates. The Company may discontinue or modify purchases without notice at any time.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

Performance-Based Vesting Modification

Effective as of May 10, 2023, the Company’s Board of Directors approved a modification of the vesting terms of unvested and unearned performance-based options, restricted stock units (“RSUs”), and restricted stock (collectively, “Performance Awards”). The modification offers eligible employees incremental vesting criteria which allows the currently unvested and unearned Performance Awards to vest based on time on the fourth, fifth, and sixth anniversaries of the relevant vesting commencement date, as set forth in each grant agreement (the “Vesting Commencement Date”), while preserving the eligibility to vest upon future “Realization Events” (as that term is defined in the award agreement(s) pursuant to which the relevant Performance Award was granted).

The below table summarizes the impact of the modification (assuming performance conditions are not realized) on each of our named executive officers, as identified in our definitive proxy statement, dated April 26, 2023, filed with the SEC. Through the applicable vesting dates set forth in the table below, a number of additional Performance Awards, if any, shall vest on each such vesting date as is necessary to ensure that the number of Performance Awards that is vested on such vesting date is equal to the number set forth in the table below, such that 100% of the Performance Awards will be vested on the sixth anniversary of the Vesting Commencement Date (as set forth in the applicable award) even if no performance conditions are satisfied (i.e., no “Realization Event” occurs) prior to the sixth anniversary of such Vesting Commencement Date.

Name Award	Grant Date	Grant Price	Number of Unearned Performance-Based Options, Shares, Units or Other Rights That Have Not Vested	Fourth Anniversary of Vesting Commencement Date	Number of Awards to Vest	Fifth Anniversary of Vesting Commencement Date	Number of Awards to Vest	Sixth Anniversary of Vesting Commencement Date	Number of Awards to Vest
Scott Staples <i>Chief Executive Officer</i>									
Nonqualified stock options									
	6/22/2021	\$ 15.00	854,861	1/31/2024	170,972	1/31/2025	341,944	1/31/2026	341,945
	2/9/2020	\$ —	867,526	1/31/2024	173,505	1/31/2025	347,010	1/31/2026	347,011
David L. Gamsey <i>Executive Vice President and Chief Financial Officer</i>									
Nonqualified stock options									
	6/22/2021	\$ 15.00	178,473	1/31/2024	35,694	1/31/2025	71,389	1/31/2026	71,390
	2/9/2020	\$ —	180,736	1/31/2024	36,147	1/31/2025	72,294	1/31/2026	72,295
Joseph Jaeger <i>President, Americas</i>									
Nonqualified stock options									
	6/22/2021	\$ 15.00	250,466	1/31/2024	50,093	1/31/2025	100,186	1/31/2026	100,187
	2/9/2020	\$ —	253,028	1/31/2024	50,605	1/31/2025	101,211	1/31/2026	101,212
	12/22/2021	\$ —	19,918	6/23/2025	3,983	6/23/2026	7,967	6/23/2027	7,968
Joelle M. Smith <i>President, Data, Technology, and Experience</i>									
Nonqualified stock options									
	8/24/2020	\$ 6.61	8,590	8/15/2024	1,718	8/15/2025	3,436	8/15/2026	3,436
	2/9/2020	\$ 6.61	96,911	1/31/2024	19,382	1/31/2025	38,764	1/31/2026	38,765
Bret T. Jardine <i>Executive Vice President, General Counsel and Corporate Secretary</i>									
Nonqualified stock options									
	2/9/2020	\$ 6.61	64,608	1/31/2024	12,921	1/31/2025	25,843	1/31/2026	25,844

Grant of Equity Award

Effective as of May 10, 2023, the Board of Directors authorized an equity grant to Mr. Bret T. Jardine, our executive Vice President, General Counsel and Corporate Secretary, having a fair value equal to \$150,000, comprised of approximately two-thirds stock options and approximately one-third RSUs, with each grant vesting annually in four equal installments based on a grant date of May 11, 2023. The exact number of stock options and RSUs comprising the grant will be determined on May 11, 2023, based on the prior twenty day average closing price of the Company's common stock in the case of the RSUs and using a Black-Scholes valuation for the stock options. The per share exercise price of the stock options will be the closing price on May 11, 2023.

Item 6. Exhibits.

Exhibit Number	Description
3.1	<u>Amended and Restated Certificate of Incorporation of First Advantage Corporation (incorporated herein by reference to Exhibit 3.1 of First Advantage's Form 8-K filed on June 25, 2021).</u>
3.2	<u>Amended and Restated Bylaws of First Advantage Corporation (incorporated herein by reference to Exhibit 3.2 of First Advantage's Form 8-K filed on June 25, 2021).</u>
10.1†	<u>Employment Offer Letter, dated March 30, 2011, between STG-Fairway Holdings, Inc. (a predecessor to First Advantage Corporation) and Bret Jardine.</u>
10.2†	<u>Employment Offer Letter, dated May 31, 2017, between First Advantage Corporation and Joelle Smith.</u>
10.3	<u>Form of Restrictive Covenant Agreement for Named Executive Officers.</u>
31.1	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in the Exhibit 101 attachments).

† Compensatory arrangements for director(s) and/or executive officer(s).

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

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

FIRST ADVANTAGE CORPORATION

Date: May 10, 2023

By: _____
/s/ Scott Staples
Scott Staples
Chief Executive Officer
(principal executive officer)

Date: May 10, 2023

By: _____
/s/ David L. Gamsey
David L. Gamsey
Executive Vice President & Chief Financial Officer
(principal financial officer)

March 30, 2011

Bret Jardine
[ADDRESS]

Dear Bret,

As you are aware, pursuant to a Purchase Agreement, dated as of December 22, 2010 (the "**Purchase Agreement**"), Symphony Technology Group ("**Symphony**") acquired certain indirect subsidiaries of CoreLogic ("**CoreLogic**") including CoreLogic's screening, human resources outsourcing, tax recovery and verification, and litigation support businesses (collectively, the "**Company**," and the transaction hereinafter, the "**Purchase**"). We are excited about the future success of the Company, and we would like you to continue in your employment, subject to the terms and conditions of this Letter Agreement (this "**Letter Agreement**").

1. *Position; Duties.*

(a) During your employment under this Letter Agreement, you will serve in a full-time capacity as General Counsel of STG-Fairway Holdings, Inc. (the "**Employer**"). In this position, you will report to the Chief Executive Officer of the Employer and will have such duties and responsibilities, commensurate with your position, as will be determined from time to time by the Employer. Your employment with the Employer under this Letter Agreement will commence as of the date you return an executed copy of this Letter Agreement to the Employer (which date, for purposes of this Letter Agreement, will be hereafter referred to as the "**Effective Date**").

(b) Your initial principal place of employment will be the headquarters of the Employer currently located in St. Petersburg, Florida; provided that you may be required to travel from time to time for business reasons.

(c) By signing this Letter Agreement, you represent and warrant to STG-Fairway Holdings, LLC, the Employer and Symphony, as of the Effective Date, that:

(i) you are not under, subject to or otherwise obligated by any contractual commitments (including, without limitation, any non-competition, non-solicitation, proprietary information and inventions, members', shareholders', investors' or similar agreements) that will be inconsistent with your obligations to STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates, or that would be breached by or would prevent or interfere with your execution of this Letter Agreement or your obligations under this Letter Agreement to STG-Fairway Holdings, LLC or the Employer; and

(ii) you have no holdings in the capital stock or equity interests of any company (other than holdings of less than one percent (1%) of the outstanding capital stock of a publicly traded corporation) that is in competition with any line of business conducted by STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates.

2. *Salary.* You will be paid a salary at the annual calendar year rate of two hundred thousand dollars \$200,000 (the "**Base Salary**"), payable in accordance with the Employer's standard payroll practices for salaried employees, but in any event not less frequently than monthly. The Base Salary will begin to accrue on and from the Effective Date and will be subject to annual review and adjustment pursuant to the Employer's employee compensation policies in effect from time to time.

3. *Performance Bonuses.* The board of managers (the “**Board**”) of the Employer’s parent, STG-Fairway Holdings, LLC, intends to adopt a management financial incentive plan similar to those provided to you in the past in which you will be eligible to receive an annual performance bonus in an amount equal to 75% of your Base Salary (the “**Performance Bonus**”). (Annual performance bonus opportunities are in the sole discretion of the Board.) Performance Bonuses will be payable for achieving specified annual target business plan objectives, that will be established by the Board. The Performance Bonus for each year will be payable no later than March 15th of the following year, subject to your continued employment through the payment date.

4. *Retention Payments.* Your First Advantage Retention Agreement dated September 17, 2010, provided for payment of \$43,750 on the first regularly scheduled payroll date 90 days following closing of the Purchase (the “**Retention Amount**”), subject to certain specified conditions. The Employer will pay you the Retention Amount, subject to applicable withholding and subject to your continued employment with the Employer through the payment date.

5. *Other Benefits.* During your employment with the Employer, you will be eligible to participate in the Employer’s benefit plans made available to executive officers of the Employer, including, but not limited to, any group health insurance plan, dental insurance plan, life insurance plan, long and short term disability insurance plans, in accordance with standard terms and conditions of these plans. Such plans are subject to change or termination from time to time at the discretion of the Employer.

6. *General Expense Reimbursement.* During your employment, the Employer will reimburse you for all reasonable business-related expenses that you incur on the Employer’s behalf, including, but not limited to, expenditures that you make in connection with travel, entertainment and miscellaneous expenses. To obtain such reimbursement, you must timely submit reasonable documentation of such expenses in accordance with the standard policies and procedures established by the Employer as in effect from time to time.

7. *Period of Employment.*

(a) Your employment with the Employer will be “at will”, meaning that either you or the Employer will be entitled to terminate your employment at any time and for any reason, with or without Cause or with Good Reason. Although, subject to the terms of this Letter Agreement, your job duties, title, compensation and benefits, as well as the Employer’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Employer.

(b) Subject to and notwithstanding the other provisions of this Letter Agreement, if your employment with the Employer is terminated, your benefits under this Letter Agreement in the event of any such termination will be as set forth in this Paragraph 7(b).

(i) *In General.* Upon termination of employment for any reason, you will be entitled to receive your Base Salary through the date on which your employment terminates (the “**Date of Termination**”), unpaid expense reimbursements, and other amounts due to you pursuant to applicable law and the plans, policies, and practices of the Employer (the **Accrued Obligations**”).

(ii) *Additional Payments Upon Termination Without Cause or with Good Reason.* If your employment is terminated by the Employer without Cause or with Good Reason, and subject to the conditions set forth in Paragraph 7(c), you also will be entitled to continued payment of your Base Salary for a period of six (6) months, in accordance with the Employer’s standard payroll practices.

(c) *Release of Claims.* Notwithstanding anything in this Letter Agreement to the contrary, you (or your estate or representative, as applicable) will be obligated to execute, within sixty days (60) following your Date of Termination (the “**Release Period**”) a general release of claims in favor of STG-Fairway Holdings, LLC and the Employer, substantially in the form attached hereto as Exhibit B, which release shall have become effective and irrevocable in its entirety, as a condition to receiving any benefits and payments under this Paragraph 7 (other than payment of the Accrued Obligations). Your failure or refusal to sign the release (or your revocation of such release in accordance with applicable law) will result in the forfeiture of the payments and benefits under this Paragraph 7 and the repayment of any amounts already paid to you (other than the Accrued Obligations).

(d) *Compliance with Obligations.* If, following a termination of employment you breach, in any material respect, any provision of Paragraphs 8 and 9 of this Letter Agreement, including any provision of the Confidential Information and Inventions Assignment Agreement attached hereto as Exhibit C (the “**Confidentiality Agreement**”), you will not be eligible, as of the date of such breach, for any of the payments and benefits described under this Paragraph 7 (other than the Accrued Obligations) and any and all obligations and agreements of the Employer with respect to such payments shall thereupon cease.

(e) *Effect of Termination.* The termination of your employment for any reason will constitute your resignation from (i) any director, officer or employee position you have with STG-Fairway Holdings, LLC, the Employer or any affiliate thereof and (ii) all fiduciary positions (including as a trustee) you hold with respect to any employee benefit plans or trusts established by STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates. You hereby agree that this Letter Agreement will serve as written notice of resignation in this circumstance.

8. *Outside Activities.*

(a) *Exclusive Services.* During your employment with the Employer, you will not engage in any other gainful employment, business or activity without the written consent of the Employer. The Employer, however, reserves the right to require you to resign from any board or similar body on which you may serve if it determines in good faith that your service on such board interferes with the effective discharge of your duties and responsibilities to STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates. In addition, you will not own, directly or indirectly, any capital stock or equity interests of any company which is in competition with any line of business conducted by STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates; provided, however, that you may own, directly or indirectly, up to one percent (1%) of the outstanding capital stock of any publicly traded corporation.

(b) *Non-Disparagement.* While employed by the Employer and thereafter, you will not knowingly publicly disparage, or otherwise make any derogatory statements regarding STG Fairway Holdings, LLC, the Employer, Symphony or any of their respective affiliates, or any of their respective directors or officers. The members of the Board and the board of directors of the Employer will not knowingly disparage, criticize, or otherwise make any derogatory statements regarding you. Notwithstanding the foregoing, nothing contained in this Letter Agreement will be deemed to restrict any individual or entity from providing truthful information to any governmental or regulatory agency (or in any way limit the content of any such information) to the extent they are requested or required to provide such information pursuant to applicable law or regulation.

(c) *Trade Secrets.* In the course of your employment with the Employer you have become, and will continue to become, familiar with the trade secrets of STG-Fairway Holdings, LLC, the Employer and their respective affiliates (collectively, the “**Company Group**”) and with other confidential information concerning the business of the Company Group. Because of the foregoing and in further consideration of the compensation and other benefits to be provided to you under this Letter Agreement, you will not during your employment with the Employer, and continuing thereafter, directly or indirectly use trade secrets (as such term is defined in Section 3426(l)(d) of the Uniform Trade Secrets Act) of the Company Group, confidential information or proprietary materials of the Company Group or otherwise engage in unfair competition against the Company Group.

(d) *Non-Solicitation.* While you are employed by the Employer or any of its affiliates and continuing for a period of six (6) months thereafter, (the “**Non-Solicit Period**”), you will not, directly or indirectly, (i) knowingly interfere with or attempt to interfere with the relationship between any person who is, or was during the then most recent six (6)-month period, an employee, officer, representative or agent of STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates, or solicit, induce or attempt to solicit or induce any of them to leave the employ of STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates, or violate the terms of their respective contracts, or any employment arrangements, with such entities; or (ii) induce or attempt to induce any customer, client, supplier, licensee or other person or entity then having a business relationship with STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates to cease doing business with STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates, or in any way knowingly interfere with the relationship between STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates and any customer, client, supplier, licensee or other business relationship. As used herein, the term “indirectly” will include, without limitation, the authorized use of the your name by any competitor of STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates to induce or interfere with any employee or business relationship of STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates.

(e) *Non-Competition.* While you are employed by the Employer or any of its affiliates and continuing for a period of six (6) months thereafter, you shall not, directly or indirectly, whether as principal, agent, partner, officer, director, stockholder, employee, consultant or otherwise, alone or in association with any other person or entity, own, manage, operate, control, participate in, invest in (other than an investment that results in you owning less than one-percent (1 %) of the outstanding voting stock of a publicly traded company), or carry on a business that is in direct competition with the products and services currently offered by STG Fairway Holdings, LLC, the Employer or any of their respective affiliates.

9. *Confidentiality.* Like all employees, you will be required, as a condition to your employment with the Employer, to sign the Confidentiality Agreement, which is the Employer’s standard form of Confidential Information and Inventions Assignment Agreement. For all purposes of this Letter Agreement, the covenants contained in the Confidentiality Agreement are incorporated herein by reference as if such covenants were set forth herein in full.

10. *Material Inducement; Injunctive Relief.* You acknowledge and agree that the covenants entered into by you in Paragraphs 8 and 9 are essential elements of the parties’ agreement as expressed in this Letter Agreement, are a material inducement for the Employer to enter into this Letter Agreement and the breach of any of those covenants would be a material breach of this Letter Agreement. You further acknowledge and agree that the Employer’s remedies at law for a breach or threatened breach of any of the provisions of Paragraphs 8 and 9 would be inadequate. In recognition of this fact, you agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Employer will be entitled to seek to obtain equitable relief in the form of temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available, restraining you from engaging in the activities prohibited by Paragraphs 8 and 9 of this Letter Agreement, or such other relief as may be required specifically to enforce this Letter Agreement.

11. *Withholding.* All forms of compensation referred to in this Letter Agreement are subject to reduction to reflect applicable withholding and payroll taxes and any other legal deduction or withholding requirements.

12. *Section 409A of the Code.*

(a) This Letter Agreement is intended to meet the requirements of Section 409A of the Code, and will be interpreted and construed consistent with that intent. For purposes of this Letter Agreement, the terms “terminate,” “terminated” and “termination” mean a termination of your employment that constitutes a “separation from service” within the meaning of the default rules of Section 409A of the Code.

(b) Notwithstanding any other provision of this Letter Agreement, to the extent that the right to any payment (including the provision of benefits) hereunder provides for the “deferral of compensation” within the meaning of Section 409A(d)(1) of the Code, the payment will be paid (or provided) in accordance with the following:

(i) If you are a “Specified Employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date of your termination of employment, then no such payment shall be made or commence during the period beginning on the date of termination and ending on the date that is six (6) months following the date of termination or, if earlier, on the date of your death. The amount of any payment that would otherwise be paid to you during this period will instead be paid on the fifteenth (15th) day of the first calendar month following the end of the period.

(ii) Payments with respect to reimbursements of expenses, business club memberships, financial planning expenses, relocation expenses or legal fees shall be made on or before the last day of the calendar year following the calendar year in which the relevant expense is incurred. The amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year.

13. *280G Treatment.* Notwithstanding anything in this Letter Agreement to the contrary, in the event you receive severance or other payments or benefits that would be considered “parachute payments” within the meaning of Section 280G of the Code (“**Section 280G**” and the “**Parachute Payments**”), you agree to submit the Parachute Payments for shareholder approval in accordance with the requirements of Section 280G and the regulations promulgated thereunder. You acknowledge that, in connection with the shareholder approval process, you are required to waive your right to receive and/or retain the Parachute Payments in the event shareholders do not validly approve the payments as required by Section 280G. In the event you refuse to sign a 280G waiver if so requested by the Employer, payments and/or benefits you might receive (whether severance or otherwise) that are deemed “contingent” on a transaction under Section 280G shall be reduced so that no portion of the payments and/or benefits will be deemed parachute payments (and to the extent any such reduced payments already were paid, you agree to return those amounts to the Employer). For purposes of any such reduction, cash payments shall be reduced first, on a pro-rata basis, then payments related to equity grants (whether in the form of vesting acceleration or otherwise), in reverse order of the date of grant, and then any other payments and benefits due to you on a pro-rata basis.

14. *Definitions.* To the extent not defined herein, Exhibit A to this Letter Agreement sets forth the applicable definitions of capitalized terms in this Letter Agreement.

15. *Entire Agreement.* This Letter Agreement and its exhibits, including the referrals herein to other documents, plans and agreements, contain all of the terms of your employment with the Employer and supersede, as of the Effective Date, any prior understandings or agreements, whether oral or written, between you and CoreLogic, STG-Fairway Holdings, LLC, the Employer or their respective predecessors or affiliates, including your Retention Agreement dated September 17, 2010.

16. *Source of Payments.* All payments provided under this Letter Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid in cash from the general funds of the Employer, and no special or separate fund shall be established, and no other segregation of assets shall be made, to assure payment. You will have no right, title or interest whatsoever in or to any investments which STG-Fairway Holdings, LLC or the Employer may make to aid the Employer in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from the Employer hereunder, such right shall be no greater than the right of an unsecured creditor of the Employer.

17. *Severability.* The illegality, invalidity or unenforceability of any provision of this Letter Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity, enforceability of any other provision. In addition to, and consistent with the foregoing, although the covenants in Paragraph 8 of this Letter Agreement are considered by the STG-Fairway Holdings, LLC, the Employer and you to be reasonable in all the circumstances, if one or more of such covenants should be held invalid as an unreasonable restraint of trade or for any other reason whatsoever, but would have been held valid if part of the wording thereof had been deleted or the period thereof reduced or the range of activities or area dealt with thereby reduced in scope, then such covenants shall apply with such modifications as may be necessary to make them valid and effective.

18. *Nonassignability; Binding Agreement.* Your rights, duties, obligations or interests under this Letter Agreement will not be assignable or delegable by you, and all of the rights and obligations of STG-Fairway Holdings, LLC and/or the Employer hereunder will not be assignable by STG-Fairway Holdings, LLC or the Employer except as incident to a reorganization, merger or consolidation, or transfer of all or substantially all of STG-Fairway Holdings, LLC's and/or the Employer's assets.

19. *Amendment, Governing Law, and Venue.* This Letter Agreement may not be amended or modified except by an express written agreement signed by you and a duly authorized officer of the Employer. The terms of this Letter Agreement and the resolution of any disputes will be governed by the law of the State of Florida, without giving effect to the principles of conflict of laws, and shall be filed in a court sitting in St. Petersburg, Florida.

20. *Arbitration.* You and the Employer agree that to the extent permitted by law, any dispute or controversy arising out of, relating to, or in connection with this Letter Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, or your employment by the Employer or any termination thereof, will be settled by arbitration to be held at a location in St. Petersburg, Florida in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association and as agreed upon by the parties. The arbitrator or arbitrators may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator(s) will be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. The Employer and you each will separately pay its costs and expenses of the arbitration, unless the arbitrator determines otherwise in accordance with applicable law.

We hope that you find the foregoing terms acceptable. You may indicate your agreement with these terms and accept this offer by signing and dating the enclosed duplicate original of this Letter Agreement and the enclosed Confidentiality Agreement and returning them to me. As required by law, your employment with the Employer is also contingent upon your providing legal proof of your identity and authorization to work in the United States.

We look forward to your continued success with the Company.

Very truly yours,

STG-FAIRWAY HOLDINGS INC.

By: /s/ Todd Mavis

Name: [Todd Mavis]

Title [CEO]

I have read and accept this employment offer:

/s/ Bret T. Jardine

BRET JARDINE

Dated: 3/31/11

Definitions

For purposes of the Letter Agreement, the terms set forth below will have meanings set forth herein; provided, however, that if a term is defined in the STG-Fairway Holdings, LLC Incentive Plan, that definition shall instead be used.

“Cause” means:

- (a) any willful act or omission by you constituting dishonesty, fraud or other malfeasance, which in any such case is injurious to the financial condition or business reputation of the STG-Fairway Holdings, LLC, the Employer, Symphony or any of their respective affiliates;
- (b) your conviction of, or pleading *nolo contendere* to, any felony or a misdemeanor involving moral turpitude (or the equivalents thereof in any other jurisdiction in which the STG Fairway Holdings, LLC, the Employer or any of their respective affiliates conducts business);
- (c) any material misrepresentation or significant breach of any of the terms of this Letter Agreement or any significant failure to carry out your obligations under this Letter Agreement; or
- (d) any judgment made by a court of competent jurisdiction or any binding arbitration award made by an arbitral body against you or STG-Fairway Holdings, LLC or the Employer that has the effect of materially diminishing your ability or willingness to perform the duties of your position as specified in Paragraph 1 of the Letter Agreement or the ability or willingness of the STG-Fairway Holdings, LLC or the Employer to accept your performance of such duties (including, without limitation, any such determination or award enforcing any proprietary information and inventions or similar agreement with a third party).

“Good Reason” means:

- (a) a significant reduction of your duties, position, or responsibilities, relative to your duties, position, or responsibilities in effect immediately prior to such reduction (provided, however, that your continuing in his same general role on a divisional or business unit basis, following the acquisition of the Employer by a larger entity, shall not be considered a significant reduction of duties, position, or responsibilities);
 - (b) A reduction in your Base Salary as in effect immediately prior to such reduction other than pursuant to a one-time reduction that also is applied to substantially all other executive officers of the Employer and which one-time reduction reduces the Base Salary by a percentage reduction that is no greater than 10%;
 - (c) The relocation of you to a facility or location more than thirty-five (35) miles from your current place of employment; or
 - (d) The failure of the Employer to obtain the assumption of this Agreement by a successor.
-

[ADDRESS]

This General Release of all Claims (this "Agreement") is entered into by Bret Jardine (the "Executive") and STG-Fairway Holdings, Inc. (the "Employer"), effective as of _____.

In consideration of the promises set forth in the letter agreement between the Executive and the Employer, dated January [], 2011 (the "Employment Agreement"), the Executive and the Employer agree as follows:

1. Return of Property. All files, access keys and codes, desk keys, ID badges, computers, records, manuals, electronic devices, computer programs, papers, electronically stored information or documents, telephones and credit cards, and any other property of the Employer in the Executive's possession must be returned no later than the date of the Executive's termination from the Employer.

2. General Release and Waiver of Claims.

(a) Release. In consideration of the payments and benefits provided to the Executive under the Employment Agreement and after consultation with counsel, the Executive and each of the Executive's respective heirs, executors, administrators, representatives, agents, insurers, successors and assigns (collectively, the "Releasers") hereby irrevocably and unconditionally release and forever discharge the Employer, its subsidiaries and affiliates (including without limitation Symphony Technology Group) and each of their respective officers, employees, directors, members shareholders, parents and agents ("Releasees") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Releasers may have, or in the future may possess, whether known or unknown, arising out of (i) the Executive's employment relationship with and service as an employee, officer or director of the Employer or any parents, subsidiaries or affiliated companies and the termination of such relationship or service, and (ii) any event, condition, circumstance or obligation that occurred, existed or arose on or prior to the date hereof; provided, however, that the Executive does not release, discharge or waive any rights to (i) payments and benefits provided under the Employment Agreement that are contingent upon the execution by the Executive of this Agreement and (ii) any indemnification rights the Executive may have in accordance with STG-Fairway Holdings, LLC's and/or the Employer's governance instruments or under any director and officer liability insurance maintained by STG-Fairway Holdings, LLC or the Employer with respect to liabilities arising as a result of the Executive's service as an officer and employee of STG Fairway Holdings, LLC and/or the Employer. This Section 2(a) does not apply to any Claims that the Releasers may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). Claims arising under ADEA are addressed in Section 2(b) of this Agreement.

(b) Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under the Employment Agreement, the Releasers hereby unconditionally release and forever discharge the Releasees from any and all Claims arising under ADEA that the Releasers may have as of the date the Executive signs this Agreement. By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Employer in connection with his termination to consult with an attorney of his choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has in fact consulted with an attorney; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of his choosing with respect thereto; (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement; and (iv) the Executive is providing this release and discharge only in exchange for consideration in addition to anything of value to which the Executive is already entitled. The Executive also understands that he has seven days following the date on which he signs this Agreement within which to revoke the release contained in this paragraph, by providing the Employer with a written notice of his revocation of the release and waiver contained in this paragraph.

(c) No Assignment. The Executive represents and warrants that he has not assigned any of the Claims being released under this Agreement. The Employer may assign this Agreement, in whole or in part, to any affiliated company or subsidiary of, or any successor in interest to, the Employer.

3. Proceedings.

(a) General Agreement Relating to Proceedings. The Executive has not filed, and except as provided in Sections 3(b) and 3(c), the Executive agrees not to initiate or cause to be initiated on his behalf, any complaint, charge, claim or proceeding against the Releasees before any local, state or federal agency, court or other body relating to his employment or the termination of his employment, other than with respect to the obligations of the Employer to the Executive under the Employment Agreement or any indemnification rights the Executive may have in accordance with the STG-Fairway Holdings, LLC's and/or the Employer's governance instruments or under any director and officer liability insurance maintained by the Employer (each, individually, a "Proceeding"), and agrees not to participate voluntarily in any Proceeding. The Executive waives any right he may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Proceeding.

(b) Proceedings Under ADEA. Section 3(a) shall not preclude the Executive from filing any complaint, charge, claim or proceeding challenging the validity of the Executive's waiver of Claims arising under ADEA (which is set forth in Section 2(b) of this Agreement). However, both the Executive and the Employer confirm their belief that the Executive's waiver of claims under ADEA is valid and enforceable, and that their intention is that all claims under ADEA will be waived.

(c) Certain Administrative Proceedings. In addition, Section 3(a) shall not preclude the Executive from filing a charge with or participating in any administrative investigation or proceeding by the Equal Employment Opportunity Commission or another Fair Employment Practices agency. The Executive is, however, waiving his right to recover money in connection with any such charge or investigation. The Executive is also waiving his right to recover money in connection with a charge filed by any other entity or individual, or by any federal, state or local agency.

4. Remedies. In the event that (i) the Executive initiates or voluntarily participates in any Proceeding in violation of this Agreement, or (ii) he fails to abide by any of the terms of this Agreement or his post-termination obligations contained in the Employment Agreement, or (iii) he revokes the ADEA release contained in Section 2(b) within the seven-day period provided under Section 2(b), the Employer may, in addition to any other remedies it may have, reclaim any amounts paid to him under the termination provisions of the Employment Agreement or terminate any benefits or payments that are subsequently due under the Employment Agreement; any such reclamation or termination by the Employer in accordance with this Section 4 shall not operate as a waiver of the release granted herein in the circumstances described in the foregoing clauses (i) and (ii). The Executive acknowledges and agrees that the remedy at law available to the Employer for breach of any of his post-termination obligations under the Employment Agreement or his obligations under Sections 2 and 3 herein would be inadequate and that damages flowing from such a breach may not readily be susceptible to measurement in monetary terms. Accordingly, the Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Employer may have at law or in equity or as may otherwise be set forth in the Employment Agreement, the Employer shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Executive from breaching his post-termination obligations under the Employment Agreement or his obligations under Sections 2 and 3 herein. Such injunctive relief in any court shall be available to the Employer, in lieu of, or prior to or pending determination in, any arbitration proceeding.

The Executive understands that by entering into this Agreement he shall be limiting the availability of certain remedies that he may have against the Employer and limiting also his ability to pursue certain claims against the Employer.

5. Severability Clause. In the event that any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, shall be inoperative.

6. Nonadmission. Nothing contained in this Agreement shall be deemed or construed as an admission of wrongdoing or liability on the part of the Employer.

7. Governing Law and Forum. This Agreement and all matters or issues arising out of or relating to your employment with the Employer shall be governed by the laws of the State of Florida applicable to contracts entered into and performed entirely therein. Any action to enforce this Agreement shall be brought solely in the state or federal courts located in St. Petersburg, Florida.

8. Notices. Notices under this Agreement must be given in writing, by personal delivery, regular mail or receipted email, at the parties' respective addresses shown on this Agreement (or any other address designated in writing by either party), with a copy, in the case of the Employer, to the attention of the Employer's General Counsel. Any notice given by regular mail shall be deemed to have been given three days following such mailing.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND THAT HE FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS OWN FREE WILL.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

STG-FAIRWAY HOLDINGS, INC.

By: _____

BRET JARDINE

Dated: _____

[LOGO]

May 31, 2017

Joelle Smith
[ADDRESS]

Dear Joelle,

The following will set forth the terms and conditions of your employment with First Advantage Corporation (“Letter Agreement” and/or “Agreement”).

1. *Position; Duties.*

(a) During your employment under this Letter Agreement, you will serve in a full-time capacity as **Executive Vice-President** of First Advantage Corporation (the “**Employer**”). In this position, you will have such duties, responsibilities and authority commensurate with your position and you will report to **Scott Staples, Chief Executive Officer**. Your employment with the Employer under this Letter Agreement will commence on July 10, 2017 as long as you return an executed copy of this Letter Agreement to the Employer prior to that date (which date, for purposes of this Letter Agreement, will be hereafter referred to as the “**Effective Date**”).

(b) You will be a home based employee; provided that you may be required to travel from time to time for business reasons.

(c) By signing this Letter Agreement, you represent and warrant to STG-Fairway Holdings, LLC, the Employer and Symphony, as of the Effective Date, that:

(i) you are not and will not be, subject to or otherwise obligated by any contractual commitments (including, without limitation, any non-competition, non-solicitation, proprietary information and inventions, members’, shareholders’, investors’ or similar agreements) that will be inconsistent with your obligations to STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates, or that would be breached by or would prevent or interfere with your execution of this Letter Agreement or your obligations under this Letter Agreement to STG-Fairway Holdings, LLC or the Employer; and

(ii) you have no holdings in the capital stock or equity interests of any company (other than holdings of less than one percent (1%) of the outstanding capital stock of a publicly traded corporation) that is in competition with any line of business conducted by STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates.

2. **Salary.** You will be paid a salary at the annual calendar year rate of **\$325,000** (the “**Base Salary**”), payable bi-weekly in accordance with the Employer’s standard payroll practices for salaried employees. The Base Salary will begin to accrue on and from the Effective Date and will be subject to annual review and adjustment pursuant to the Employer’s employee compensation policies in effect from time to time.

3. *Performance Bonuses.* The board of managers (the “**Board**”) of the Employer’s parent, STG-Fairway Holdings, LLC, has implemented a management financial incentive plan, under which it is expected that you will be eligible to receive an annual performance bonus in an amount equal to **fifty percent (50%)** of your Base Salary (the “**Performance Bonus**”). For 2017 we will guarantee one-half of your Performance Bonus, which will be pro-rated from your Effective Date. Annual performance bonus opportunities are in the sole discretion of the Board Performance Bonuses will be payable for achieving specified annual target business plan objectives that will be established by the Board and executive management. Except as otherwise provided for herein, you shall not be eligible for a Performance Bonus unless you remain employed by the Company through the payment date of such Performance Bonus, which shall occur as soon as practicable after the Board certifies performance for the applicable year

4. *Signing Bonus.* You will receive a signing bonus in the amount of **\$25,000.00** paid in the first regularly scheduled pay period that occurs after the Effective Date. In the event that you voluntarily terminate your employment with Employer for any reason whatsoever or your employment with Employer is terminated by Employer for “Cause” before the first anniversary of receipt of signing bonus payment, you will repay to Employer an amount equal to such installment payment. Such repayment shall be made by you in full within thirty (30) days of your termination of employment with Employer. No repayment shall be required in the event of termination of employment by death or permanent and total disability.

5. *Other Benefits.* During your employment with the Employer, you will be eligible to participate in the Employer’s benefit plans made available to executive officers of the Employer, including, but not limited to, any group health insurance plan, dental insurance plan, life insurance plan, long and short term disability insurance plans, in accordance with standard terms and conditions of these plans. Such plans are subject to change or termination from time to time at the discretion of the Employer. You will be a participant in the Leadership Paid Time Off (LPTO) policy. The LPTO policy permits leadership to take time off with pay at his or her discretion, subject to meeting the Company’s overall performance expectations.

6. *Equity Compensation.* Subject to appropriate Board of Director approval, you shall be granted an option under the Equity Incentive Plan of the Employer’s parent company to purchase an interest in Employer’s Parent of **200,000 Class C** units.

7. *General Expense Reimbursement.* During your employment, the Employer will reimburse you for all reasonable business-related expenses that you incur on the Employer’s behalf, including, but not limited to, expenditures that you make in connection with travel, entertainment and miscellaneous expenses. To obtain such reimbursement, you must timely submit reasonable documentation of such expenses in accordance with the standard policies and procedures established by the Employer as in effect from time to time.

8. *Period of Employment.*

(a) Your employment with the Employer will be “at will”, meaning that either you or the Employer will be entitled to terminate your employment at any time and for any reason, with or without Cause or Good Reason. Although, subject to the terms of this Letter Agreement, your job duties, title, compensation and benefits, as well as the Employer’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Employer.

(b) Subject to and notwithstanding the other provisions of this Letter Agreement, if your employment with the Employer is terminated, your benefits under this Letter Agreement in the event of any such termination will be as set forth in this Paragraph 8(b).

(i) *In General.* Upon termination of employment for any reason including death or permanent and total disability, you will be entitled to receive your Base Salary through the date on which your employment terminates (the “**Date of Termination**”), unpaid expense reimbursements, and other amounts due to you pursuant to applicable law and the plans, policies, and practices of the Employer (the **Accrued Obligations**”).

(ii) *Additional Payments Upon Termination Without Cause or Voluntarily for Good Reason.* If your employment is terminated by the Employer without Cause (as hereinafter defined in Exhibit A) or in the event of death or permanent and total disability or in the event that you voluntarily terminate your employment with Employer with “**Good Reason**” (as hereinafter defined) and subject to the conditions set forth in Paragraph 8(c), you also will be entitled to continued payment of your Base Salary (“**Severance Payments**”) for a period of **six (6)** months (“**Severance Period**”), in accordance with the Employer’s standard payroll practices.

(c) *Release of Claims.* Notwithstanding anything in this Letter Agreement to the contrary, you (or your estate or representative, as applicable) will be obligated to execute, within thirty days (30) following your Date of Termination (the “**Consideration Period**”) a General Release of claims in favor of STG-Fairway Holdings, LLC and the Employer, substantially in the form attached hereto as Exhibit B which release shall have become effective and irrevocable in its entirety, as a condition to receiving any benefits and payments under this Paragraph 8 (other than payment of the Accrued Obligations). Your failure or refusal to sign the General Release (or your revocation of such release in accordance with applicable law) will result in the forfeiture of the payments and benefits under this Paragraph 8 and the repayment of any amounts already paid to you (other than the Accrued Obligations). You will receive these Severance Payments on the regular bi-weekly payroll schedule for the duration of the Severance Period, beginning on the next feasible pay day after the end of the Revocation Period. You will have up to seven (7) days after signing the General Release to revoke it (“**Revocation Period**”). Your revocation shall be effective only upon actual timely receipt by the Company of a written, signed notice of revocation to the Company no later than 5 pm on the seventh (7th) day after you have signed the General Release. Should you choose to revoke the General Release, the Company shall have no obligation to pay you the payments and benefits per Section 8(b)(ii) above. The General Release is not effective or enforceable until the Revocation Period expires.

(d) *Compliance with Obligations.* If, following a termination of employment you breach, in any material respect, any provision of Paragraphs 9 and 10 of this Letter Agreement, including any provision of the Confidential Information and Inventions Assignment Agreement attached hereto as Exhibit C (the “**Confidentiality Agreement**”), you will not be eligible, as of the date of such breach, for any of the payments and benefits described under this Paragraph 8 (other than the Accrued Obligations) and any and all obligations and agreements of the Employer with respect to such payments shall thereupon cease.

(e) *Effect of Termination.* The termination of your employment for any reason will constitute your resignation from (i) any director, officer or employee position you have with STG-Fairway Holdings, LLC, the Employer or any affiliate thereof and (ii) all fiduciary positions (including as a trustee) you hold with respect to any employee benefit plans or trusts established by STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates. You hereby agree that this Letter Agreement will serve as written notice of resignation in this circumstance and you agree to execute any resignation letter consistent with the foregoing that the Employer reasonably requests.

9. *Outside Activities.*

(a) *Exclusive Services.* During your employment with the Employer, you will not engage in any other gainful employment, business or activity without the written consent of the Employer. The Employer, however, reserves the right to require you to resign from any board or similar body on which you may serve if it determines in good faith that your service on such board interferes with the effective discharge of your duties and responsibilities to STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates. In addition, you will not own, directly or indirectly, any capital stock or equity interests of any company which is in competition with any line of business conducted by STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates: provided; however, that you may own, directly or indirectly, up to one percent (1%) of the outstanding capital stock of any publicly traded corporation.

(b) *Non-Disparagement.* While employed by the Employer and thereafter, you will not knowingly disparage, criticize, or otherwise make any derogatory statements regarding STG Fairway Holdings, LLC, the Employer, Symphony or any of their respective affiliates, or any of their respective directors or officers. The members of the Board and the board of directors of the Employer will not knowingly disparage, criticize, or otherwise make any derogatory statements regarding you. Notwithstanding the foregoing, nothing contained in this Letter Agreement will be deemed to restrict any individual or entity from providing truthful information to any governmental or regulatory agency (or in any way limit the content of any such information) to the extent they are requested or required to provide such information pursuant to applicable law or regulation.

(c) *Trade Secrets.* In the course of your employment with the Employer you have become, and will continue to become, familiar with the trade secrets of STG-Fairway Holdings, LLC, the Employer and their respective affiliates (collectively, the “**Company Group**”) and with other confidential information concerning the business of the Company Group. Because of the foregoing and in further consideration of the compensation and other benefits to be provided to you under this Letter Agreement, you will not during your employment with the Employer, and continuing thereafter, directly or indirectly use trade secrets (as such term is defined in Section 3426(1)(d) of the Uniform Trade Secrets Act) of the Company Group, confidential information or proprietary materials of the Company Group or otherwise engage in unfair competition against the Company Group.

(d) *Non-Solicitation.* While you are employed by the Employer or any of its affiliates and continuing for a period of 12 months thereafter, (the “**Non-Solicit Period**”), you will not, directly or indirectly, (i) knowingly interfere with or attempt to interfere with the relationship between any person who is, or was during the then most recent six (6)-month period, an employee, officer, representative or agent of STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates, or solicit, induce or attempt to solicit or induce any of them to leave the employ of STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates, or violate the terms of their respective contracts, or any employment arrangements, with such entities; or (ii) induce or attempt to induce any customer, client, supplier, licensee or other person or entity then having a business relationship with STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates to cease doing business with STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates, or in any way knowingly interfere with the relationship between STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates and any customer, client, supplier, licensee or other business relationship. As used herein, the term “indirectly” will include, without limitation, the authorized use of the your name by any competitor of STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates to induce or interfere with any employee or business relationship of STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates.

(e) *Non-Competition.* While you are employed by the Employer or any of its affiliates and continuing for a period of 12 months thereafter, you shall not, directly or indirectly, whether as principal, agent, partner, officer, director, stockholder, employee, consultant or otherwise, alone or in association with any other person or entity, own, manage, operate, control, participate in, invest in (other than an investment that results in you owning less than one-percent (1%) of the outstanding voting stock of a publicly traded company), or carry on a business that is in direct competition with the products and services currently offered by STG-Fairway Holdings, LLC, the Employer or any of their respective affiliates.

10. *Confidentiality.* Like all employees, you will be required, as a condition to your employment with the Employer, to sign the Confidentiality Agreement - Exhibit C, which is the Employer’s standard form of Confidential Information and Inventions Assignment Agreement. For all purposes of this Letter Agreement, the covenants contained in the Confidentiality Agreement are incorporated herein by reference as if such covenants were set forth herein in full.

11. *Material Inducement; Injunctive Relief.* You acknowledge and agree that the covenants entered into by you in Paragraphs 9 and 10 are essential elements of the parties' agreement as expressed in this Letter Agreement, are a material inducement for the Employer to enter into this Letter Agreement and the breach of any of those covenants would be a material breach of this Letter Agreement. You further acknowledge and agree that the Employer's remedies at law for a breach or threatened breach of any of the provisions of Paragraphs 9 and 10 would be inadequate. In recognition of this fact, you agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Employer will be entitled to obtain equitable relief in the form of temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available, without bond or security, restraining you from engaging in the activities prohibited by Paragraphs 8 and 9 of this Letter Agreement, or such other relief as may be required specifically to enforce this Letter Agreement.

12. *Withholding.* All forms of compensation referred to in this Letter Agreement are subject to reduction to reflect applicable withholding and payroll taxes and any other legal deduction or withholding requirements.

13. *Section 409A of the Code.*

(a) This Letter Agreement is intended to meet the requirements of Section 409A of the Code, and will be interpreted and construed consistent with that intent. For purposes of this Letter Agreement, the terms "terminate," "terminated" and "termination" mean a termination of your employment that constitutes a "separation from service" within the meaning of the default rules of Section 409A of the Code.

(b) Notwithstanding any other provision of this Letter Agreement, to the extent that the right to any payment (including the provision of benefits) hereunder provides for the "deferral of compensation" within the meaning of Section 409A(d)(1) of the Code, the payment will be paid (or provided) in accordance with the following:

(i) If you are a "Specified Employee" within the meaning of Section 409A(a)(2) (B)(i) of the Code on the date of your termination of employment, then no such payment shall be made or commence during the period beginning on the date of termination and ending on the date that is six (6) months following the date of termination or, if earlier, on the date of your death. The amount of any payment that would otherwise be paid to you during this period will instead be paid on the fifteenth (15th) day of the first calendar month following the end of the period.

(ii) Payments with respect to reimbursements of expenses, business club memberships, financial planning expenses, relocation expenses or legal fees shall be made on or before the last day of the calendar year following the calendar year in which the relevant expense is incurred. The amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year.

14. *280G Treatment.* Notwithstanding anything in this Letter Agreement to the contrary, in the event you receive severance or other payments or benefits that would be considered "parachute payments" within the meaning of Section 280G of the Code ("**Section 280G**" and the "**Parachute Payments**"), you agree to submit the Parachute Payments for shareholder approval in accordance with the requirements of Section 280G and the regulations promulgated thereunder. You acknowledge that, in connection with the shareholder approval process, you are required to waive your right to receive and/or retain the Parachute Payments in the event shareholders do not validly approve the payments as required by Section 2800. In the event you refuse to sign a 280G waiver if so requested by the Employer, payments and/or benefits you might receive (whether severance or otherwise) that are deemed "contingent" on a transaction under Section 280G shall be reduced so that no portion of the payments and/or benefits will be deemed parachute payments (and to the extent any such reduced payments already were paid, you agree to return those amounts to the Employer). For purposes of any such reduction, cash payments shall be reduced first, on a pro-rata basis, then payments related to equity grants (whether in the form of vesting acceleration or otherwise), in reverse order of the date of grant, and then any other payments and benefits due to you on a pro-rata basis.

15. *Definitions.* To the extent not defined herein, Exhibit A to this Letter Agreement sets forth the applicable definitions of capitalized terms in this Letter Agreement.

16. *Entire Agreement.* This Letter Agreement and its exhibits, including the referrals herein to other documents, plans and agreements, contain all of the terms of your employment with the Employer and supersede, as of the Effective Date, any prior understandings or agreements, whether oral or written, between you and STG-Fairway Holdings, LLC, the Employer or their respective predecessors or affiliates.

17. *Source of Payments.* All payments provided under this Letter Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid in cash from the general funds of the Employer, and no special or separate fund shall be established, and no other segregation of assets shall be made, to assure payment. You will have no right, title or interest whatsoever in or to any investments which STG-Fairway Holdings, LLC or the Employer may make to aid the Employer in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from the Employer hereunder, such right shall be no greater than the right of an unsecured creditor of the Employer.

18. *Severability.* The illegality, invalidity or unenforceability of any provision of this Letter Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity, enforceability of any other provision. In addition to, and consistent with the foregoing, although the covenants in Paragraph 8 of this Letter Agreement are considered by the STG-Fairway Holdings, LLC, the Employer and you to be reasonable in all the circumstances, if one or more of such covenants should be held invalid as an unreasonable restraint of trade or for any other reason whatsoever, but would have been held valid if part of the wording thereof had been deleted or the period thereof reduced or the range of activities or area dealt with thereby reduced in scope, then such covenants shall apply with such modifications as may be necessary to make them valid and effective.

19. *Nonassignability; Binding Agreement.* Your rights, duties, obligations or interests under this Letter Agreement will not be assignable or delegable by you, and all of the rights and obligations of STG Fairway Holdings, LLC and/or the Employer hereunder will not be assignable by STG-Fairway Holdings, LLC or the Employer except as incident to a reorganization, merger or consolidation, or transfer of all or substantially all of STG-Fairway Holdings, LLC's and/or the Employer's assets.

20. *Amendment, Governing Law, and Venue.* This Letter Agreement may not be amended or modified except by an express written agreement signed by you and a duly authorized officer of the Employer. The terms of this Letter Agreement and the resolution of any disputes will be governed by the law of the State of Georgia, without giving effect to the principles of conflict of laws, and shall be filed in a court sitting in Atlanta, Georgia.

21. *Arbitration.* You and the Employer agree that to the extent permitted by law, any dispute or controversy arising out of, relating to, or in connection with this Letter Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, or your employment by the Employer or any termination thereof, will be settled by arbitration to be held at a location in Atlanta, Georgia in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association. The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator will be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. The Employer and you each will separately pay its costs and expenses of the arbitration, unless the arbitrator determines otherwise in accordance with applicable law.

We hope that you find the foregoing terms acceptable. You may indicate your agreement with these terms and accept this offer by signing and dating the enclosed duplicate original of this Letter Agreement and the enclosed Confidentiality Agreement and returning them to me. As required by law, your employment with the Employer is also contingent upon your providing legal proof of your identity and authorization to work in the United States.

We look forward to your continued success with the Company.

Very truly yours,

FIRST ADVANTAGE CORPORATION

By: /s/ Bret Jardine

Name: [Bret T. Jardine]

Title [Corporate Counsel]

I have read and accept this employment offer:

/s/ Joelle Smith

Joelle Smith

Dated: 6/7/2017

Definitions

For purposes of the Letter Agreement, the terms set forth below will have meanings set forth herein; provided, however, that if a term is defined in the First Advantage Corporation Incentive Plan, that definition shall instead be used.

“Cause” means:

(a) any willful act or omission by you constituting dishonesty, fraud or other malfeasance, which in any such case is injurious to the financial condition or business reputation of the STG-Fairway Holdings, LLC, the Employer, Symphony or any of their respective affiliates;

(b) your conviction of, or pleading *nolo contendere* to, any felony or a misdemeanor involving moral turpitude (or the equivalents thereof in any other jurisdiction in which the STG Fairway Holdings, LLC, the Employer or any of their respective affiliates conducts business);

(c) any material misrepresentation or significant breach of any of the terms of this Letter Agreement or any significant failure to carry out your obligations under this Letter Agreement; or

(d) any judgment made by a court of competent jurisdiction or any binding arbitration award made by an arbitral body against you or STG-Fairway Holdings, LLC or the Employer that has the effect of materially diminishing your ability or willingness to perform the duties of your position as specified in Paragraph 1 of the Letter Agreement or the ability or willingness of the STG-Fairway Holdings, LLC or the Employer to accept your performance of such duties (including, without limitation, any such determination or award enforcing any proprietary information and inventions or similar agreement with a third party).

“Good Reason” means:

(a) a material diminution in the Employee’s base compensation;

(b) a material diminution in the Employee’s authority, duties, or responsibilities;

(c) a material diminution in the authority, duties, or responsibilities of an Employee to whom the Employee reports;

(d) a material diminution in the budget over which Employee has authority;

(e) a material change in the geographic location at which Employee performs services;

(f) any other action or inaction that constitutes a material breach of the Agreement by the Employer; provided, however, that you may not resign your employment for Good Reason unless: (x) you provided the Employer with at least thirty (30) days prior written notice of your intent to resign for Good Reason (which notice must be provided within ninety (90) days following the occurrence of the event(s) purported to constitute Good Reason) and (y) the Employer has not remedied the alleged violation(s) within the thirty (30) day period.

General Release of Claims

This General Release ("General Release") of all Claims (this "Agreement") is entered into by Joelle Smith (the "Executive") and First Advantage Corporation (the "Employer"), effective as of _____.

In consideration of the promises set forth in the letter agreement between the Executive and the Employer, dated **May 31, 2017** (the "Employment Agreement"), the Executive and the Employer agree as follows:

1. Return of Property.

All files, access keys and codes, desk keys, ID badges, computers, records, manuals, electronic devices, computer programs, papers, electronically stored information or documents, telephones and credit cards, and any other property of the Employer in the Executive's possession must be returned no later than the date of the Executive's termination from the Employer.

2. General Release and Waiver of Claims

(a) Release. In consideration of the payments and benefits provided to the Executive under the Employment Agreement and after consultation with counsel, the Executive and each of the Executive's respective heirs, executors, administrators, representatives, agents, insurers, successors and assigns (collectively, the "Releasors") hereby irrevocably and unconditionally release and forever discharge the Employer, its subsidiaries and affiliates (including without limitation Symphony Technology Group) and each of their respective officers, employees, directors, members shareholders, parents and agents ("Releasees") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Releasors may have, or in the future may possess, whether known or unknown, arising out of (i) the Executive's employment relationship with and service as an employee, officer or director of the Employer or any parents, subsidiaries or affiliated companies and the termination of such relationship or service, and (ii) any event, condition, circumstance or obligation that occurred, existed or arose on or prior to the date hereof; provided, however, that the Executive does not release, discharge or waive any rights to (i) payments and benefits provided under the Employment Agreement that are contingent upon the execution by the Executive of this Agreement and (ii) any indemnification rights the Executive may have in accordance with STG-Fairway Holdings, LLC's and/or the Employer's governance instruments or under any director and officer liability insurance maintained by STG-Fairway Holdings, LLC or the Employer with respect to liabilities arising as a result of the Executive's service as an officer and employee of STG-Fairway Holdings, LLC and/or the Employer. This Section 2(a) does not apply to any Claims that the Releasors may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). Claims arising under ADEA are addressed in Section 2(b) of this Agreement.

(b) Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under the Employment Agreement, the Releasors hereby unconditionally release and forever discharge the Releasees from any and all Claims arising under ADEA that the Releasors may have as of the date the Executive signs this Agreement. By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Employer in connection with his termination to consult with an attorney of his choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has in fact consulted with an attorney; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of his choosing with respect thereto; (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement; and (iv) the Executive is providing this release and discharge only in exchange for consideration in addition to anything of value to which the Executive is already entitled. The Executive also understands that he has seven days following the date on which he signs this Agreement within which to revoke the release contained in this paragraph, by providing the Employer with a written notice of his revocation of the release and waiver contained in this paragraph.

(c) No Assignment. The Executive represents and warrants that he has not assigned any of the Claims being released under this Agreement. The Employer may assign this Agreement, in whole or in part, to any affiliated company or subsidiary of, or any successor in interest to, the Employer.

3. Proceedings

(a) General Agreement Relating to Proceedings. The Executive has not filed, and except as provided in Sections 3(b) and 3(c), the Executive agrees not to initiate or cause to be initiated on his behalf, any complaint, charge, claim or proceeding against the Releasees before any local, state or federal agency, court or other body relating to his employment or the termination of his employment, other than with respect to the obligations of the Employer to the Executive under the Employment Agreement or any indemnification rights the Executive may have in accordance with the STG-Fairway Holdings, LLC's and/or the Employer's governance instruments or wider any director and officer liability insurance maintained by the Employer (each, individually, a "Proceeding"), and agrees not to participate voluntarily in any Proceeding. The Executive waives any right he may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Proceeding.

(b) Proceedings Under ADEA. Section 3(a) shall not preclude the Executive from filing any complaint, charge, claim or proceeding challenging the validity of the Executive's waiver of Claims arising wider ADEA (which is set forth in Section 2(b) of this Agreement). However, both the Executive and the Employer confirm their belief that the Executive's waiver of claims under ADEA is valid and enforceable, and that their intention is that all claims under ADEA will be waived.

(c) Certain Administrative Proceedings. In addition, Section 3(a) shall not preclude the Executive from filing a charge with or participating in any administrative investigation or proceeding by the Equal Employment Opportunity Commission or another Fair Employment Practices agency. The Executive is, however, waiving his right to recover money in connection with any such charge or investigation. The Executive is also waiving his right to recover money in connection with a charge filed by any other entity or individual, or by any federal, state or local agency.

4. Remedies

In the event that (i) the Executive initiates or voluntarily participates in any Proceeding in violation of this Agreement, or (ii) he fails to abide by any of the terms of this Agreement or his post termination obligations contained in the Employment Agreement, or (iii) he revokes the ADEA release contained in Section 2(b) within the seven-day period provided under Section 2(b), the Employer may, in addition to any other remedies it may have, reclaim any amounts paid to him under the termination provisions of the Employment Agreement or terminate any benefits or payments that are subsequently due under the Employment Agreement; any such reclamation or termination by the Employer in accordance with this Section 4 shall not operate as a waiver of the release granted herein in the circumstances described in the foregoing clauses (i) and (ii). The Executive acknowledges and agrees that the remedy at law available to the Employer for breach of any of his post-termination obligations under the Employment Agreement or his obligations under Sections 2 and 3 herein would be inadequate and that damages flowing from such a breach may not readily be susceptible to measurement in monetary terms. Accordingly, the Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Employer may have at law or in equity or as may otherwise be set forth in the Employment Agreement, the Employer shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Executive from breaching his post-termination obligations under the Employment Agreement or his obligations under Sections 2 and 3 herein. Such injunctive relief in any court shall be available to the Employer, in lieu of, or prior to or pending determination in, any arbitration proceeding.

The Executive understands that by entering into this Agreement he shall be limiting the availability of certain remedies that he may have against the Employer and limiting also his ability to pursue certain claims against the Employer.

5. Severability Clause

In the event that any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, shall be inoperative.

[LOGO]

Confidential Information and Inventions Agreement

Instructions

Please take the time to review your Confidential Information and Inventions Agreement (the “**Agreement**”) with **First Advantage Corporation** (the “**Company**”). It contains material restrictions on your right to disclose or use, during or after your service with the Company, certain information and technology learned or developed by you (either alone or jointly with others) during your service with the Company. **The Company considers this Agreement to be very important to the protection of its business.**

If you have any questions concerning the Agreement, you may wish to consult an attorney. Managers, legal counsel and others in the Company are not authorized to give you legal advice concerning the Agreement.

Once you have read and understood the Agreement, please sign the acknowledgement to confirm your agreement to its terms and conditions.

Confidential Information And Inventions Agreement

In consideration of my Engagement (as defined below in Paragraph 1) with **First Advantage Corporation**, a Delaware Corporation, a **Symphony Technology Group** Company, and/or its subsidiaries, parents, holding companies, related companies, and affiliates (collectively referred to as "**First Advantage**" or the "**Company**"), and other valuable consideration, including but not limited to training and the receipt of confidential information, I agree as follows:

1.Engagement. For purposes of this Confidential Information and Inventions Agreement (this "**Agreement**"), my "**Engagement**" means my initial and/or continuing engagement as an employee, director or officer of the Company.

2.Confidential Information. For purposes of this Agreement, "**Confidential Information**" means any and all information, ideas and materials, in whatever form, tangible or intangible, pertaining in any manner to the business of or used by the Company (including, without limitation, any person or entity owned by, controlled by or affiliated with the Company) or to any other person or entity to whom or to which the Company owes a duty of confidentiality. Confidential Information includes, but is not limited to, any trade secret, data, know-how, knowledge, idea, information and materials relating to the past, present, planned or foreseeable business, products, services, developments, technology or activities of the Company. The following list is intended as a list of examples of Confidential Information only and not an exhaustive list: (1) any information or data regarding real estate, property or related subjects that the Company has developed, compiled, researched, organized, purchased or has plans to market and/or sell; (2) any work of authorship, invention, improvement or discovery; (3) any patent disclosure or patent application; (4) any composition, design, formula, method, technique, process, program, specification or system; (5) any financial or investor information; (6) any personal or personnel information, compensation and other terms of employment of the Company's employees, officers and directors (except my own); (7) any names, history, preferences and practices of any customers or potential customers, licensors, licensees, vendors, suppliers, distributors or partners; (8) any costs or prices at which the Company obtains or has obtained, or at which it sells or has sold, its proprietary information and data products or services; (9) any plans for research, development, property data compilation, marketing and sales; (10) any tangible or electronic document, log, record, file, book, notebook, paper, photograph, printout, drawing, diagram, flow-chart, sketch or other visual representation embodying, reflecting, summarizing, compiling, representing or containing any of the foregoing; and (11) any other information that is not known to the public. Confidential Information does not include any information, idea or material (i) that is disclosed to me without confidential or proprietary restriction by a third party who rightfully possesses the information, ideas or materials (without confidential or proprietary restriction), (ii) that was rightfully in my possession or part of my general knowledge prior to or independent of my Engagement, or (iii) that is or becomes publicly known or is legitimately in the public domain through lawful means and without breach of this Agreement by me or others.

3.Marking. Confidential Information may be stamped or otherwise marked "Confidential," "Proprietary," or with some similar designation, but if any information or material is not so marked, however, and it meets the definition in the foregoing Paragraph 2, it is still Confidential Information. If I am uncertain as to whether particular information or materials are Confidential Information, I will request the Company's written opinion as to their status.

4.Restrictions on Access, Use and Disclosure. I understand and agree that I must safeguard and maintain the confidentiality, integrity and availability of all Confidential Information at all times. I will not, during or at any time after the cessation of my Engagement with the Company for whatever reason, access, use, reproduce, or disclose any Confidential Information, except (a) in the course of performing my duties as an employee, director or officer of the Company, or (b) with the prior written consent of the Company. I will access, use, reproduce and/or disclose only the minimum Confidential Information necessary to perform my assigned duties. I also will use my best efforts to prevent the unauthorized access, reproduction, disclosure, misappropriation or use of Confidential Information by others.

Notwithstanding the foregoing, I understand and agree that I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Confidential Information constituting a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if I should file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the trade secret to my attorney and use the trade secret information in the court proceeding, if I (A) file any document containing the trade secret under seal; and (B) do not disclose the trade secret, except pursuant to court order. I understand that nothing contained in this Agreement limits my ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). I understand that this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing document or other information, without notice to the Company.

5.Transmission or Transfer of Confidential Information. I will not download or save any Confidential Information to any personal removable storage device (including but not limited to external hard drives, USB memory devices, PDA's or iPods, etc.) or transmit or transfer (via electronic mail or otherwise) Confidential Information off-site or to any non-Company computer system, data storage location, or entity. Any Confidential Information transmitted or transferred shall be on Company-issued removable storage devices only and shall remain Company property at all times.

6.Procedure for Obtaining Authorization for Information Disclosure. I understand that from time to time the Company may issue written instructions explaining how personnel may obtain authorization for the disclosure of Confidential Information outside of the Company. I will familiarize myself with these instructions promptly when they are issued or revised and agree to follow them.

7.Company-Owned Materials. I also acknowledge that all information generated, received or maintained by or for me on the premises or equipment of the Company (including, without limitation, telephone or computer systems, mobile devices and electronic or email or voice mail systems) is the sole property of Company, and I hereby waive any property rights I may have with respect to such information. I further acknowledge and agree that I have no expectation of privacy related to such information or related to my use of the Company's telephone or computer systems (including, but not limited to, stored information and data, e-mail messages, texts, applications and voicemails) and that my use of, as well as any files or messages on the Company's telephone, computer systems or applications may be monitored or reviewed at any time without notice, regardless of the Company's past practice or frequency of monitoring. Upon cessation of my Engagement for whatever reason, or at any other time at the Company's request, I will immediately return and deliver to the Company all the Company's equipment and all copies of any tangible or electronic records or files of any work product, e-mails, email attachments, contacts, calendars, call logs, voicemails, documents, presentations, programs, correspondence, notes, drawings, memoranda, manuals, lists, data, notebooks, and other information in my possession or under my control, whether prepared by me or by others, that contain, constitute or relate in any way to Confidential Information. Further, to the extent that I used my own personal computers, cell phones, personal data assistants, thumb drives or other electronic memory or storage devices to access, store or transmit the Confidential Information, immediately upon termination of my employment with the Company, and any other time the Company requests, I shall delete all Confidential Information from my property and provide written verifications of such deletions.

8. Security of Computer Equipment and Confidential Information. I will use my best efforts to maintain the integrity and security of the Company's computer systems. I further agree to: (a) not access any of the Company's systems without prior authorization; (b) not obtain other user's login names and/or passwords (including coworkers or others); (c) not provide my user login name and password to others; (d) not attempt to breach or defeat computer, application, or network security measures; (e) not intercept, access, or monitor electronic files or communications of other users or third parties without approval from such users or third parties; physically protect and secure any mobile devices used for company business when outside of Company offices and (f) lock or shutdown my computer whenever it is left unattended.

9. Assignments. I hereby assign, and agree to assign to the Company, without additional compensation, my entire right, title and interest in and to all Creations. "Creations" means inventions, works of authorship, ideas, processes, technology, formulas, software programs, writings, designs, discoveries, modifications and improvements, whether or not patentable or reduced to practice and whether or not copyrightable, that relate in any manner to the actual or demonstrably anticipated business or research and development of the Company or its affiliates, and that are made, conceived or developed by me (either alone or jointly with others), or result from or are suggested by any work performed by me (either alone or jointly with others) for or on behalf of the Company or its affiliates, (i) during the period of my Engagement with the Company, whether or not made, conceived or developed during regular business hours or (ii) after termination of my Engagement if based on Confidential Information. All such Creations are the sole property of the Company or any other entity designated by it, and, to the maximum extent permitted by applicable law, any copyrightable Creation is created within the scope of my employment and is a work made for hire. To the extent any of the Creations are not a work made for hire, as stated above, I agree to assign and do assign to Company all rights in such Creations.

10. Disclosures. I will disclose promptly and fully in writing to the Company's President, General Counsel, or their designees, and will hold in confidence for the sole right, benefit and use of Company, any and all Creations created during my Engagement or within one year after the cessation of my Engagement to allow the Company to determine if additional actions are necessary to perfect the Company's right, title and interest in such Creation. In addition, I will keep and maintain adequate and current written records on the development of all Creations made, conceived or developed by me (either alone or jointly with others) during my period of Engagement or during the one-year period following cessation of my Engagement, which records will be available to and remain the sole property of the Company at all times.

11. Execution of Documents. I will, at the Company's request, promptly execute a written assignment of inventions, copyright and title for any Creation. I further agree to perform, during and after my Engagement, all acts deemed necessary or desirable by the Company to permit and assist it, at its expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Creations. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. I also hereby irrevocably appoint the Company and any of its officers as my agent and attorney in fact to undertake such acts in my name.

12. Prior Creations. All inventions, works of authorship, ideas, processes, technology, formulas, software programs, writings, designs, discoveries, modifications, improvements or other creations, if any, that I made, conceived or developed (either alone or jointly with others) prior to my Engagement (collectively, "Prior Creations") are excluded from the scope of this Agreement. Set forth on Exhibit A is a complete list of all Prior Creations. I will notify the Company in writing if I believe the Company needs rights to use any Prior Creation.

13. Confidential Information of Others. I will not disclose to the Company any confidential, proprietary or trade secret information or material belonging to others which has previously or will come into my knowledge or possession, nor will I use any such information or material in the course of my Engagement. Except as disclosed on Exhibit A, I have no other agreements or relationships with or commitments to any other person or entity that conflict with my obligations to the Company. I will also comply with all the Company's confidentiality agreements of which I am aware with other persons or entities. I understand that the Company has no interest in using any other person's patents, copyrights, trade secrets, or trademarks in an unlawful manner.

14. Conflicting Employment. During my Engagement, I will not engage in any business activities which are competitive with the Company or otherwise in conflict with my duties on behalf of the Company, unless the Company has given its consent in writing. These obligations include after hours, on weekends, and during vacation time, even if only organizational assistance or limited consultation is involved, whether or not I receive compensation from the competing or conflicting entity or person. It would be unfair for an employee of the Company to be recruiting personnel from the ranks of the Company's own employees while still engaged and being paid by the Company. The time, effort, and capital invested by the Company in its work force should not be diverted by someone operating on an inside track. In addition, it would be an unfair business practice for individuals still engaged by the Company to be involved in preparation or activities to form and pursue a competitive business while receiving wages and other benefits from the Company.

15. Conduct. I will at all times comply with the highest standards of business conduct and ethics and with all applicable laws, rules and regulations. During my Engagement, if I have any knowledge that this Agreement has been breached by any employee of Company or any unethical or illegal business practice may be occurring, I will notify the Company immediately. This obligation is intentionally broad and general because it is difficult to anticipate all possible circumstances. I agree to resolve all doubts by reporting to the Company the information that has come to my attention. By way of example, I agree to report the incident immediately if anyone who is, or within the most recent twelve (12) months has been, an employee, director or officer of the Company, directly or indirectly violates Paragraph 16 (Non-Solicitation) hereof. I agree to disclose this Agreement to all prospective employers whether or not such prospective employer's business is competitive with, or related to, the business of the Company at any time. I hereby consent to an agree that the Company may disclose this Agreement to anyone, at any time, whether or not it has reason to believe that I have breached, or threatened to breach, any provision of this Agreement.

16. Non-Solicitation of Employees. I acknowledge that the Company's relationships with its employees are valuable business assets. I will not, directly or indirectly, for myself or for any third party, during my Engagement and for twelve (12) months thereafter, recruit, solicit for hire or divert from the Company any employee of the Company.

17. Non-Solicitation of Customers, Service Providers and Vendors. I also acknowledge that the Company's relationships with its customers, service providers and vendors are valuable business assets, and that my Engagement may result in me being provided with Company trade secrets (as defined by the Uniform Trade Secrets Act and/or state laws) relating to such relationships. During my Engagement and at any time thereafter, I will not use any of the Company's trade secrets to solicit or encourage any customer, service provider or vendor to cease doing business with the Company and/or to commence doing business with any other person or entity.

18. Remedies. Nothing in this Agreement is intended to limit any remedy of the Company under any applicable laws, and I understand that I could face possible criminal and civil actions resulting in imprisonment and substantial monetary liability if I misappropriate the Company's Confidential Information. In addition, I acknowledge that it may be extremely difficult to measure in money the damage to the Company of any failure by me to comply with this Agreement, that the restrictions and obligations under this Agreement are material, and that, in the event of any failure by me to comply with this Agreement, the Company could suffer irreparable harm and significant injury and may not have an adequate remedy at law or in damages. Therefore, if I breach any provision of this Agreement, the Company will be entitled to the issuance of an injunction or other restraining order or to the enforcement of other equitable remedies against me to compel performance of the terms of this Agreement without the necessity of showing or proving it has sustained any actual damage or posting any bond. This will be in addition to any other remedies available to the Company in law or equity. I agree that the duration of the provisions of this Agreement shall be extended by any period of time during which I am in breach of any provision(s) of this Agreement. My obligations in this Agreement are independent of any other obligation of the Company (including any promise or agreement contained in this Agreement or any other agreement between me and the Company or any obligation that otherwise arises from any aspect of the engagement). The existence of any claim or cause of action by me against the Company, whether predicated on this Agreement or any other basis, shall not constitute a defense to the enforcement of this Agreement.

19. General Provisions. This Agreement constitutes the entire agreement between the Company and me relating to the same subject matter, replaces any existing agreement entered into by me and the Company relating to the same subject matter, and may not be changed or modified, in whole or in part, except by written supplemental agreement signed by me and the Company. A party's delay, failure or waiver of any right or remedy under this Agreement will not impair, preclude, cancel, waive or otherwise affect such right or remedy or any subsequent rights or remedies that may arise. This Agreement does not alter my at-will employment status; my employment is for an unspecified term and may be terminated by either the Company or me at will at any time, with or without cause or advance notice. No subsequent change in my duties or compensation will modify the validity or scope of this Agreement. If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement will not fail on account thereof but will otherwise remain in full force and effect. If any obligation in this Agreement is held to be too broad to be enforced, the Company and I agree that, it will be construed to be enforceable to the full extent permitted by law. The obligations of this Agreement will continue beyond the termination of my Engagement and will be binding upon my heirs, executors, assigns, administrators, legal representatives and other successors in interest. This Agreement will inure to the benefit of the Company, its successors, assigns and affiliates and such successors and assignees are authorized to enforce all provisions herein. This Agreement will be governed by and construed in accordance with the laws of the state in which I am engaged, without giving effect to its conflict of law rules.

Exhibit A

Excluded Creations; Prior Commitments

20.Excluded Creations. Except as set forth below, there are no creations, inventions, works of authorship, ideas, processes, technology, formulas, software programs, writings, designs, discoveries, patents, copyrights, trademarks or trade secrets, or any claims, rights or modifications or improvements to the foregoing, that I have made, conceived, developed or first reduced to practice (either alone or jointly with others) prior to my Engagement, that are owned by me, alone or jointly with others, and which I desire to exclude from the operation of the Agreement. I represent and warrant that the following is a complete and current list of all Excluded Creations (if none, write "NONE"):

21.Prior Agreements/Commitments. Except as set forth below, there are no agreements or relationships with or commitments to any other person or entity that conflict with my obligations as an employee, director or officer of the Company or under the Agreement. I represent and warrant that the following is a complete and current list of all such agreements, relationships or commitments (if none, write "NONE"):

APPENDIX A

These modifications shall apply if you are engaged in an identified state and are subject to its laws and shall continue to apply for as long you are engaged in that state.

1. CALIFORNIA

- The provisions of Section 4 shall be rewritten as follows:

4. Restrictions on Access, Use and Disclosure. I understand and agree that I must safeguard and maintain the confidentiality, integrity and availability of all Confidential Information at all times. I will not, during or at any time after the cessation of my Engagement with the Company for whatever reason, use the Company's trade secrets to interfere with the relationship between the Company and a customer. I agree that it shall be considered a prohibited act of interference for me to use the Company's trade secrets to participate in soliciting, encouraging, or inducing a customer (a) to obtain a Competing Product or Service elsewhere, or (b) to stop or reduce doing business with the Company, except where such conduct is expressly authorized in writing by an authorized officer of the Company. The parties stipulate that this restriction is inherently limited to a reasonable geography or geographic substitute because it is limited to the place or location where the customer is located at the time.

Notwithstanding the foregoing, I understand and agree that I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Confidential Information constituting a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if I should file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the trade secret to my attorney and use the trade secret information in the court proceeding, if I (A) file any document containing the trade secret under seal; and (B) do not disclose the trade secret, except pursuant to court order. I understand that nothing contained in this Agreement limits my ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). I understand that this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing document or other information, without notice to the Company.

- The provisions of Section 14 shall not apply.
- The following language will be considered REMOVED from Section 19:

If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement will not fail on account thereof but will otherwise remain in full force and effect. If any obligation in this Agreement is held to be too broad to be enforced, the Company and I agree that, it will be construed to be enforceable to the full extent permitted by law.

- **CALIFORNIA LABOR CODE SECTION 2870**

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information, except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

2. **GEORGIA**

- "Confidential Information" shall be defined as data and information:

(A) Relating to the business of the Company, regardless of whether the data or information constitutes a trade secret as that term is defined under Georgia law;

(B) Disclosed to the employee or of which the employee became aware of as a consequence of the employee's relationship with the employer;

(C) Having value to the employer;

(D) Not generally known to competitors of the employer; and

(E) Which includes trade secrets, methods of operation, names of customers, price lists, financial information and projections, route books, personnel data, and similar information;

provided, however, that such term shall not mean data or information (A) which has been voluntarily disclosed to the public by the employer, except where such public disclosure has been made by the employee without authorization from the employer; (B) which has been independently developed and disclosed by others; or (C) which has otherwise entered the public domain through lawful means.

- The provisions of Section 4 shall be rewritten as follows:

4. Restrictions on Access, Use and Disclosure. I understand and agree that I must safeguard and maintain the confidentiality, integrity and availability of all Confidential Information at all times. I will not, during or at any time after the cessation of my Engagement with the Company for whatever reason, access, use, reproduce, or disclose any of the Company's trade secrets, except (a) in the course of performing my duties as an employee, director or officer of the Company, or (b) with the prior written consent of the Company. I will not, during or for 12 months after the cessation of my Engagement with the Company for whatever reason, access, use, reproduce, or disclose any of the Confidential Information, except (a) in the course of performing my duties as an employee, director or officer of the Company, or (b) with the prior written consent of the Company. I will access, use, reproduce and/or disclose only the minimum Confidential Information necessary to perform my assigned duties. I also will use my best efforts to prevent the unauthorized access, reproduction, disclosure, misappropriation or use of Confidential Information by others.

Notwithstanding the foregoing, I understand and agree that I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Confidential Information constituting a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if I should file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the trade secret to my attorney and use the trade secret information in the court proceeding, if I (A) file any document containing the trade secret under seal; and (B) do not disclose the trade secret, except pursuant to court order. I understand that nothing contained in this Agreement limits my ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). I understand that this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing document or other information, without notice to the Company.

3. NORTH CAROLINA

- The introductory paragraph shall be rewritten as follows:

In consideration of my initial employment with **First Advantage Corporation**, a Delaware Corporation, a **Symphony Technology Group** Company, (referred to as "**First Advantage**" or the "**Company**"), and other valuable consideration, including but not limited to training and the receipt of confidential information, I agree as follows:

- The following language shall be REMOVED from Section 2:

(including, without limitation, any person or entity owned by, controlled by or affiliated with the Company)

4. PENNSYLVANIA

- The introductory paragraph shall be rewritten as follows:

In consideration of my initial employment with **First Advantage Corporation**, a Delaware Corporation, a **Symphony Technology Group** Company, and/or its subsidiaries, parents, holding companies, related companies, and affiliates (collectively referred to as "**First Advantage**" or the "**Company**"), and other valuable consideration, including but not limited to training and the receipt of confidential information, I agree as follows:

5. TEXAS

- The introductory paragraph shall be rewritten as follows:

In consideration of my initial employment with **First Advantage Corporation**, a Delaware Corporation, a **Symphony Technology Group** Company, and/or its subsidiaries, parents, holding companies, related companies, and affiliates (collectively referred to as "**First Advantage**" or the "**Company**"), and other valuable consideration, including but not limited to training and the receipt of confidential information, I agree as follows:

Confidential Information and Inventions Agreement Acknowledgement

I acknowledge that I have read and that I understand all the provisions of this agreement, a copy of which has been delivered to me. By signing below, I agree to be bound by all its terms.

Signature

Print Name

Date

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Staples, certify that:

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

Date: May 10, 2023

By: _____ /s/ Scott Staples

Scott Staples
Chief Executive Officer
(principal executive officer)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of First Advantage Corporation (the "Company") for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2023

By: _____ /s/ Scott Staples

Scott Staples
Chief Executive Officer
(principal executive officer)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of First Advantage Corporation (the "Company") for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2023

By: _____ /s/ David L. Gamsey

David L. Gamsey
Executive Vice President & Chief Financial Officer
(principal financial officer)
