

**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 June 30, 2021

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 type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" 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 August 12, 2021, the registrant had 152,856,250 shares of common stock, \$0.001 par value per share, outstanding.

## Table of Contents

	<u>Page</u>
<b>PART I.</b>	
<b><u>FINANCIAL INFORMATION</u></b>	<b>2</b>
Item 1.	
<u>Financial Statements (Unaudited)</u>	2
<u>Condensed Consolidated Balance Sheets</u>	2
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)</u>	3
<u>Condensed Consolidated Statements of Cash Flows</u>	4
<u>Condensed Consolidated Statements of Changes in Stockholders' Equity</u>	5
<u>Condensed Consolidated Statement of Changes in Members' (Deficit) Equity</u>	6
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
Item 2.	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3.	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	48
Item 4.	
<u>Controls and Procedures</u>	49
<b>PART II.</b>	
<b><u>OTHER INFORMATION</u></b>	<b>49</b>
Item 1.	
<u>Legal Proceedings</u>	49
Item 1A.	
<u>Risk Factors</u>	49
Item 2.	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	49
Item 3.	
<u>Defaults Upon Senior Securities</u>	49
Item 4.	
<u>Mine Safety Disclosures</u>	49
Item 5.	
<u>Other Information</u>	50
Item 6.	
<u>Exhibits</u>	50
<u>Signatures</u>	51

PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

First Advantage Corporation  
Condensed Consolidated Balance Sheets  
(Unaudited)

	Successor June 30, 2021	Successor December 31, 2020
<i>(in thousands, except share and per share amounts)</i>		
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 257,122	\$ 152,818
Restricted cash	156	152
Short-term investments	1,352	1,267
Accounts receivable (net of allowance for doubtful accounts of \$666 and \$967 at June 30, 2021 and December 31, 2020, respectively)	128,906	111,363
Prepaid expenses and other current assets	11,338	8,699
Income tax receivable	2,272	3,479
Total current assets	<u>401,146</u>	<u>277,778</u>
Property and equipment, net	172,239	190,282
Goodwill	774,562	770,089
Trade name, net	83,828	87,702
Customer lists, net	406,415	435,661
Deferred tax asset, net	1,592	807
Other assets	2,397	1,372
<b>TOTAL ASSETS</b>	<u>\$ 1,842,179</u>	<u>\$ 1,763,691</u>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 47,314	\$ 44,117
Accrued compensation	22,244	18,939
Accrued liabilities	27,346	25,200
Current portion of long-term debt	—	6,700
Income tax payable	1,922	2,451
Deferred revenue	540	431
Total current liabilities	<u>99,366</u>	<u>97,838</u>
Long-term debt (net of deferred financing costs of \$10,756 and \$26,345 at June 30, 2021 and December 31, 2020, respectively)	553,968	778,605
Deferred tax liability, net	81,744	86,770
Other liabilities	7,306	6,208
Total liabilities	<u>742,384</u>	<u>969,421</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 12)</b>		
<b>EQUITY</b>		
Common stock - \$0.001 par value; 1,000,000,000 shares authorized, 152,856,250 and 130,000,000 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	153	130
Additional paid-in-capital	1,158,804	839,148
Accumulated deficit	(63,111)	(47,492)
Accumulated other comprehensive income	3,949	2,484
Total equity	<u>1,099,795</u>	<u>794,270</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 1,842,179</u>	<u>\$ 1,763,691</u>

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

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

	Three-Month Period (1)			Six-Month Period (1)	
	Successor			Predecessor	
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020
<i>(in thousands, except share and per share amounts)</i>					
<b>REVENUES</b>	\$ 174,826	\$ 104,993	\$ 306,896	\$ 179,047	\$ 36,785
<b>OPERATING EXPENSES:</b>					
Cost of services (exclusive of depreciation and amortization below)	84,868	52,404	150,813	89,220	20,265
Product and technology expense	11,680	7,205	22,233	12,152	3,189
Selling, general, and administrative expense	25,075	15,014	49,053	27,299	11,235
Depreciation and amortization	35,918	36,572	70,681	61,059	2,105
Total operating expenses	157,541	111,195	292,780	189,730	36,794
<b>INCOME (LOSS) FROM OPERATIONS</b>	17,285	(6,202)	14,116	(10,683)	(9)
<b>OTHER EXPENSE:</b>					
Interest expense	10,467	13,816	17,281	26,699	4,514
Interest income	(15)	(153)	(112)	(206)	(25)
Loss on extinguishment of debt	—	—	13,938	—	10,533
Transaction expenses, change in control	—	—	—	9,423	22,370
Total other expense	10,452	13,663	31,107	35,916	37,392
<b>INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES</b>	6,833	(19,865)	(16,991)	(46,599)	(37,401)
Provision (benefits) for income taxes	3,063	(3,499)	(1,372)	(8,419)	(871)
<b>NET INCOME (LOSS)</b>	\$ 3,770	\$ (16,366)	\$ (15,619)	\$ (38,180)	\$ (36,530)
Foreign currency translation (loss) income	(1,295)	486	1,465	(8,173)	(31)
<b>COMPREHENSIVE INCOME (LOSS)</b>	\$ 2,475	\$ (15,880)	\$ (14,154)	\$ (46,353)	\$ (36,561)
<b>NET INCOME (LOSS)</b>	\$ 3,770	\$ (16,366)	\$ (15,619)	\$ (38,180)	\$ (36,530)
Basic net income (loss) per share	\$ 0.03	\$ (0.13)	\$ (0.12)	\$ (0.29)	n/a
Diluted net income (loss) per share	\$ 0.03	\$ (0.13)	\$ (0.12)	\$ (0.29)	n/a
Weighted average number of shares outstanding - basic	131,507,005	130,000,000	130,757,666	130,000,000	n/a
Weighted average number of shares outstanding - diluted	135,368,909	130,000,000	130,757,666	130,000,000	n/a
Basic net (loss) per unit	n/a	n/a	n/a	n/a	\$ (0.24)
Diluted net (loss) per unit	n/a	n/a	n/a	n/a	\$ (0.24)
Weighted average units outstanding - basic	n/a	n/a	n/a	n/a	149,686,460
Weighted average units outstanding - diluted	n/a	n/a	n/a	n/a	149,686,460

(1) See Note 1 "Organization, Nature of Business, and Basis of Presentation" for further discussion.

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)	Successor		Predecessor
	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss)	\$ (15,619)	\$ (38,180)	\$ (36,530)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	70,681	61,059	2,105
Loss on extinguishment of debt	13,938	—	10,533
Amortization of deferred financing costs	5,059	1,456	569
Bad debt (recovery) expense	(367)	56	102
Deferred taxes	(5,975)	(9,231)	(997)
Share-based compensation	3,226	801	3,976
(Gain) on foreign currency exchange rates	(319)	(285)	(82)
Loss on disposal of fixed assets	81	63	8
Change in fair value of interest rate swaps	(953)	5,156	—
Changes in operating assets and liabilities:			
Accounts receivable	(16,895)	7,058	9,384
Prepaid expenses and other current assets	(2,654)	4,468	(4,604)
Other assets	(1,032)	(287)	(62)
Accounts payable	2,590	3,651	(8,871)
Accrued compensation and accrued liabilities	2,780	(11,337)	4,102
Deferred revenue	106	(16)	11
Other liabilities	545	(389)	767
Income taxes receivable and payable, net	906	(634)	373
Net cash provided by (used in) operating activities	56,098	23,409	(19,216)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Changes in short-term investments	(92)	706	(163)
Acquisition of business	(7,588)	—	—
Purchase of property and equipment	(3,841)	(2,724)	(951)
Capitalized software development costs	(7,482)	(4,465)	(929)
Net cash used in investing activities	(19,003)	(6,483)	(2,043)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of common stock in initial public offering, net of underwriting discounts and commissions	320,559	—	—
Payments of initial public offering issuance costs	(1,028)	—	—
Shareholder distribution	(313)	—	—
Capital contributions	241	59,423	41,143
Distributions to Predecessor Members and Optionholders	—	(4,087)	(17,991)
Borrowings from Successor First Lien Credit Facility	261,413	—	—
Repayments of Successor First Lien Credit Facility	(363,875)	—	—
Repayment of Successor Second Lien Credit Facility	(146,584)	—	—
Borrowings on Successor Revolver	—	25,000	—
Repayments on Successor Revolver	—	(25,000)	—
Repayment of Predecessor First Lien Credit Facility	—	—	(34,000)
Payments of debt issuance costs	(1,257)	(1,397)	—
Payments on capital lease obligations	(925)	(977)	(274)
Payments on deferred purchase agreements	(362)	—	—
Net cash provided by (used in) financing activities	67,869	52,962	(11,122)
Effect of exchange rate on cash, cash equivalents, and restricted cash	(656)	(1,141)	(102)
Increase (decrease) in cash, cash equivalents, and restricted cash	104,308	68,747	(32,483)
Cash, cash equivalents, and restricted cash at beginning of period	152,970	48,263	80,746
Cash, cash equivalents, and restricted cash at end of period	\$ 257,278	\$ 117,010	\$ 48,263
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>			
Cash paid for income taxes, net of refunds received	\$ 3,736	\$ 1,915	\$ 279
Cash paid for interest	\$ 13,721	\$ 19,994	\$ 224
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>			
Offering costs included in accounts payable and accrued liabilities	\$ 3,006	\$ —	\$ —
Non-cash property and equipment additions	\$ 2,797	\$ 274	\$ 289
Distributions declared to Optionholders but not paid	\$ —	\$ —	\$ 781

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 Income	Total Stockholders' Equity
<b>Successor:</b>					
<b>For the period from January 1, 2021 to June 30, 2021</b>					
BALANCE – December 31, 2020	\$ 130	\$ 839,148	\$ (47,492)	\$ 2,484	\$ 794,270
Share-based compensation	—	562	—	—	562
Foreign currency translation	—	—	—	2,760	2,760
Net (loss)	—	—	(19,389)	—	(19,389)
BALANCE – March 31, 2021	\$ 130	\$ 839,710	\$ (66,881)	\$ 5,244	\$ 778,203
Share-based compensation	—	2,664	—	—	2,664
Capital contributions	—	241	—	—	241
Issuance of common stock in connection with initial public offering, net of offering costs, underwriting discounts and commissions	23	316,502	—	—	316,525
Shareholder distribution	—	(313)	—	—	(313)
Foreign currency translation	—	—	—	(1,295)	(1,295)
Net income	—	—	3,770	—	3,770
BALANCE – June 30, 2021	<u>\$ 153</u>	<u>\$ 1,158,804</u>	<u>\$ (63,111)</u>	<u>\$ 3,949</u>	<u>\$ 1,099,795</u>

<i>(in thousands)</i>	Common Stock	Additional Paid-In-Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
<b>Successor:</b>					
<b>For the period from February 1, 2020 to June 30, 2020</b>					
BALANCE – February 1, 2020	\$ 130	\$ 779,596	\$ —	\$ —	\$ 779,726
Share-based compensation	—	281	—	—	281
Capital contributions	—	59,423	—	—	59,423
Foreign currency translation	—	—	—	(8,659)	(8,659)
Net (loss)	—	—	(21,814)	—	(21,814)
BALANCE – March 31, 2020	\$ 130	\$ 839,300	\$ (21,814)	\$ (8,659)	\$ 808,957
Share-based compensation	—	520	—	—	520
Foreign currency translation	—	—	—	486	486
Net (loss)	—	—	(16,366)	—	(16,366)
BALANCE – June 30, 2020	<u>\$ 130</u>	<u>\$ 839,820</u>	<u>\$ (38,180)</u>	<u>\$ (8,173)</u>	<u>\$ 793,597</u>

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

**First Advantage Corporation**  
**Condensed Consolidated Statement of Changes in Members' (Deficit) Equity**  
*(Unaudited)*

<i>(in thousands)</i>	Class A Units Additional Paid-In Capital	Class B Units Additional Paid-In Capital	Class C Units Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss)	Total Members' (Deficit) Equity
<b>Predecessor:</b>						
<b>For the period January 1, 2020 to January 31, 2020</b>						
BALANCE - December 31, 2019	\$ 106,090	\$ 2,254	\$ 11,524	\$ (201,233)	\$ (12,852)	\$ (94,217)
Share-based compensation	—	50	3,926	—	—	3,976
Capital contributions	34,186	543	6,414	—	—	41,143
Distribution to Optionholders	—	(1,469)	(17,303)	—	—	(18,772)
Foreign currency translation	—	—	—	—	(31)	(31)
Net (loss)	—	—	—	(36,530)	—	(36,530)
<b>BALANCE - January 31, 2020</b>	<b>\$ 140,276</b>	<b>\$ 1,378</b>	<b>\$ 4,561</b>	<b>\$ (237,763)</b>	<b>\$ (12,883)</b>	<b>\$ (104,431)</b>

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**

Fastball Intermediate, Inc., a Delaware corporation, was formed on November 15, 2019 and subsequently changed its name to First Advantage Corporation in March 2021. Hereafter, First Advantage Corporation and its subsidiaries will collectively be referred to as the “Company”. On January 31, 2020, a fund managed by Silver Lake acquired substantially all of the Company’s equity interests from the Predecessor equity owners, primarily funds managed by Symphony Technology Group (“STG”) (the “Silver Lake Transaction”). For the purposes of the condensed consolidated financial statements, periods on or before January 31, 2020 reflect the financial position, results of operations and cash flows of the Company and its consolidated subsidiaries prior to the Silver Lake Transaction, referred to herein as the Predecessor, and periods beginning after January 31, 2020 reflect the financial position, results of operations and cash flows of the Company and its consolidated subsidiaries as a result of the Silver Lake Transaction, referred to herein as the Successor. As a result of the Silver Lake Transaction, the results of operations and financial position of the Predecessor and Successor are not directly comparable.

The Company derives its revenues from a variety of background check services across the hiring/onboarding and employment/worker lifecycle including pre-onboarding checks and post-onboarding monitoring of employees, extended workers, volunteers, and tenants, and classifies these service offerings into three categories: pre-onboarding, post-onboarding and other.

**Initial Public Offering** — The Company’s registration statement on Form S-1 (“IPO Registration Statement”) related to its initial public offering (“IPO”) was declared effective on June 22, 2021, and the Company’s common stock began trading on the Nasdaq Global Select Market on June 23, 2021. On June 25, 2021, the Company completed its IPO of 29,325,000 shares of the Company common stock, \$0.001 par value per share (the “Common Stock”) at an offering price of \$15.00 per share, pursuant to the Company’s IPO Registration Statement. The Company sold 22,856,250 shares, including 2,981,250 shares that were sold pursuant to the full exercise of the underwriters’ option to purchase additional shares. Certain existing stockholders sold an aggregate of 6,468,750 shares, including 843,750 shares that were sold pursuant to the full exercise of the underwriters’ option to purchase additional shares. The Company received aggregate net proceeds of \$316.5 million after deducting underwriting discounts and commissions of \$22.3 million and other offering expenses of \$4.0 million, \$3.0 million of which was unpaid at June 30, 2021.

Immediately prior to the completion of the IPO, the Company filed an Amended and Restated Certificate of Incorporation, which authorized a total of 1,000,000,000 shares of Common Stock, \$0.001 par value per share and 250,000,000 shares of Preferred Stock, par value \$0.001 per share (the “Preferred Stock”). After filing the Amended and Restated Certificate of Incorporation, certain redemptions, exchanges, and conversions (collectively, the “Equity Conversion”) were made in connection with the dissolution of Fastball Holdco, L.P., the Company’s parent, which occurred prior to the completion of the IPO. All outstanding Class A LP Units, Class B LP Units, and Class C LP Units of Fastball Holdco, L.P were exchanged for 130,000,000 shares of the Company’s common stock. Outstanding stock options previously issued by Fastball Holdco, L.P. were converted into 3,865,509 stock options issued by the Company.

**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 Company considers itself to be a single operating and reporting entity structure.

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 audited financial statements for the year ended December 31, 2020 included in its IPO Registration Statement.

The Company experiences 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 occurred in the fourth quarter of each year.



**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 revenue 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.

Examples of significant estimates and assumptions include valuing assets and liabilities acquired through business combinations; valuing and estimating useful lives of intangible assets; evaluating recoverability of intangible assets, accounts receivable, and capitalized software; estimating future cash flows and valuation-related assumptions associated with goodwill and other asset impairment testing; estimating tax valuation allowances and deferring certain revenues and costs. 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 condensed 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 6.

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 June 30, 2021 (Successor) (in thousands):

	Level 1	Level 2	Level 3
<b>Liabilities</b>			
Interest rate swaps	\$ —	\$ 1,948	\$ —

### *Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis*

Long-lived assets and other intangible assets are subject to nonrecurring fair value measurement for the assessment of impairment or as the result of business acquisitions. The fair value of these assets were estimated using the present value of expected future cash flows through unobservable inputs (Level 3).

As of December 31, 2020 (Successor), the Company completed its annual assessment of the recoverability of goodwill for our reporting units. The fair values of these reporting units were estimated using the present value of expected future cash flows through unobservable inputs (Level 3).

**Business Combinations** — The Company records business combinations using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed are recorded at their acquisition-date fair values. The excess of the purchase price over the estimated fair value is recorded as goodwill. Changes in the estimated fair values of net assets recorded for acquisitions prior to the finalization of more detailed analysis, but not to exceed one year from the date of acquisition, will adjust the amount of the purchase price allocable to goodwill. Measurement period adjustments are reflected in the period in which they occur.

In valuing the trade names, customer lists, and software developed for internal use, the Company utilizes variations of the income approach, which relies on historical financial and qualitative information, as well as assumptions and estimates for projected financial information. The Company considers the income approach the most appropriate valuation technique because the inherent value of these assets is their ability to generate current and future income. Projected financial information is subject to risk if estimates are incorrect. The most significant estimate relates to projected revenues and profitability. If the projected revenues and profitability used in the valuation calculations are not met, then the asset could be impaired.

**Goodwill, Trade Name, and Customer Lists** — The Company tests goodwill for impairment annually as of December 31 or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying value. Goodwill is tested for impairment at the reporting unit level using a fair value approach. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value, a “Step 0” analysis. If, based on a review of qualitative factors, it is more likely than not that the fair value of a reporting unit is less than its carrying value the Company performs “Step 1” of the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The Company determines the fair value of a reporting unit by estimating the present value of expected future cash flows, discounted by the applicable discount rate. If the carrying value exceeds the fair value, the Company measures the amount of impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with its carrying amount, the “Step 2” analysis. No impairment charges have been required.

During the Predecessor period, the Company’s trade name had an indefinite life and was not amortized. The Company evaluates indefinite-lived intangible assets for impairment annually as of December 31 or more frequently if an event occurred or circumstances changed that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying value. No impairments were required.

Subsequent to the Silver Lake Transaction, the Company’s trade name is amortized on an accelerated basis over its expected useful life of twenty years. The Company recorded \$2.0 million and \$2.0 million of amortization expense related to the trade name for the three months ended June 30, 2021 and 2020 (Successor), respectively. The Company recorded \$4.0 million for the six months ended June 30, 2021 (Successor) and \$3.4 million of amortization expense related to the trade name for the period from February 1, 2020 through June 30, 2020 (Successor). No amortization expense was recorded for the period from January 1, 2020 through January 31, 2020 (Predecessor).

Customer lists are amortized on an accelerated basis based upon their estimated useful lives, ranging from seven to fourteen years during the Predecessor period and fourteen years in the Successor period. In the Predecessor period, the weighted-average amortization period of customer lists was 13.3 years. The Company recorded \$16.4 million and \$17.7 million of amortization expense related to customer lists for the three months ended June 30, 2021 and 2020 (Successor), respectively. The Company recorded \$32.7 million, \$29.6 million, and \$0.8 million of amortization expense related to customer lists for the six months ended June 30, 2021 (Successor), the period from February 1, 2020 through June 30, 2020 (Successor), and the period from January 1, 2020 through January 31, 2020 (Predecessor), respectively.

The Company regularly evaluates the amortization period assigned to each intangible asset to determine whether there have been any events or circumstances that warrant revised estimates of useful lives. In December 2020, and since that time, the Company determined that there had been no triggering events that would require impairment of trade names or customer lists.

**Revenue Recognition** — Revenues are recognized when control of the Company’s services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. In accordance with ASC 606, Revenue from Contracts with Customers, which was adopted as of January 1, 2019 using the modified retrospective method, revenues are recognized based on the following steps:

- a) Identify the contract with a customer
- b) Identify the performance obligations in the contract
- c) Determine the transaction price
- d) Allocate the transaction price to the performance obligations in the contract
- e) Recognize revenue when (or as) the entity satisfies a performance obligation

A substantial majority of the Company’s revenues are derived from pre-onboarding and related services to our customers on a transactional basis, in which an individual background screening package or selection of services is ordered by a customer related to a single individual. Substantially all of the Company’s customers are employers, staffing or related businesses. The Company satisfies its performance obligations and recognizes revenues for services rendered as the orders are completed and the completed reports are transmitted, or otherwise made available. The Company’s remaining services, substantially consisting of tax consulting, fleet management and driver qualification services, are delivered over time as the customer simultaneously receives and consumes the benefits of the services delivered. To measure the Company’s performance 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 are recognized utilizing the right to invoice expedient resulting in revenue 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. Due to the Company’s contract terms and the nature of the background screening industry, the Company determined its contract terms for ASC 606 purposes are less than one year. As a result, the Company uses the practical expedient which allows it to expense incremental costs of obtaining a contract, primarily consisting of sales commissions, as incurred.

The Company records third-party pass-through fees incurred as part of screening related services on a gross revenue basis, with the related expense recorded as a third-party records expense, as the Company has control over the transaction and is therefore considered to be acting as a principal. The Company records motor vehicle registration and other tax payments paid on behalf of the Company’s fleet management clients on a net revenue basis as the Company does not have control over the transaction and therefore is considered to be acting as an agent of the customer.

Contract balances are generated when the revenue 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 revenue than what has been billed. Contract assets are included in accounts receivable 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 revenue when the Company has an obligation to perform services for a customer in the future and has already received consideration from the customer. Contract liabilities are included in deferred revenue in the accompanying condensed consolidated balance sheets.

**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 revenue 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. Gains or losses resulting from foreign currency transactions are included in the accompanying condensed consolidated statements of operations and comprehensive income (loss), 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 losses included in the accompanying condensed consolidated statements of operations and comprehensive income (loss) were approximately \$(0.2) million and \$(0.5) million for the three months ended June 30, 2021 and 2020 (Successor), respectively. Currency transaction (loss) income included in the accompanying condensed consolidated statements of operations and comprehensive income (loss) were approximately \$(0.3) million, \$(0.9) million, and \$0.1 million for the six months ended June 30, 2021 (Successor), for the period from February 1, 2020 through June 30, 2020 (Successor), and for the period from January 1, 2020 through January 31, 2020 (Predecessor), respectively.

Currency translation (loss) income included in accumulated other comprehensive income (loss) were approximately \$(1.3) million and \$0.5 million for the three months ended June 30, 2021 and 2020 (Successor), respectively. Currency translation income (loss) included in accumulated other comprehensive income (loss) were approximately \$1.5 million, \$(8.2) million, and \$0.0 million for the six months ended June 30, 2021 (Successor), for the period from February 1, 2020 through June 30, 2020 (Successor), and for the period from January 1, 2020 through January 31, 2020 (Predecessor), respectively.

**Recent Accounting Pronouncements** — The Company qualifies as an emerging growth company under the Jumpstart Our Business Startups (“JOBS”) Act. The JOBS Act permits the Company an extended transition period for complying with new or revised accounting standards affecting public companies. The Company has elected to use this extended transition period and adopt certain new accounting standards on the private company timeline, which means that the Company’s financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards on a non-delayed basis. There were no accounting pronouncements issued during the six months ended June 30, 2021 which are expected to have a material impact on the condensed consolidated financial statements.

**Recently Adopted Accounting Pronouncements** — In 2021, the Company adopted ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract, which requires that issuers follow the internal-use software guidance in ASC 350-40 to determine which costs to capitalize as assets or expense as incurred. Adoption of this standard did not have a material impact on the consolidated financial statements. However, if the Company enters into material new cloud computing arrangements in the future, this standard will impact the accounting for those arrangements which may have a material effect on future results.

### Note 3. Acquisitions

#### Silver Lake Transaction

On January 31, 2020, a fund managed by Silver Lake acquired substantially all of the Company's equity interests for approximately \$1,576.0 million. A portion of the consideration was derived from members of the management team contributing an allocation of their Silver Lake Transaction proceeds. As part of the Silver Lake Transaction, the Predecessor credit facilities were all repaid in full at closing and a new financing structure was executed (see Note 6).

Silver Lake accounted for the Silver Lake Transaction as a business combination under ASC 805 and elected to apply pushdown accounting to the Company.

The allocation of the purchase price is based on the fair value of assets acquired and liabilities assumed as of the acquisition date, less transaction expenses funded by transaction proceeds. The following table summarizes the consideration paid and the amounts recognized for the assets acquired and liabilities assumed (in thousands):

<b>Consideration</b>	
Cash, net of cash acquired	\$ 1,556,810
Rollover management equity interests	19,148
<b>Total fair value of consideration transferred</b>	<b>\$ 1,575,958</b>
<b>Current assets</b>	
Property and equipment, including software developed for internal use	236,775
Trade name	95,000
Customer lists	500,000
Deferred tax asset	106,327
Other assets	1,429
<b>Current liabilities</b>	<b>(71,496)</b>
Deferred tax liability	(198,535)
Other liabilities	(6,616)
<b>Total identifiable net assets</b>	<b>\$ 808,161</b>
<b>Goodwill</b>	<b>\$ 767,797</b>

Goodwill recognized in the Silver Lake Transaction is primarily attributable to assembled workforce and the expected growth of the Company, and a significant portion of goodwill is not deductible for tax purposes.

Costs incurred by the Company related to the Silver Lake Transaction were primarily composed of deferred financing costs associated with the new financing structure which have been capitalized within long-term debt in the accompanying condensed consolidated balance sheets (see Note 6) and approximately \$31.8 million of closing costs which have been recorded in transaction expenses, change in control in the accompanying condensed consolidated statements of operations and comprehensive income (loss). Seller related costs were recorded as transaction expenses in the Predecessor period, Silver Lake related costs were pushed down to the Company in the Successor period.

#### Pro Forma Results

The following summary, prepared on a pro forma basis pursuant to ASC 805, presents the Company's condensed consolidated results of operations for the three and six months ended June 30, 2020 as if the Silver Lake Transaction had been completed on January 1, 2020. The pro forma results below include the impact of certain adjustments related to the amortization of intangible assets, transaction-related costs incurred as of the acquisition date, and interest expense on related borrowings, and in each case, the related income tax effects, as well as certain other post-acquisition adjustments attributable to the Silver Lake Transaction. This pro forma presentation does not include any impact of transaction synergies. The pro forma results are not necessarily indicative of the results of operations that actually would have been achieved had the Silver Lake Transaction been consummated as of January 1, 2020.

(in thousands)	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenue	\$ 104,993	\$ 215,832
Net (loss)	\$ (12,315)	\$ (41,944)

### March 2021 UK Acquisition

In March 2021, the Company, through its wholly-owned subsidiary in the United Kingdom, entered into an agreement to acquire certain assets comprising the United Kingdom background screening business unit from GB Group plc for £5.4 million, or approximately \$7.6 million. The transfer of ownership became effective on March 31, 2021 and established the Company as one of the largest background screening providers in the region. The acquired assets were determined to constitute a business and the Company was deemed to be the acquirer under ASC 805. The Company recorded a preliminary allocation of the purchase price to assets acquired and liabilities assumed based on their estimated fair values as of March 31, 2021. The allocation was finalized as of June 30, 2021 and no adjustments were recorded to the Company's previously recognized fair values.

The allocation of the purchase price is based on the fair value of assets acquired and liability assumed as of the acquisition date. The following table summarizes the consideration paid and the amounts recognized for the assets acquired and liability assumed (in thousands):

<b>Consideration</b>	
Cash	\$ 7,588
Property and equipment, including software developed for internal use	\$ 1,543
Customer lists	2,951
Deferred tax liability	(26)
<b>Total identifiable net assets</b>	<b>\$ 4,468</b>
<b>Goodwill</b>	<b>\$ 3,120</b>

Goodwill recognized in the March 2021 UK Acquisition is primarily attributable to assembled workforce and the expected growth of the Company and is not deductible for tax purposes.

### Note 4. Property and Equipment, net

Property and equipment, net as of June 30, 2021 (Successor) and December 31, 2020 (Successor) consisted of the following (in thousands):

	<u>Successor</u> <u>June 30,</u> <u>2021</u>	<u>Successor</u> <u>December 31,</u> <u>2020</u>
Furniture and equipment	\$ 17,626	\$ 15,214
Capitalized software for internal use, acquired by business combination	221,405	220,000
Capitalized software for internal use, developed internally or otherwise purchased	26,876	14,438
Leasehold improvements	2,510	2,402
<b>Total property and equipment</b>	<b>268,417</b>	<b>252,054</b>
Less: accumulated depreciation and amortization	(96,178)	(61,772)
<b>Property and equipment, net</b>	<b>\$ 172,239</b>	<b>\$ 190,282</b>

Depreciation and amortization expense of property and equipment was approximately \$17.5 million and \$16.8 million for the three months ended June 30, 2021 and 2020 (Successor), respectively. Depreciation and amortization expense of property and equipment was approximately \$34.0 million, \$28.1 million, and \$1.3 million for the six months ended June 30, 2021 (Successor), the period from February 1, 2020 through June 30, 2020 (Successor), and the period from January 1, 2020 through January 31, 2020 (Predecessor), respectively.

**Note 5. Goodwill, Trade Name, and Customer Lists**

The changes in the carrying amount of goodwill for the six months ended June 30, 2021 (Successor) were as follows (in thousands):

<b>Successor:</b>	
Balance – December 31, 2020	\$ 770,089
Acquisitions	3,120
Foreign currency translation	1,353
Balance – June 30, 2021	<u>\$ 774,562</u>

The following summarizes the gross carrying value and accumulated amortization for the Company's trade name and customer lists as of June 30, 2021 (Successor) and December 31, 2020 (Successor) (in thousands):

	<b>June 30, 2021 (Successor)</b>			
	<b>Gross Carrying Value</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Value</b>	<b>Useful Life (in years)</b>
Trade name	\$ 95,343	\$ (11,515)	\$ 83,828	20 years
Customer lists	504,774	(98,359)	406,415	14 years
Total	<u>\$ 600,117</u>	<u>\$ (109,874)</u>	<u>\$ 490,243</u>	

	<b>December 31, 2020 (Successor)</b>			
	<b>Gross Carrying Value</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Value</b>	<b>Useful Life (in years)</b>
Trade name	\$ 95,230	\$ (7,528)	\$ 87,702	20 years
Customer lists	501,210	(65,549)	435,661	14 years
Total	<u>\$ 596,440</u>	<u>\$ (73,077)</u>	<u>\$ 523,363</u>	

Amortization expense of trade name and customer lists was approximately \$18.4 million and \$19.8 million for the three months ended June 30, 2021 and 2020 (Successor), respectively. Amortization expense of trade name and customer lists was approximately \$36.7 million, \$33.0 million, and \$0.8 million for the six months ended June 30, 2021 (Successor), the period from February 1, 2020 through June 30, 2020 (Successor), and the period from January 1, 2020 through January 31, 2020 (Predecessor), respectively.

## Note 6. Long-term Debt

The fair value of the Company's long-term debt obligations approximated their book value as of June 30, 2021 (Successor) and December 31, 2020 (Successor) and consisted of the following (in thousands):

	Successor June 30, 2021	Successor December 31, 2020
Successor First Lien Credit Facility	\$ 564,724	\$ 666,650
Successor Second Lien Credit Facility	—	145,000
Total debt	564,724	811,650
Less: Current portion of long-term debt	—	(6,700)
Total long-term debt	564,724	804,950
Less: Deferred financing costs	(10,756)	(26,345)
Long-term debt, net	\$ 553,968	\$ 778,605

On January 31, 2020, prior to the Silver Lake Transaction, the Company repaid \$34.0 million of the Predecessor first lien facility. The remaining Predecessor first lien facility and Predecessor second lien facility were fully repaid at the time of the Silver Lake Transaction. As a result of this refinancing, a loss on extinguishment of debt of \$10.5 million was recorded in the period from January 1, 2020 through January 31, 2020 (Predecessor).

As part of the Silver Lake Transaction, a new financing structure was established consisting of a new First Lien Credit Agreement ("Successor First Lien Agreement") and a new Second Lien Credit Agreement ("Successor Second Lien Agreement") (collectively, the "Successor Credit Agreements"). The Successor First Lien Agreement provided financing in the form of a \$670.0 million term loan due January 31, 2027, carrying an interest rate of 3.25% to 3.50%, based on the first lien leverage ratio, plus LIBOR ("Successor First Lien Credit Facility") and a new \$75.0 million revolving credit facility due January 31, 2025 ("Successor Revolver"). The Successor First Lien Credit Facility requires mandatory quarterly repayments of 0.25% of the original loan balance commencing September 30, 2020. Beginning with the year ending December 31, 2021, the Successor First Lien Credit Facility requires mandatory payments based on calculated excess cash flow, as defined within the Successor First Lien Credit Agreement. The Successor Second Lien Agreement provided financing in the form of a \$145.0 million term loan due January 31, 2028, carrying an interest rate of 8.50% plus LIBOR ("Successor Second Lien Credit Facility"). The Successor Credit Agreements are collateralized by substantially all assets and capital stock owned by direct and indirect domestic subsidiaries and is 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 Successor 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.

In February 2021, the Company refinanced its Successor First Lien Credit Facility at an increased principal amount of \$766.6 million due January 31, 2027, carrying a reduced interest rate of 3.00% to 3.25%, based on the first lien leverage ratio, plus LIBOR. No changes were made to the associated revolving credit facility due January 31, 2025. In connection with the refinancing of the Successor First Lien Credit Facility, the Company fully repaid its Successor Second Lien Credit Facility. As a result of these transactions the Company recorded a total loss on extinguishment of debt of \$13.9 million, composed of the write-off of unamortized deferred financing costs plus a prepayment premium, accrued interest, and other fees. As of June 30, 2021, the Company had no outstanding amounts under the Successor Revolver, and therefore was not subject to the consolidated first lien leverage ratio covenant and was compliant with all other covenants under the agreement.

In connection with the closing of the IPO on June 30, 2021, the Company repaid \$200.0 million of its Successor First Lien Credit Facility outstanding, of which \$44.3 million was applied to the remaining quarterly principal payments due under the Successor First Lien Agreement. As a result of the IPO, the Company's interest rate under the Successor First Lien Credit Facility was reduced by 0.25%. The remaining \$564.7 million term loan is scheduled to mature on January 31, 2027. As a result of the prepayment, the Company recorded additional interest expense of \$3.7 million associated with the accelerated amortization of the related deferred financing costs.

Additionally, in connection with the closing of the IPO, the Company entered into an amendment that increased the borrowing capacity under the Successor Revolver from \$75.0 million to \$100.0 million and extended the maturity date from January 31, 2025 to July 31, 2026.



## Note 7. Derivatives

In February 2020, the Company entered into an interest rate collar agreement with a counterparty bank in order to reduce its exposure to interest rate volatility. In this agreement, the Company and the counterparty bank agreed to a one-month LIBOR floor of 0.48% and a cap of 1.50% on a portion of the Company's Successor First Lien Credit Facility. The notional amount of this agreement is \$405.0 million through February 2022 at which time the notional amount reduces to \$300.0 million through February 2024.

The following is a summary of location and fair value of the financial position and location and amount of gains and losses recorded related to the derivative agreement (in thousands):

Derivatives not designated as hedging instruments	Balance Sheet Location	Fair Value		Income Statement Location	Gain/(Loss)			Period from February 1, 2020 through June 30, 2020 (Successor)
		As of June 30, 2021 (Successor)	As of December 31, 2020 (Successor)		Three Months Ended June 30, 2021 (Successor)	Three Months Ended June 30, 2020 (Successor)	Six Months Ended June 30, 2021 (Successor)	
Interest rate swaps	Other liabilities	\$ 1,948	\$ 3,615	Interest expense	\$ (79)	\$ (1,179)	\$ 953	\$ (5,156)

## Note 8. Income Taxes

Prior to the Silver Lake Transaction, the Company was not a taxable entity. However, the Company's wholly owned C-corporation subsidiaries were taxable entities. The Company is now a U.S. domiciled corporation. The Company's income tax expense and balance sheet accounts reflect the results of First Advantage Corporation and its subsidiaries.

In accordance with ASC 740-270, Interim Reporting, at the end of each interim period, the Company is required to determine the best estimate of its annual effective tax rate and then apply that rate in providing for income taxes on an interim period. However, in certain circumstances where the Company is unable to make a reliable estimate of the annual effective tax rate, ASC 740-270 allows the actual effective tax rate for the interim period to be used. As of June 30, 2021, the Company calculated its effective rate and applied that rate to the results for the six months ended June 30, 2021 (Successor). The Company used this approach because it was unable to reasonably estimate its annual effective rate due to the variability of the rate as a result of small changes in forecasted income, fluctuations in annual pre-tax income and loss between quarters, and the effects of being taxed in multiple tax jurisdictions.

The effective income tax rate for the three and six months ended June 30, 2021 (Successor) was 44.8% and 8.1%, respectively. The Company's effective income tax rate for the three months ended June 30, 2021 (Successor) was higher than the U.S. federal statutory rate of 21%, primarily due to the increase of the deferred income tax liability on intangibles as a result of the UK corporate income tax rate increase and U.S. state income tax expenses. The Company's effective income tax rate for the six months ended June 30, 2021 (Successor) was lower than the U.S. federal statutory rate of 21%, primarily due to the increase of the deferred income tax liability on intangibles as a result of the UK corporate income tax rate increase, foreign withholding tax and state income tax expenses on losses before provision for income taxes for the six months ended June 30, 2021 (Successor).

The Company's effective income tax rate for the three and five months ended June 30, 2020 (Successor) was 17.6% and 18.1%, respectively, and for the period January 1, 2020 through January 31, 2020 (Predecessor) was 2.3%. The Company's effective income tax rates for the three and five months ended June 30, 2020 (Successor) and the period January 1, 2020 through January 31, 2020 (Predecessor) were lower than the U.S. Federal statutory rate of 21.0%, primarily as a result of the foreign withholding and U.S. state income tax expenses on losses before provision for income taxes. The lower effective income tax rate for the period January 1, 2020 through January 31, 2020 (Predecessor) compared to the period February 1, 2020 through June 30, 2020 (Successor) and the three and six months ended June 30, 2021 (Successor) was primarily due to the change of the Company's valuation allowance on certain deferred tax assets, nondeductible transaction costs, and variations in jurisdictional earnings in the period from January 1, 2020 through January 31, 2020 (Predecessor).

## Note 9. Revenues

### Performance obligations

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, revenue 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.

Accordingly, in any period, the Company does not recognize a significant amount of revenues from performance obligations satisfied or partially satisfied in prior periods and the amount of such revenues recognized during the three and six months ended June 30, 2021 (Successor), the three months ended June 30, 2020 (Successor), the period from February 1, 2020 through June 30, 2020 (Successor), and the period from January 1, 2020 through January 31, 2020 (Predecessor) were immaterial.

### Disaggregation of revenues

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 location (in thousands):

	Three-Month Period		Six-Month Period		
	Successor				Predecessor
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020
Revenues					
North America	\$ 146,300	\$ 94,209	\$ 262,823	\$ 160,066	\$ 32,411
International	30,080	11,499	46,642	20,344	4,665
Eliminations	(1,554)	(715)	(2,569)	(1,363)	(291)
Total revenues	\$ 174,826	\$ 104,993	\$ 306,896	\$ 179,047	\$ 36,785

### Contract assets and liabilities

The contract asset balance was \$8.6 million and \$4.2 million as of June 30, 2021 (Successor) and December 31, 2020 (Successor), respectively, and is included in accounts receivable, net in the accompanying condensed consolidated balance sheets. The contract liability balance was \$0.5 million and \$0.4 million as of June 30, 2021 (Successor) and December 31, 2020 (Successor), respectively, and is included in deferred revenue in the accompanying condensed consolidated balance sheets. An immaterial amount of revenue was recognized in the current period related to the beginning balance of deferred revenue.

### Concentrations

The Company did not have any customers which represented 10% or more of consolidated revenues for the three and six months ended June 30, 2021 (Successor) and the period from January 1, 2020 through January 31, 2020 (Predecessor). The Company had two customers which represented approximately 24% in the aggregate and one customer which represented approximately 11% of consolidated revenues for the three months ended June 30, 2020 (Successor) and for the period from February 1, 2020 through June 30, 2020 (Successor), respectively. No other customer represented 10% or more of revenue for such periods. Additionally, the Company did not have any customers which represented 10% or more of consolidated accounts receivable, net for any period presented.

## Note 10. Share-based Compensation

Prior to the Silver Lake Transaction, all share-based awards were issued to employees under the STG-Fairway Holdings, LLC Equity Incentive Plan (“Predecessor Plan”). This plan was dissolved as of the closing date of the Silver Lake Transaction. After the Silver Lake Transaction and prior to the 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 “Successor Plan”).

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 (loss) as follows (in thousands):

	Three-Month Period			Six-Month Period	
	Successor			Predecessor	
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020
Share-based compensation expense					
Cost of services	\$ 41	\$ 26	\$ 73	\$ 40	\$ 156
Product and technology expense	67	49	121	77	—
Selling, general, and administrative expense	2,556	445	3,032	684	3,820
<b>Total share-based compensation expense</b>	<b>\$ 2,664</b>	<b>\$ 520</b>	<b>\$ 3,226</b>	<b>\$ 801</b>	<b>\$ 3,976</b>

### Predecessor Plan

Class B awards issued under the Predecessor Plan consisted of options and profits interests and generally vested over five years at a rate of 20% per year. The Class B options issued under the Predecessor Plan generally expired ten years after the grant date.

Class C awards issued under the Predecessor Plan consisted of options and profits interests and generally vested based on two criteria (50% each): (1) Time — awards vested over five years at a rate of 20% per year; and (2) Performance — awards vested based on the Company achieving certain revenue growth and EBITDA targets or on achieving certain enterprise value targets upon the sale of the Company. The Class C options issued under the Predecessor Plan generally expired ten years after the grant date.

There were 1,700,051 Class B profits interests and 12,621,955 Class C profits interests under the Predecessor Plan for the period from January 1, 2020 through January 31, 2020 (Predecessor). As of January 31, 2020, all profit interest grants were vested.

As a result of the Silver Lake Transaction, certain awards issued under the Predecessor Plan were granted accelerated vesting upon the closing of the transaction. In accordance with ASC 718, Compensation – Stock Compensation, the Company recorded the additional associated expense of approximately \$3.9 million in the period from January 1, 2020 through January 31, 2020 (Predecessor). All remaining unvested awards were forfeited.

### Successor Plan

Awards issued under the Successor Plan consist of options and profits interests and vest based on two criteria (50% each): (1) Time — awards vest over five years at a rate of 20% per year; and (2) Performance — awards vest based upon a combination of the five year time vesting, subject to the Company’s investors receiving a targeted money-on-money return. Options issued under the Successor Plan generally expire ten years after the grant date. No awards were issued under the plan during the period from January 1, 2021 through June 30, 2021 (Successor).

Prior to the IPO, the fair value for awards granted during the period from February 1, 2020 through June 30, 2020 (Successor) was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighed average assumptions:

	2020 Class B	2020 Class C
Expected stock price volatility	30.57%	30.08%
Risk-free interest rate	1.36%	1.47%
Expected term (in years)	6.25	6.25
Estimated fair-value of the underlying unit	\$ 10.00	\$ 10.00

A summary of the profits interest unit activity under the Successor Plan for the period from January 1, 2021 to June 30, 2021 (Successor) is as follows:

		<b>Class C Units</b>
December 31, 2020	Grants outstanding	3,858,048
	Exchanged for common stock in the Company	(411,720)
	Exchanged for restricted stock in the Company	(3,446,328)
June 30, 2021	Grants outstanding	—

A summary of the option unit activity under the Successor Plan for the period from January 1, 2021 to June 30, 2021 (Successor) is as follows:

		<b>Options</b>	<b>Weighted Average Exercise Price</b>
December 31, 2020	Grants outstanding	2,733,734	\$ 10.06
	Exercised	(24,112)	\$ 10.00
	Forfeited	(107,168)	\$ 10.00
	Exchanged for options in the Company	(2,602,454)	\$ 10.07
June 30, 2021	Grants outstanding	—	

In connection with the Company's IPO, the Company's parent was dissolved. Awards issued by the Company's parent were converted in accordance with non-discretionary anti-dilution provisions of the Successor grants as follows:

- All vested outstanding profits interest grants issued by the Company's parent were converted to common stock in the Company and all unvested outstanding profits interest grants issued by the Company's parent were converted to restricted stock in the Company under the 2021 Omnibus Incentive Plan (the "2021 Equity Plan"). The number of common stock and restricted stock shares issued to each profits interest holder was ratably adjusted to preserve the fair value of the awards. Additionally, the vesting conditions and equity classification of the awards remained unchanged as a result of the conversion.
- All outstanding stock option grants issued by the Company's parent were converted into stock options issued by the Company under the terms of the individual grant agreements. The number of options granted and the strike price of the options was ratably adjusted using an exchange ratio calculated to preserve the fair value of the awards. Additionally, the vesting, vesting conditions, and equity classification of the awards remained unchanged as a result of the conversion.

		<b>Options</b>	<b>Weighted Average Exercise Price</b>
December 31, 2020	Grants outstanding	—	\$ —
	Grants issued in exchange for options in the Company's Parent	3,938,491	\$ 6.65
June 30, 2021	Grants outstanding	3,938,491	
June 30, 2021	Grants vested	367,615	\$ 6.61
June 30, 2021	Grants unvested	3,570,876	\$ 6.66

## 2021 Equity Plan

In connection with the IPO, the Company adopted the First Advantage Corporation 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, and restricted stock units, and other equity-based or cash-based awards as determined by the Company's Compensation Committee. The 2021 Equity Plan has 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 June 30, 2021, 14,257,210 shares were available for issuance under the 2021 Equity Plan.

### Stock Options

Stock options issued immediately prior to the IPO under this 2021 Equity Plan vest based on two criteria (50% each): (1) Time — awards vest over five years at a rate of 20% per year; and (2) Performance — awards vest based upon a combination of the five year time vesting, subject to the Company's investors receiving a targeted money-on-money return. Options issued under the 2021 Equity Plan generally expire ten years after the grant date.

A summary of the option activity under the 2021 Equity Plan for the period from January 1, 2021 to June 30, 2021 (Successor) is as follows:

		Options	Weighted Average Exercise Price
December 31, 2020	Grants outstanding	—	\$ —
	Grants issued in exchange for options in the Company's Parent	3,222,790	\$ 15.00
June 30, 2021	Grants outstanding	3,222,790	\$ 15.00
June 30, 2021	Grants vested	343,926	\$ 15.00
June 30, 2021	Grants unvested	2,878,864	\$ 15.00

The fair value for options granted under the 2021 Equity Plan during the period from January 1, 2021 to June 30, 2021 (Successor) was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighed average assumptions:

	Options
Expected stock price volatility	38.60 %
Risk-free interest rate	1.02 %
Expected term (in years)	5.84
Estimated fair-value of the underlying unit	\$ 15.00

### Restricted Stock Units

Restricted stock units ("RSU") issued under the 2021 Equity Plan generally vested over three years at a rate of one-third per year.

A summary of the RSU activity under the 2021 Equity Plan for the period from January 1, 2021 to June 30, 2021 (Successor) is as follows:

		Shares
December 31, 2020	Nonvested RSUs	—
	Granted	45,000
	Vested	—
June 30, 2021	Nonvested RSUs	45,000

### Restricted Stock

The following table summarizes the restricted stock issued by the Company. These include grants of unvested Successor profits interests grants that were converted into restricted stock as described above, as well as restricted stock issued to new recipients. The restricted stock granted as a result of the conversion of Successor profits interests retain the vesting attributes (including original service period vesting start date) of the original award.

		<u>Shares</u>
December 31, 2020	Nonvested restricted stock	—
	Grants issued in exchange for unvested profits interests in the Company's Parent	2,918,084
	Vested	—
June 30, 2021	Nonvested restricted stock	2,918,084

As of June 30, 2021 (Successor), the Company had approximately \$35.4 million of unrecognized pre-tax noncash compensation expense, comprised of approximately \$10.8 million related to restricted stock agreements, \$0.7 million related to restricted stock units, and approximately \$23.9 million related to stock options, which the Company expects to recognize over a weighted average period of 3.6 years.

### 2021 Employee Stock Purchase Plan

On June 25, 2021, in connection with the IPO, 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. During each offering period, there will be one six-month purchase period, which will have the same duration and coincide with the length of the offering period. During the holding period, ESPP purchased shares are not eligible for sale or broker transfer. There were no stock employee purchase offerings during the three and six months ended June 30, 2021 (Successor) and accordingly no eligible employees were enrolled in the ESPP during the three and six months ended June 30, 2021 (Successor).

## Note 11. Equity

### *Successor*

Following the Silver Lake Transaction the Company operated with one class of stock.

During the period from February 1, 2020 through March 31, 2020 (Successor), the Company's parent received a \$50.0 million strategic investment in the Company's equity by Workday, Inc. This investment was contributed to the Company as a capital contribution.

On June 11, 2021, the Company's Board of Directors approved and made effective a 1,300,000-for-one stock split of the Company's common stock and filed an Amended and Restated Certificate of Incorporation, which authorized a total of 1,000,000,000 shares of Common Stock, \$0.001 par value per share and 250,000,000 shares of Preferred Stock, par value \$0.001 per share (the "Preferred Stock"). The par value per share of common stock remained unchanged at \$0.001 per share. Authorized shares were increased from 10,000 shares to 1,000,000,000 shares. The condensed consolidated financial statements and notes give retroactive effect to the stock split for all Successor periods presented. After giving retroactive effect to the stock split, as of December 31, 2020, 130,000,000 shares of common stock were issued and outstanding.

In connection with the IPO, Fastball Holdco, L.P., the Company's parent, was dissolved and all outstanding Class A LP Units, Class B LP Units, and Class C LP Units of Fastball Holdco, L.P. were exchanged for 130,000,000 shares of the Company's common stock.

On June 25, 2021, the Company sold 22,856,250 shares of Common Stock in its IPO, including 2,981,250 shares that were sold pursuant to the full exercise of the underwriters' option to purchase additional shares, at an offering price of \$15.00 per share. The Company received aggregate net proceeds of \$316.5 million after deducting underwriting discounts and commissions of \$22.3 million and other offering expenses of \$4.0 million. The Company used a portion of the proceeds to repay \$200.0 million of outstanding indebtedness (see Note 6).

As of June 30, 2021, no preferred stock had been issued and 152,856,250 shares of common stock were issued and outstanding.

### *Predecessor*

The Company authorized the issuance of an aggregate of 165,000,000 units consisting of three classes of units as follows: 140,000,000 Class A units, 7,500,000 Class B units, and 17,500,000 Class C units. All units had no par value.

**Class A Units** — During the Predecessor period, 140,000,000 Class A units were authorized and 138,714,853 units were issued. These units represented the most preferred class of equity and entitled the holders to the return of their capital contributions before amounts were distributed with respect to any other units.

**Class B Units** — During the Predecessor period, 7,500,000 Class B units were authorized and 1,700,051 units were issued. These units represented common equity in that they provided rights to distributions junior to the A Units. These units reflected an equity interest in the entire company and were used for share-based compensation purposes.

**Class C Units** — During the Predecessor period, 17,500,000 Class C units were authorized and 9,271,556 units were issued. These units represented common equity in that they provided rights to distributions junior to the A Units. These units represented an equity interest in the entire Company with rights to distributions from earnings generated only by the Company's screening business. Class C units were used for share-based compensation purposes.

## **Note 12. Commitments and Contingencies**

Except for certain changes to our debt agreements previously discussed in Note 6, there have been no material changes to the Company's contractual obligations as compared to December 31, 2020 (Successor).

**Litigation** — 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 \$8.6 million and \$8.1 million at June 30, 2021 (Successor) and December 31, 2020 (Successor), 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.

In June 2014 and September 2015, two separate class action cases were filed against the Company in the State of California. The two cases are now being coordinated together under a single judge and a settlement agreement has been agreed to, pending final court approval. As a result, the Company has recorded a total liability of \$6.3 million for these two cases at June 30, 2021 (Successor) and December 31, 2020 (Successor). This liability represents the Company's agreed-upon settlement amount and related class action administrative fees. Additionally, the Company maintains liability insurance programs to manage its litigation risks and the Company's insurers have agreed to a single deductible to be applied to the two cases. As a result, the Company has recorded a total insurance recoverable asset of \$2.2 million for these two cases at June 30, 2021 (Successor) and December 31, 2020 (Successor), which represents the portion of the legal settlement and legal fees incurred expected to be recovered from the Company's insurers. This is included in prepaid expenses and other current assets 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 13. Related Party Transactions**

### *Successor*

The Company has no material related party transactions.

### *Predecessor*

In the ordinary course of business in the Predecessor period, the Company entered into transactions with related parties, primarily with STG and one of STG's other investments, Symphony Talent, LLC.

Total expenses recorded and paid to STG, primarily related to healthcare premiums, were \$0.0 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). In January 2020, the Company and STG entered into a Termination Agreement, in which all obligations and liabilities under the benefits arrangement were cancelled.

In January 2020, the Company and Symphony Talent, LLC entered into a Debt Forgiveness Agreement in which the Company forgave a loan receivable, including accrued interest and other transaction related receivables, that the Company had previously fully impaired in 2018.



## Note 14. Net Income (Loss) Per Share

For the period from January 1, 2020 through January 31, 2020 (Predecessor), the Company had Class B options, Class C options, and Class C profits interests issued under the Predecessor Plan. The potentially dilutive securities outstanding during this period had an anti-dilutive effect and were therefore not included in the calculation of diluted net (loss) per unit for the period. The Company did not have any potentially dilutive securities during the six months ended June 30, 2021 (Successor) and the period from February 1, 2020 through June 30, 2020 (Successor). Basic and diluted net income (loss) per share was calculated as follows:

	Three-Month Period			Six-Month Period		Predecessor Period from January 1, 2020 through January 31, 2020
	Successor					
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020		
Basic net income (loss) per share	\$ 0.03	\$ (0.13)	\$ (0.12)	\$ (0.29)		n/a
Diluted net income (loss) per share	\$ 0.03	\$ (0.13)	\$ (0.12)	\$ (0.29)		n/a
Numerator:						
Net income (loss) (in thousands)	\$ 3,770	\$ (16,366)	\$ (15,619)	\$ (38,180)		n/a
Denominator:						
Weighted-average common shares outstanding used in computing basic net income (loss) per share	131,507,005	130,000,000	130,757,666	130,000,000		n/a
Add options and restricted stock units to purchase units	3,861,904	—	—	—		n/a
Weighted-average common shares outstanding used in computing diluted net income (loss) per share	135,368,909	130,000,000	130,757,666	130,000,000		n/a
Basic net (loss) per unit	n/a	n/a	n/a	n/a		\$ (0.24)
Diluted net (loss) per unit	n/a	n/a	n/a	n/a		\$ (0.24)
Numerator:						
Net (loss)	n/a	n/a	n/a	n/a		\$ (36,530)
Denominator:						
Weighted-average common shares outstanding used in computing basic net (loss) per unit	n/a	n/a	n/a	n/a		149,686,460
Add options and restricted stock units to purchase units	n/a	n/a	n/a	n/a		—
Weighted-average shares used in computing diluted net (loss) per unit	n/a	n/a	n/a	n/a		149,686,460

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

The following discussion and analysis of First Advantage Corporations’ financial condition and results of operations is provided as a supplement to the condensed consolidated financial statements for the three and six months ended June 30, 2021, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020, the condensed consolidated financial statements for the three months ended March 31, 2021, our “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Registration Statement on Form S-1, originally filed with the SEC on May 28, 2021, as amended (Reg. No. 333-256622).

### 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: the impact of COVID-19 and related risks on our results of operations, financial position and/or liquidity; 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; our reliance on third-party data providers; negative changes in external events beyond our control, including our customers’ onboarding volumes, economic drivers which are sensitive to macroeconomic cycles, and the COVID-19 pandemic; potential harm to our business, brand and reputation as a result of security breaches, cyber-attacks or the mishandling of personal data; 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; 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; our ability to obtain, maintain, protect and enforce our intellectual property and other proprietary information; our substantial 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; and our Sponsor (Silver Lake Group, L.L.C., together with its affiliates, successors and assignees) controls us and may have interests that conflict with ours or those of our stockholders.

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 prospectus, dated June 22, 2021, filed with the Securities and Exchange Commission (the “SEC”) pursuant to Rule 424(b)(4) of the Securities Act of 1933, 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](http://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:

- “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;
- “pro forma” or “pro forma basis” means giving effect to the Silver Lake Transaction and the related financing, which occurred on January 31, 2020 and is further described below; and
- “Silver Lake” mean Silver Lake Group, L.L.C., together with its affiliates, successors, and assignees.

### Website and Social Media Disclosure

We use our websites (<https://fadv.com/> and <https://investors.fadv.com/>) to distribute company information. The information we post on our website may be deemed material. Accordingly, investors should monitor our website, in addition to following our press releases, filings with the Securities and Exchange Commission (“SEC”) and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about First Advantage when you enroll your email address by visiting the “Email Alerts” section of our 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 technology solutions for screening, verifications, safety, and compliance related to human capital. We deliver innovative solutions and insights that help our customers manage risk and hire the best talent. Enabled by our proprietary technology platform, our products and solutions 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 & 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.

We perform screening in over 200 countries and territories, enabling us to serve as a one-stop-shop provider to both multinational companies and growth companies. Our more than 30,000 customers are global enterprises, mid-sized, 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 bundled. 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 bundled 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 do not include minimum order volumes or committed order volumes. Accordingly, contracts do not provide any 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 some visibility into their expected future volumes, although these can be difficult to accurately forecast. 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. A substantial majority of customer orders are completed the same day they are submitted.

We generated revenues of \$174.8 million for the three months ended June 30, 2021 (Successor), as compared to \$105.0 million for the three months ended June 30, 2020 (Successor). For the six months ended June 30, 2021 (Successor), we generated revenues of \$306.9 million, as compared to \$215.8 million for the six months ended June 30, 2020, on a pro forma basis to give effect to the Silver Lake Transaction. These increases were driven by the improvement in the overall economy and hiring market, as well as the addition of a number of large new customers, upselling and cross-selling existing customers, and strong, broad-based demand across our existing customer base. Approximately 85% of our 2021 revenues for the six months ended June 30, 2021, was generated in North America, predominantly in the U.S., with the remaining 15% generated in EMEA, APAC, and India. Our revenue contribution outside of North America increased as a result of the UK screening business acquisition which closed on March 31, 2021. Other than the United States, no single country accounted for 10% or more of our total revenues during the three and six months ended June 30, 2021 (Successor). Please refer to “Results of Operations” for further details.

## Basis of Presentation

On January 31, 2020, Silver Lake acquired substantially all of the equity interests of the Company from Symphony Technology Group (“STG”) pursuant to an Agreement and Plan of Merger, dated as of November 19, 2019 (the “Silver Lake Transaction”). For the purposes of the consolidated financial data included in this Form 10-Q, periods on or prior to January 31, 2020 reflect the financial position, results of operations, and cash flows of the Company and its consolidated subsidiaries prior to the Silver Lake Transaction, referred to herein as the Predecessor, and periods beginning after January 31, 2020 reflect the financial position, results of operations and cash flows of the Company and its consolidated subsidiaries as a result of the Silver Lake Transaction, referred to herein as the Successor. As a result of the Silver Lake Transaction, the results of operations and financial position of the Predecessor and Successor are not directly comparable.

To facilitate comparability across periods, we have presented in this “Management’s Discussion and Analysis of Results of Operations and Financial Condition” section certain financial information on a pro forma basis, giving pro forma effect to the Silver Lake Transaction as if it had occurred on January 1, 2020. Please refer to “Results of Operations” for further details.

Numerical figures included in this Form 10-Q have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

We have one operating segment.

### **Seasonality**

We experience seasonality with respect to certain customer industries as a result of 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 September through November months leading up to the holiday season and lowest at the beginning of the first quarter following the holiday season. Certain customers across various industries also historically ramp up their hiring throughout the first half 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 declines 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 including the COVID-19 pandemic may impact seasonality, but we are unable to predict these potential shifts and how our business may be impacted.

### **Recent Developments**

#### ***Initial Public Offering***

On June 25, 2021, the Company completed its IPO in which it sold 22,856,250 shares of its common stock, including 2,981,250 shares that were sold pursuant to the full exercise of the underwriters' option to purchase additional shares, \$0.001 par value per share (the "Common Stock") at an offering price of \$15.00 per share, resulting in net proceeds to us of \$316.5 million, after deducting the underwriting discount of \$22.3 million and offering expenses of \$4.0 million, \$3.0 million of which was not paid as of June 30, 2021. Additionally, certain existing stockholders sold an aggregate of 6,468,750 shares, including 843,750 shares that were sold pursuant to the full exercise of the underwriters' option to purchase additional shares.

#### ***COVID-19***

In March 2020, the World Health Organization characterized COVID-19 as a pandemic. The COVID-19 pandemic and the ensuing actions that various governments have taken in response have created significant worldwide uncertainty, volatility, and economic disruption and has had significant and unpredictable impacts on global labor markets. U.S. total private hiring volumes declined significantly at the beginning of the COVID-19 pandemic as many companies quickly reduced hiring amid related uncertainty. The U.S. unemployment rate spiked to 15% in April 2020, reflecting its highest rate since the Great Depression. Certain of our existing customers reduced headcount, furloughed employees, implemented hiring freezes, and reduced flexible workforces due to declining business conditions which decreased their spending on background screening. Certain sectors such as travel, dining, and non-essential retail, were especially impacted.

We believe providers with large exposure to apparel, airline, hotel, in-person food & beverage, and SMB customers were heavily impacted during 2020 after COVID-19 driven lockdowns and other measures were taken. There were varying degrees of recovery across these sectors in 2020. First Advantage's revenues declined approximately 14% year-over-year in the second quarter of 2020 as customers reduced order volumes at the onset of the pandemic. In particular, we saw greater revenue declines among our international customers. In response, we enacted hiring reductions, reduced flexible labor, and took other precautionary cost actions. We quickly mobilized our global operations to transition to a work-from-home model and prioritized our order processing capacity to meet the volume demands of customers that still had strong hiring volume. For a short period of time at the onset of the pandemic, we experienced operational disruptions due to court closures and unavailability of certain data sources that resulted in longer turnaround times and depending on our customers' preferences, delayed or required modification of customer deliverables. We also incurred incremental costs of approximately \$0.9 million in 2020 and \$0.1 million in the six months ended June 30, 2021 in connection with the COVID-19 pandemic, including costs related to furloughs and severance, increased overtime, and personal protective equipment.

Despite the pandemic and high U.S. unemployment rates, our business recovered in the third quarter of 2020. Our performance was driven by our focus on and strength with Enterprise customers in diverse and durable sectors such as e-commerce, essential retail, transportation and home delivery, and new customer wins. We were also nimble in launching new products in response to COVID-19, such as virtual drug testing.

We believe that a continued economic rebound will help drive strong hiring volumes and demand globally in 2021 and that we will continue to experience strong demand from our existing customers. We also expect that over time as the COVID-19 pandemic abates, demand from our international customers and our customers in heavily impacted sectors will return to more normalized levels. However, the duration and severity of the COVID-19 pandemic and the long-term effects the pandemic will have on our customers and general economic conditions remains uncertain and difficult to predict.

## 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 screening and adjacent products that cover phases from pre-onboarding screening to post-onboarding screening after the employee, extended worker, driver, or volunteer has been onboarded. 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 platform, proprietary databases, and data analytics capabilities. Pre-onboarding products, which comprise the substantial majority of our revenues, are comprised of an extensive array of products that customers typically utilize to enhance their evaluation process and ensure compliance with their onboarding criteria from the time a job or other application is submitted to an applicant's successful onboarding. Post-onboarding products are comprised of continuous monitoring and re-screening solutions to help our customers keep their end customers, workforces, and other stakeholders safe, productive, and compliant. Adjacent products include products that complement our pre-onboarding and post-onboarding solutions such as fleet / vehicle compliance, tax credits and incentives, resident / tenant screening, and investigative screening.

Our suite of products is available individually or through bundled 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. A substantial majority of customer orders are completed the same day they are submitted. We similarly recognize revenues for other products as customers receive and consume 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 include 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 include an allocation 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 platform 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 consists 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 incurred while preparing for our IPO. 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.

- *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 the Silver Lake Transaction and other business combinations. The comparability of our operating expenses over time is affected by the increased depreciation and amortization recorded as a result of applying purchase accounting at the time of the Silver Lake Transaction.

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 revenue and mix of customers 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. We regularly review expenses and investments in the context of revenue growth and any shifts we see in cost of services in order to align with our overall financial objectives. While we expect operating expenses to increase in absolute dollars to support our continued growth, we believe that operating expenses will decline gradually as a percentage of total revenues in the future as our business grows and our operating efficiency improves.

#### **Other Expense**

Our other expense consists of the following:

- *Interest Expense:* Relates primarily to our debt service costs and, to a lesser extent, the interest-related expenses of our interest rate swaps and the interest on our capital lease obligations. Additionally, interest expense includes the amortization of deferred financing costs.
- *Interest Income:* We earn interest income 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.
- *Loss on Extinguishment of Debt:* Reflects losses on the extinguishment of certain debt.
- *Transaction Expenses, Change in Control:* Includes transaction expenses related to the change of control resulting from the Silver Lake Transaction as well as transaction costs related to other business combinations completed as part of our historic business combinations.

#### **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 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. Specifically, the results of the 2020 U.S. presidential election could lead to changes in tax laws that could negatively impact our effective tax rate. President Biden has proposed an increase in the U.S. corporate income tax rate from 21% to 28%, doubling the rate of tax on certain earnings of foreign subsidiaries, and a 15% minimum tax on worldwide book income, which together would increase our effective tax rate.

#### **Results of Operations**

The comparability of our operating results for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 was impacted by our accounting for the Silver Lake Transaction. The period from January 1, 2020 through January 31, 2020 relate to the Predecessor and the period from February 1, 2020 through June 30, 2020 relate to the Successor. To facilitate comparability of the six months ended June 30, 2021 to the six months ended June 30, 2020, below we present the combination of consolidated results from January 1, 2020 to June 30, 2020, comprising the Successor consolidated results from February 1, 2020 to June 30, 2020, the Predecessor consolidated results for the period from January 1, 2020 to January 31, 2020 and certain pro forma adjustments that give effect to the Silver Lake Transaction and the related refinancing as if it had occurred on January 1, 2020 (pro forma results for the six months ended June 30, 2020). The pro forma information below has been prepared on a basis consistent with Article 11 of Regulation S-X, but does not constitute Article 11 pro forma information because it only presents the pro forma six months ended June 30, 2020, reflecting the Silver Lake Transaction and the related refinancing as if they had occurred as of January 1, 2020. We present the pro forma six months ended June 30, 2020, to facilitate comparability with the results for the Successor six months ended June 30, 2020. 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 June 30, 2021 (Successor) and June 30, 2020 (Successor) and the six months ended June 30, 2021 (Successor) compared to the Period from February 1, 2020 through June 30, 2020 (Successor) and the Period from January 1, 2020 through January 31, 2020 (Predecessor)**

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
<i>(in thousands)</i>							
<b>Revenues</b>	\$ 174,826	\$ 104,993	\$ 306,896	\$ 179,047	\$ 36,785	\$ —	\$ 215,832
<b>Operating Expenses:</b>							
Cost of services (exclusive of depreciation and amortization below)	84,868	52,404	150,813	89,220	20,265	—	109,485
Product and technology expense	11,680	7,205	22,233	12,152	3,189	—	15,341
Selling, general, and administrative expense	25,075	15,014	49,053	27,299	11,235	—	38,534
Depreciation and amortization <sup>(a)</sup>	35,918	36,572	70,681	61,059	2,105	9,083	72,247
Total operating expenses	157,541	111,195	292,780	189,730	36,794	9,083	235,607
<b>Income (loss) from operations</b>	17,285	(6,202)	14,116	(10,683)	(9)	(9,083)	(19,775)
<b>Other Expense:</b>							
Interest expense <sup>(b)</sup>	10,467	13,816	17,281	26,699	4,514	394	31,607
Interest income	(15)	(153)	(112)	(206)	(25)	—	(231)
Loss on extinguishment of debt <sup>(c)</sup>	—	—	13,938	—	10,533	(10,533)	—
Transaction expenses, change in control <sup>(d)</sup>	—	—	—	9,423	22,370	(22,370)	9,423
Total other expense	10,452	13,663	31,107	35,916	37,392	(32,509)	40,799
Income (loss) before provision for income taxes	6,833	(19,865)	(16,991)	(46,599)	(37,401)	23,426	(60,574)
Provision (benefit) for income taxes <sup>(e)</sup>	3,063	(3,499)	(1,372)	(8,419)	(871)	6,021	(3,269)
<b>Net income (loss)</b>	\$ 3,770	\$ (16,366)	\$ (15,619)	\$ (38,180)	\$ (36,530)	\$ 17,405	\$ (57,305)
Net income (loss) margin	2.2%	(15.6)%	(5.1)%	(21.3)%	(99.3)%	—	(26.6)%

- (a) Refer to Note 2(a) in the Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management's Discussion and Analysis of Financial Condition and Results of Operations
- (b) Refer to Note 2(c) in the Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management's Discussion and Analysis of Financial Condition and Results of Operations
- (c) Refer to Note 2(d) in the Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management's Discussion and Analysis of Financial Condition and Results of Operations
- (d) Refer to Note 2(b) in the Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management's Discussion and Analysis of Financial Condition and Results of Operations
- (e) Refer to Note 2(e) in the Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management's Discussion and Analysis of Financial Condition and Results of Operations

Revenues

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Revenues	\$ 174,826	\$ 104,993	\$ 306,896	\$ 179,047	\$ 36,785	\$ —	\$ 215,832

Revenues were \$174.8 million for the three months ended June 30, 2021 (Successor), compared to \$105.0 million for the three months ended June 30, 2020 (Successor). Revenue for the three months ended June 30, 2021 (Successor) increased by \$69.8 million, or 66.5%, compared to the three months ended June 30, 2020 (Successor).

The increase in revenues was primarily due to:

- a net increase of \$49.3 million in existing customer revenues, primarily driven by a strong, broad-based recovery in demand as compared to the second quarter of 2020 which was the most impacted period as a result of the COVID-19 pandemic, increased revenue growth in key verticals and geographies, and on-going strength in upselling and cross-selling. These existing customer increases were minimally offset by the impact of lost accounts,
- increased revenues of \$13.4 million attributable to new customers, and
- increased revenues of \$7.1 million attributable to our acquisition.

Revenues were \$306.9 million for the six months ended June 30, 2021 (Successor), compared to \$179.0 million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$36.8 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Revenue for the six months ended June 30, 2021 (Successor) increased by \$91.1 million, or 42.2%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

The increase in revenues was primarily driven by:

- a net increase of \$60.0 million in existing customer revenues, primarily driven by a strong, broad-based recovery in demand as compared to the second quarter of 2020 which was the most impacted period as a result of the COVID-19 pandemic, increased revenue growth in key verticals and geographies, and on-going strength in upselling and cross-selling. These existing customer increases were minimally offset by the impact of lost accounts,
- increased revenues of \$24.0 million attributable to new customers, and
- increased revenues of \$7.1 million attributable to our acquisition.

The Company experienced high demand among certain Enterprise customers in the essential retail, e-commerce, and transportation and home delivery verticals, particularly in the second half of 2020 and first half of 2021. Pricing was relatively stable across the periods.



	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
<i>(in thousands, except percentages)</i>							
Revenues	\$ 174,826	\$ 104,993	\$ 306,896	\$ 179,047	\$ 36,785	\$ —	\$ 215,832
Cost of services	84,868	52,404	150,813	89,220	20,265	—	109,485
Cost of services as a % of revenue	48.5 %	49.9 %	49.1 %	49.8 %	55.1 %	—	50.7 %

Cost of services was \$84.9 million for the three months ended June 30, 2021 (Successor), compared to \$52.4 million for the three months ended June 30, 2020 (Successor). Cost of services for the three months ended June 30, 2021 (Successor) increased by \$32.5 million, or 61.9%, compared to the three months ended June 30, 2020 (Successor).

The increase in cost of services was primarily due to:

- an increase in variable third-party data expenses of \$27.4 million as a direct result of increased revenues, and
- a \$4.7 million increase in personnel related expenses in our operations and customer service functions as a result of additional operational support headcount to enable the Company's high levels of revenue growth. This increase is further impacted by the COVID-19 related staffing and benefit expense reduction actions taken in the second quarter of 2020 that did not continue into 2021.

Cost of services as a percentage of revenues was 48.5% for the three months ended June 30, 2021 (Successor), compared to 49.9% for the three months ended June 30, 2020 (Successor). The Company was able to continue to improve cost of services leverage in the second quarter of 2021 as a result of operating efficiencies and robotic process automation which helped control personnel expenses. We also had reduced travel costs as a result of COVID-19 related restrictions.

Cost of services was \$150.8 million for the six months ended June 30, 2021 (Successor), compared to \$89.2 million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$20.3 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Cost of services for the six months ended June 30, 2021 (Successor) increased by \$41.3 million, or 37.7%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

The increase in cost of services was primarily due to:

- an increase in variable third-party data expenses of \$35.2 million as a direct result of increased revenues,
- a \$4.5 million increase in personnel related expenses in our operations and customer service functions as a result of additional operational support headcount to enable the Company's high levels of revenue growth, particularly in the second quarter of 2021. This increase is further impacted by the COVID-19 related staffing and benefit expense reduction actions taken in the second quarter of 2020 that did not continue into 2021, and
- foreign currency exchange losses of \$1.0 million due to the impact of foreign exchange rate volatility.

The increase in cost of services was partially offset by:

- a \$0.4 million decrease in travel-related expenses due to COVID-19 related restrictions.

Cost of services as a percentage of revenues was 49.1% for the six months ended June 30, 2021 (Successor), compared to 49.8% for the period from February 1, 2020 through June 30, 2020 (Successor) and 55.1% for the period from January 1, 2020 through January 31, 2020 (Predecessor). The Company was able to continue to improve cost of services leverage in the first half of 2021 as a result of operating efficiencies and robotic process automation which helped control personnel expenses. We also had reduced travel costs as a result of COVID-19 related restrictions.

Product and Technology Expense

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Product and technology expense	\$ 11,680	\$ 7,205	\$ 22,233	\$ 12,152	\$ 3,189	\$ —	\$ 15,341

Product and technology expense was \$11.7 million for the three months ended June 30, 2021 (Successor), compared to \$7.2 million for the three months ended June 30, 2020 (Successor). Product and technology expense for the three months ended June 30, 2021 (Successor) increased by \$4.5 million, or 62.1%, compared to the three months ended June 30, 2020 (Successor).

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

- a \$3.3 million increase in personnel-related expenses as a result of additional investments made to enhance our product, solutions, and technology platform, and
- a \$0.8 million increase in software licensing related expenses.

Product and technology expense was \$22.2 million for the six months ended June 30, 2021 (Successor), compared to \$12.2 million period from February 1, 2020 through June 30, 2020 (Successor) and \$3.2 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Product and technology expense for the six months ended June 30, 2021 (Successor) increased by \$6.9 million, or 44.9%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

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

- a \$4.8 million increase in personnel-related expenses as a result of additional investments made to enhance our product, solutions, and technology platform, and
- a \$2.0 million increase in software licensing expenses.

*Selling, General, and Administrative Expense*

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Selling, general, and administrative expense	\$ 25,075	\$ 15,014	\$ 49,053	\$ 27,299	\$ 11,235	\$ —	\$ 38,534

Selling, general, and administrative expense was \$25.1 million for the three months ended June 30, 2021 (Successor), compared to \$15.0 million for the three months ended June 30, 2020 (Successor). Selling, general, and administrative expense for the three months ended June 30, 2021 (Successor) increased by \$10.1 million, or 67.0%, compared to the three months ended June 30, 2020 (Successor).

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

- a \$3.1 million increase in commissions and bonus related expenses due to the Company's improved operating results in 2021,
- a \$2.1 million increase in stock-based compensation expenses as a result of performance related vesting as a result of the IPO and incremental awards granted in conjunction with the Company's IPO,
- a \$1.8 million increase in personnel related expenses primarily due to COVID-19 related staffing and benefit expense reduction actions taken in the second quarter of 2020 that did not continue into 2021,
- a \$0.6 million increase in legal expenses (see Note 12 to the condensed consolidated financial statements), and
- a number of other corporate expenses that increased primarily as a result of the IPO and COVID-19 related expense reductions in the second quarter of 2020 that did not continue into 2021.

Selling, general, and administrative expense was \$49.1 million for the six months ended June 30, 2021 (Successor), compared to \$27.3 million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$11.2 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Selling, general, and administrative expense for the six months ended June 30, 2021 (Successor) increased by \$10.5 million, or 27.3%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

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

- a \$4.1 million increase in commissions and bonus related expenses due to the Company's improved operating results in 2021,
- a \$4.0 million increase in professional service fees incurred related to the Company's IPO,
- a \$1.6 million increase in personnel related expenses primarily due to COVID-19 related staffing and benefit expense reduction actions taken in the second quarter of 2020 that did not continue into 2021,
- a \$1.1 million increase in legal expenses (see Note 12 to the condensed consolidated financial statements), and
- a number of other corporate expenses that increased primarily as a result of the IPO and COVID-19 related expense reductions in the second quarter of 2020 that did not continue into 2021.

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

- a \$1.5 million decrease in stock-based compensation expenses primarily as a result of accelerated vesting related to the Silver Lake Transaction that did not reoccur in 2021, offset by an increase in stock-based compensation expenses as a result of performance related vesting as a result of the IPO and incremental awards granted in conjunction with the Company's IPO.

Depreciation and Amortization

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Depreciation and amortization	\$ 35,918	\$ 36,572	\$ 70,681	\$ 61,059	\$ 2,105	\$ 9,083	\$ 72,247

Depreciation and amortization was \$35.9 million for the three months ended June 30, 2021 (Successor), compared to \$36.6 million for the three months ended June 30, 2020 (Successor). Depreciation and amortization for the three months ended June 30, 2021 (Successor) decreased by \$0.7 million, or 1.8%, compared to the three months ended June 30, 2020 (Successor). This decrease was primarily due to the impact of the step up in fair value of property and equipment and intangible assets as a result of the application of purchase accounting related to the Silver Lake Transaction, of which the intangible asset amortization is accelerated based on the relative projected discounted cash flows. This decrease was partially offset by increases in depreciation related to assets placed in service during the three months ended June 30, 2021 (Successor).

Depreciation and amortization was \$70.7 million for the six months ended June 30, 2021 (Successor), compared to \$61.1 million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$2.1 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Depreciation and amortization for the six months ended June 30, 2021 (Successor) decreased by \$1.6 million, or 2.2%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction. This decrease was primarily due to the impact of the step up in fair value of property and equipment and intangible assets as a result of the application of purchase accounting related to the Silver Lake Transaction, of which the intangible asset amortization is accelerated based on the relative projected discounted cash flows. This decrease was partially offset by increases in depreciation related to assets placed in service during the six months ended June 30, 2021 (Successor).

Interest Expense

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Interest expense	\$ 10,467	\$ 13,816	\$ 17,281	\$ 26,699	\$ 4,514	\$ 394	\$ 31,607

Interest expense was \$10.5 million for the three months ended June 30, 2021 (Successor), compared to \$13.8 million for the three months ended June 30, 2020 (Successor). Interest expense for the three months ended June 30, 2021 (Successor) decreased by \$3.3 million, or 24.2%, compared to the three months ended June 30, 2020 (Successor).

The decrease was primarily due to the impact of the Company's February 2021 refinancing of the Successor First Lien Credit Facility and early repayment of the Successor Second Lien Credit Facility, resulting in interest rate savings due to lower principal and more favorable interest rate margins. This decrease was partially offset by a one-time increase in interest expense associated with the repayment of \$200.0 million of the Successor First Lien Credit Facility, in conjunction with the Company's IPO, resulting in accelerated amortization of the related deferred financing costs.

Interest expense was \$17.3 million for the six months ended June 30, 2021 (Successor), compared to \$26.7 million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$4.5 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Interest expense for the six months ended June 30, 2021 (Successor) decreased by \$14.3 million, or 45.3%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

This decrease in interest expense for the six months ended June 30, 2021 (Successor), compared to the period from February 1, 2020 through June 30, 2020 (Successor) and for the period from January 1, 2020 through January 31, 2020 (Predecessor) was primarily due to the impact of the Company's February 2021 refinancing of the Successor First Lien Credit Facility and early repayment of the Successor Second Lien Credit Facility, resulting in interest rate savings due to lower principal and more favorable interest rate margins. This decrease was partially offset by a one-time increase in interest expense associated with the repayment of \$200.0 million of the Successor First Lien Credit Facility, in conjunction with the Company's IPO, resulting in accelerated amortization of the related deferred financing costs.

Interest Income

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Interest income	\$ (15)	\$ (153)	\$ (112)	\$ (206)	\$ (25)	\$ —	\$ (231)

Interest income was \$0.0 million for the three months ended June 30, 2021 (Successor), compared to \$0.2 million for the three months ended June 30, 2020 (Successor). Interest income for the three months ended June 30, 2021 (Successor) decreased by \$0.1 million, or 90.2%, compared to the three months ended June 30, 2020 (Successor).

Interest income was \$0.1 million for the six months ended June 30, 2021 (Successor), compared to \$0.2 million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$0.0 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Interest income for the six months ended June 30, 2021 (Successor) decreased by \$0.1 million, or 51.5%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

Interest income decreases were primarily due to general decreases in interest rates.

Loss on Extinguishment of Debt

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Loss on extinguishment of debt	\$ —	\$ —	\$ 13,938	\$ —	\$ 10,533	\$ (10,533)	\$ —

Loss on extinguishment of debt for the six months ended June 30, 2021 (Successor) relates to expenses stemming from the write-off of debt issuance costs associated with the February 2021 refinancing of the Successor First Lien Credit Facility and early repayment of the Successor Second Lien Credit Facility.

Loss on extinguishment of debt for the period from January 1, 2020 through January 31, 2020 (Predecessor), relates to expenses stemming from the write-off of debt issuance costs as a result of prepayment of the Company's outstanding debt obligations in connection with the Silver Lake Transaction.

Transaction Expenses, Change in Control

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Transaction expenses, change in control	\$ —	\$ —	\$ —	\$ 9,423	\$ 22,370	\$ (22,370)	\$ 9,423

Transaction expenses, change in control relate solely to costs relating to the Silver Lake Transaction that are recorded on our books and are therefore only included in our results of operations for the period from February 1, 2020 through June 30, 2020 (Successor) and for the period from January 1, 2020 through January 31, 2020 (Predecessor).

Provision for Income Taxes

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
(in thousands)							
Provision (benefit) for income taxes	\$ 3,063	\$ (3,499)	\$ (1,372)	\$ (8,419)	\$ (871)	\$ 6,021	\$ (3,269)

Our provision for income taxes was \$3.1 million for the three months ended June 30, 2021 (Successor), compared to a (benefit) for income taxes of \$(3.5) million for the three months ended June 30, 2020 (Successor). Our provision for income taxes for the three months ended June 30, 2021 (Successor) increased by \$6.6 million, or (187.5)%, compared to the three months ended June 30, 2020 (Successor).

The increase in our provision for income taxes was primarily due to the additional income tax expense incurred associated with the UK deferred tax liability established on the acquired identifiable intangibles after the Silver Lake Transaction as a result of UK corporate tax rate change and increased foreign tax expense incurred during the three months ended June 30, 2021 (Successor) related to increases in taxable income in various jurisdictions.

Our (benefit) for income taxes was \$(1.4) million for the six months ended June 30, 2021 (Successor), compared to \$(8.4) million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$(0.9) million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Our (benefit) for income taxes for the six months ended June 30, 2021 (Successor) decreased by \$1.9 million, or (58.0)%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

The decrease of the (benefit) for income taxes was primarily due to the reversal of our valuation allowance after the Silver Lake Transaction during the period from February 1, 2020 through June 30, 2020 (Successor), the additional tax expense incurred associated with an increase to UK deferred tax liabilities due to an increase in the UK corporate tax rate and increased foreign tax expense incurred as a result of taxable income increase in certain jurisdictions during the six months ended June 30, 2021 (Successor).

Net Income (Loss) and Net Income (Loss) Margin

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
<i>(in thousands, except percentages)</i>							
Net income (loss)	\$ 3,770	\$ (16,366)	\$ (15,619)	\$ (38,180)	\$ (36,530)	\$ 17,405	\$ (57,305)
Net income (loss) margin	2.2%	(15.6)%	(5.1)%	(21.3)%	(99.3)%	—	(26.6)%

Net income was \$3.8 million for the three months ended June 30, 2021 (Successor), compared to a net (loss) of \$(16.4) million for the three months ended June 30, 2020 (Successor). Net income for the three months ended June 30, 2021 (Successor) increased by \$20.1 million, or 123.0%, compared to the three months ended June 30, 2020 (Successor).

Net income (loss) margin was 2.2% for the three months ended June 30, 2021 (Successor), compared to (15.6)% the three months ended June 30, 2020 (Successor).

The improvement in our net income (loss) margin is attributable to our ability to leverage operating efficiencies to control our overall expenses while increasing revenue and reduction in interest expense as a result of the February 2021 refinancing.

Net (loss) was \$(15.6) million for the six months ended June 30, 2021 (Successor), compared to \$(38.2) million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$(36.5) million for the period from January 1, 2020 through January 31, 2020 (Predecessor). Net (loss) for the six months ended June 30, 2021 (Successor) decreased by \$41.7 million, or 72.7%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction, due to the factors described above.

Net income (loss) margin was (5.1)% for the six months ended June 30, 2021 (Successor), compared to (21.3)% for the period from February 1, 2020 through June 30, 2020 (Successor) and (99.3)% for the period from January 1, 2020 through January 31, 2020 (Predecessor). Net income (loss) margin for the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction, was (26.6)%.

The improvement in our net income (loss) margin is attributable to our ability to leverage operating efficiencies to control our overall expenses while increasing revenue and reduction in interest expense as a result of the February 2021 refinancing.



## 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*

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 \$56.3 million for the three months ended June 30, 2021 (Successor) and represented an Adjusted EBITDA Margin of 32%. Adjusted EBITDA was \$92.9 million for the six months ended June 30, 2021 (Successor) and represented an Adjusted EBITDA Margin of 30%. Adjusted EBITDA for the three months ended June 30, 2021 (Successor) increased by \$24.7 million, or 78%, compared to the three months ended June 30, 2020 (Successor).

Adjusted EBITDA was \$31.7 million for the three months ended June 30, 2020 (Successor) and represented an Adjusted EBITDA Margin of 30%. Adjusted EBITDA was \$51.8 million and \$7.0 million for the period from February 1, 2020 through June 30, 2020 (Successor) and the period January 1, 2020 through January 31, 2020 (Predecessor), respectively. This represented an Adjusted EBITDA Margin of 29% and 19% for the period from February 1, 2020 through June 30, 2020 (Successor) and the period January 1, 2020 through January 31, 2020 (Predecessor), respectively. On a pro forma basis after giving effect to the Silver Lake Transaction, Adjusted EBITDA was \$58.9 million for the six months ended June 30, 2020 and represented an Adjusted EBITDA Margin of 27%. Adjusted EBITDA for the six months ended June 30, 2021 (Successor) increased by \$34.0 million, or 58%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

Growth in Adjusted EBITDA was driven primarily from revenue growth attributed to new and existing customers and margin expansion attributed to increased automation, cost discipline, and operating leverage.

The following table presents a reconciliation of Adjusted EBITDA for the periods presented. For a discussion of pro forma adjustments, see “Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
<i>(in thousands)</i>							
Net income (loss)	\$ 3,770	\$ (16,366)	\$ (15,619)	\$ (38,180)	\$ (36,530)	\$ 17,405	\$ (57,305)
Interest expense, net	10,452	13,663	17,169	26,493	4,489	394	31,376
Provision for income taxes	3,063	(3,499)	(1,372)	(8,419)	(871)	6,021	(3,269)
Depreciation and amortization	35,918	36,572	70,681	61,059	2,105	9,083	72,247
Loss on extinguishment of debt	—	—	13,938	—	10,533	(10,533)	—
Share-based compensation	2,664	520	3,226	801	3,976	—	4,777
Transaction and acquisition-related charges <sup>(a)</sup>	382	76	4,366	9,522	22,840	(22,370)	9,992
Integration and restructuring charges <sup>(b)</sup>	73	262	521	262	327	—	589
Other <sup>(c)</sup>	—	427	2	306	153	—	459
<b>Adjusted EBITDA</b>	<b>\$ 56,322</b>	<b>\$ 31,655</b>	<b>\$ 92,912</b>	<b>\$ 51,844</b>	<b>\$ 7,022</b>	<b>\$ —</b>	<b>\$ 58,866</b>

(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, the three and six months ended June 30, 2021 (Successor) includes incremental professional service fees incurred related to the initial public offering.

(b) Represents charges from organizational restructuring and integration activities outside of the ordinary course of business.

(c) Represents 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. Additionally, the period from February 1, 2020 through June 30, 2020 (Successor) includes the incremental costs incurred due to COVID-19.

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.

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
<i>(in thousands)</i>							
Adjusted EBITDA	\$ 56,322	\$ 31,655	\$ 92,912	\$ 51,844	\$ 7,022	\$ —	\$ 58,866
Revenues	174,826	104,993	306,896	179,047	36,785	—	215,832
<b>Adjusted EBITDA Margin</b>	<b>32 %</b>	<b>30 %</b>	<b>30 %</b>	<b>29 %</b>	<b>19 %</b>	<b>—</b>	<b>27 %</b>

## Adjusted Net Income and Adjusted Diluted Earnings Per Share

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 \$33.2 million for the three months ended June 30, 2021 (Successor), compared to \$12.2 million for the three months ended June 30, 2020 (Successor). Adjusted Net Income for the three months ended June 30, 2021 (Successor) increased by \$21.0 million, or 172%, compared to the three months ended June 30, 2020 (Successor).

Adjusted Diluted Earnings Per Share was \$0.25 for the three months ended June 30, 2021 (Successor), compared to \$0.09 for three months ended June 30, 2020 (Successor). Adjusted Diluted Earnings Per Share for the three months ended June 30, 2021 (Successor) increased by \$0.16, or 178%, compared to the three months ended June 30, 2020 (Successor).

Adjusted Net Income was \$53.7 million for the six months ended June 30, 2021 (Successor), compared to \$16.8 million for the period from February 1, 2020 through June 30, 2020 (Successor) and \$1.4 million for the period from January 1, 2020 through January 31, 2020 (Predecessor). On a pro forma basis giving effect to the Silver Lake Transaction, Adjusted Net Income was \$17.7 million for the six months ended June 30, 2020. Adjusted Net Income for the six months ended June 30, 2021 (Successor) increased by \$36.0 million, or 203%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

Adjusted Diluted Earnings Per Share was \$0.40 for the six months ended June 30, 2021 (Successor), compared to \$0.13 for the period from February 1, 2020 through June 30, 2020 (Successor) and \$0.01 for the period from January 1, 2020 through January 31, 2020 (Predecessor). On a pro forma basis giving effect to the Silver Lake Transaction, Adjusted Diluted Earnings Per Share was \$0.14 for the six months ended June 30, 2020. Adjusted Diluted Earnings Per Share for the six months ended June 30, 2021 (Successor) increased by \$0.26, or 186%, compared to the six months ended June 30, 2020, on a pro forma basis after giving effect to the Silver Lake Transaction.

This growth was driven primarily by the same factors contributing to Adjusted EBITDA growth, though Adjusted Net Income and Adjusted Diluted Earnings Per Share are also impacted by changes in our capital structure that are captured in interest expense. The purchase accounting from the Silver Lake Transaction and our debt refinancing at the beginning of 2020 and 2021 impacts 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. For a discussion of pro forma adjustments, see “Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Three-Month Period				Six-Month Period		
	Successor				Predecessor	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020		
<i>(in thousands)</i>							
Net income (loss)	\$ 3,770	\$ (16,366)	\$ (15,619)	\$ (38,180)	\$ (36,530)	\$ 17,405	\$ (57,305)
Provision for income taxes	3,063	(3,499)	(1,372)	(8,419)	(871)	6,021	(3,269)
Income (loss) before provision for income taxes	6,833	(19,865)	(16,991)	(46,599)	(37,401)	23,426	(60,574)
Debt-related costs <sup>(a)</sup>	4,355	877	19,266	1,455	11,102	(10,807)	1,750
Acquisition-related depreciation and amortization <sup>(b)</sup>	31,786	34,135	63,298	56,926	848	9,083	66,857
Share-based compensation	2,664	520	3,226	801	3,976	—	4,777
Transaction and acquisition-related charges <sup>(c)</sup>	382	76	4,366	9,522	22,840	(22,370)	9,992
Integration and restructuring charges <sup>(d)</sup>	73	262	521	262	327	—	589
Other <sup>(e)</sup>	—	427	2	306	153	—	459
Adjusted Net Income before income tax effect	46,093	16,432	73,688	22,673	1,845	(668)	23,850
Less: Income tax effect <sup>(f)</sup>	12,896	4,223	19,988	5,827	474	(172)	6,129
<b>Adjusted Net Income</b>	<b>\$ 33,197</b>	<b>\$ 12,209</b>	<b>\$ 53,700</b>	<b>\$ 16,846</b>	<b>\$ 1,371</b>	<b>\$ (496)</b>	<b>\$ 17,721</b>

The following table presents the calculation of Adjusted Diluted Earnings Per Share for the periods presented. For a discussion of pro forma adjustments, see “Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Prior to the IPO, the equity awards under the Successor Plan were issued by the Company’s Parent. As a result, these awards are not considered equity awards issued by the Company, and therefore not included in the calculation of adjusted weighted average number of shares outstanding—diluted.

	Three-Month Period				Six-Month Period		
	Successor				Predecessor		
	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020	Pro Forma Adjustments for the Six Months Ended June 30, 2020	Pro Forma Six Months Ended June 30, 2020
Diluted net income (loss) per share (GAAP)	\$ 0.03	\$ (0.13)	\$ (0.12)	\$ (0.29)	\$ (0.24)	\$ 0.13	\$ (0.44)
<i>Adjusted Net Income adjustments per share</i>							
Income taxes	0.02	(0.03)	(0.01)	(0.06)	(0.01)	0.05	(0.03)
Debt-related costs (a)	0.03	0.01	0.14	0.01	0.07	(0.08)	0.01
Acquisition-related depreciation and amortization (b)	0.25	0.27	0.49	0.43	0.01	0.07	0.53
Share-based compensation	0.02	0.00	0.02	0.01	0.03	—	0.04
Transaction and acquisition related charges (c)	0.00	0.00	0.03	0.07	0.15	(0.17)	0.08
Integration and restructuring charges (d)	0.00	0.00	0.00	0.00	0.00	—	0.00
Other (e)	—	0.00	0.00	0.00	0.00	—	0.00
Adjusted income taxes (f)	(0.10)	(0.03)	(0.15)	(0.04)	(0.00)	0.00	(0.05)
Adjusted Diluted Earnings Per Share (Non-GAAP)	\$ 0.25	\$ 0.09	\$ 0.40	\$ 0.13	\$ 0.01	\$ (0.00)	\$ 0.14
Weighted average number of shares outstanding used in computation of Adjusted Diluted Earnings Per Share:							
Weighted average number of shares outstanding—diluted (GAAP)	135,368,909	130,000,000	130,757,666	130,000,000	149,686,460	130,000,000	130,000,000
Options and restricted stock not included in weighted average number of shares outstanding—diluted (GAAP) (using treasury stock method)	—	—	3,861,904	—	—	—	—
Adjusted weighted average number of shares outstanding—diluted (Non-GAAP)	135,368,909	130,000,000	134,619,570	130,000,000	149,686,460	130,000,000	130,000,000

- (a) Represents the loss on extinguishment of debt and non-cash interest expense related to the amortization of debt issuance costs for the financing for the Silver Lake Transaction.
- (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.
- (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, the three and six months ended June 30, 2021 (Successor) includes incremental professional service fees incurred related to the initial public offering.
- (d) Represents charges from organizational restructuring and integration activities outside of the ordinary course of business.
- (e) Represents 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. Additionally, the period from February 1, 2020 through June 30, 2020 (Successor) includes incremental costs incurred due to COVID-19.
- (f) Effective tax rates of 25.7%, 25.7%, 28.0%, and 27.1% have been used to compute Adjusted Net Income for the 2020 periods, the three months ended March 31, 2021, the three months ended June 30, 2021, and the six months ended June 30, 2021, respectively. As of December 31, 2020, we had net operating loss carryforwards of approximately \$197.6 million, \$166.2 million, and \$36.0 million for federal, state, and foreign income tax purposes, respectively, available to reduce future income subject to income taxes. As a result, the amount of actual cash taxes we pay for federal, state and foreign 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, could become a material use of funds, depending on our future profitability and future tax rates. The Company's liquidity needs are met primarily through 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 June 30, 2021, we had \$257.1 million in cash and cash equivalents and \$100.0 million available under our revolving credit facility. As of June 30, 2021, 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 (used in) 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 beyond our control.

### Long-Term Debt

On January 31, 2020, our previously outstanding indebtedness was repaid in full as part of the Silver Lake Transaction. As part of the Silver Lake Transaction, a new financing structure was established consisting of a new First Lien Credit Agreement ("Successor First Lien Agreement") and a new Second Lien Credit Agreement ("Successor Second Lien Agreement") (collectively, the "Successor Credit Agreements"). The Successor First Lien Agreement provided financing in the form of a \$670.0 million term loan due January 31, 2027 ("Successor First Lien Credit Facility") and a \$75.0 million new revolving credit facility due January 31, 2025 ("Successor Revolver"). The Successor Second Lien Agreement provided financing in the form of a \$145.0 million term loan due January 31, 2028 ("Successor Second Lien Credit Facility").

On February 1, 2021, we amended the Successor First Lien Agreement to fund \$100.0 million of additional first lien term loans and reduce the applicable margins by 0.25%. The refinancing resulted in a loss on extinguishment of debt of \$5.1 million, composed of the write-off of \$4.5 million of unamortized deferred financing costs and \$0.6 million of accrued interest and miscellaneous fees. In addition, we fully repaid the outstanding Successor Second Lien Agreement and recorded a loss on extinguishment of debt of \$8.9 million, composed of the write-off of \$7.3 million of unamortized deferred financing costs plus a \$1.5 million prepayment premium, and \$0.1 million of accrued interest and other miscellaneous fees.

In connection with the IPO, the Company entered into an amendment to increase the borrowing capacity under the Successor 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 Successor 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 Successor 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 Successor First Lien Credit Facility amortizes in equal quarterly installments in aggregate annual amounts equal to 1.00% of the principal amount. The Successor Revolver has no amortization. The Successor 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 will be 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 Successor First Lien Credit Facility outstanding, of which \$44.3 million was applied to the remaining quarterly amortizing principal payments due under the Successor First Lien Agreement. The remaining \$564.7 million term loan is scheduled to mature on January 31, 2027. As a result of the prepayment, the Company recorded additional interest expense of \$3.7 million associated with the accelerated amortization of the related deferred financing costs.

The Successor 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 Successor 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 include more than 65% of the voting stock of such non-U.S. subsidiary).

The credit agreement contains customary affirmative covenants, negative covenants and events of default (including upon a change of control). The credit agreement also includes a “springing” first lien net leverage ratio test, applicable only to the revolving credit facility, 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 revolving credit facility is utilized on such date.

## Cash Flow Analysis

### *Comparison of Cash Flows for the six months ended June 30, 2021 (Successor) compared to the Period from February 1, 2020 through June 30, 2020 (Successor) and for the Period from January 1, 2020 through January 31, 2020 (Predecessor)*

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

	Successor		Predecessor
	Six Months Ended June 30, 2021	Period from February 1, 2020 through June 30, 2020	Period from January 1, 2020 through January 31, 2020
<i>(in thousands)</i>			
Net cash provided by (used in) operating activities	\$ 56,098	\$ 23,409	\$ (19,216)
Net cash used in investing activities	(19,003)	(6,483)	(2,043)
Net cash provided by (used in) financing activities	67,869	52,962	(11,122)

### *Cash Flows from Operating Activities*

For the six months ended June 30, 2021 (Successor), for the period from February 1, 2020 through June 30, 2020 (Successor), and for the period from January 1, 2020 through January 31, 2020 (Predecessor), net cash provided by (used in) operating activities was \$56.1 million, \$23.4 million, and \$(19.2) million, respectively. The cash flows from operating activities for the period from February 1, 2020 through June 30, 2020 (Successor) and for the period from January 1, 2020 through January 31, 2020 (Predecessor) are impacted by \$9.4 million and \$22.4 million of transaction expenses from the Silver Lake Transaction, respectively. The remaining increase in cash flows from operating activities was driven primarily by increased profitability related to the Company’s revenue growth from existing customers, new customer go-lives and the UK Acquisition. This was offset in part by an increase in cash used for working capital primarily due to the high level of second quarter revenue growth acceleration that remained in receivables at June 30, 2021, consistent with normal payment terms offered to our customers.

### *Cash Flows from Investing Activities*

For the six months ended June 30, 2021 (Successor), for the period from February 1, 2020 through June 30, 2020 (Successor), and the period from January 1, 2020 through January 31, 2020 (Predecessor), net cash used in investing activities was \$(19.0) million, \$(6.5) million, and \$(2.0) million, respectively. The cash flows used in investing activities for the six months ended June 30, 2021 (Successor) were impacted by the \$7.6 million UK Acquisition in March 2021. The remaining investing cash flows are driven primarily by capitalized software development costs and purchases of property and equipment, which increased in 2021 as we continue to make incremental investments in our technology platform.

### *Cash Flows from Financing Activities*

For the six months ended June 30, 2021 (Successor), for the period from February 1, 2020 through June 30, 2020 (Successor), and the period from January 1, 2020 through January 31, 2020 (Predecessor), net cash provided by (used in) financing activities was \$67.9 million, \$53.0 million, and \$(11.1) million, respectively. Net cash provided by financing activities for the six months ended June 30, 2021 (Successor) was primarily driven by the Company's completion of its IPO on June 25, 2021. Cash inflows related to the IPO were \$320.6 million, partially offset by the use of proceeds which consisted of a \$200.0 million repayment of the Company's Successor First Lien Credit Facility and \$1.0 million of offering cost payments.

Net cash provided by financing activities for the six months ended June 30, 2021 (Successor) was incrementally driven by the Company's February 2021 debt refinancing which consisted of a refinancing of the Successor First Lien Credit Facility and the full repayment of the Successor Second Lien Credit Facility. Cash outflows related to this refinancing were \$308.5 million, partially offset by cash inflows of \$261.4 million. As part of the refinancing, the Company paid \$1.3 million related to new debt issuance costs. The remaining outflows primarily consisted of amortizing principal payments due under the first lien term loan facility.

Net cash provided by financing activities for the period from February 1, 2020 through June 30, 2020 (Successor) was driven by a \$50.0 million strategic investment in the Company's equity by Workday, Inc. and \$9.4 million of capital contributions related to the transaction expenses from the Silver Lake Transaction. In March 2020, we made a \$25.0 million precautionary draw on our revolving credit facility in light of the COVID-19 pandemic, which we fully repaid in June 2020. These inflows were primarily offset by debt issuance costs paid and distributions to Predecessor's members and optionholders in connection with the Silver Lake Transaction.

Net cash used in financing activities for the period from January 1, 2020 through January 31, 2020 (Predecessor) were driven by a \$34.0 million repayment of our previous credit facility in place at the time of the Silver Lake Transaction and distributions of \$18.0 million to Predecessor's members and optionholders in connection with the Silver Lake Transaction. These were partially offset by additional capital contributions of \$41.1 million related to payment and settlement of existing options issued by Predecessor and transaction expenses from the Silver Lake Transaction.

### **Off Balance Sheet Arrangements**

There were no material off-balance sheet arrangements as of June 30, 2021.

## Notes to the Unaudited Supplemental Pro Forma Financial Information Presented in Management's Discussion and Analysis of Financial Condition and Results of Operations

### Note 1. Basis of Presentation & Description of the Transactions

The unaudited pro forma consolidated statement of operations for the six months ended June 30, 2020 gives effect to the Silver Lake Transaction and the Silver Lake Transaction Refinancing as if they had occurred on January 1, 2020. The unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2021 does not give effect to either the Silver Lake Transaction or the Silver Lake Transaction Refinancing as if they had occurred on January 1, 2020 because these events are already reflected for the full period presented in the historical statement of operations of the Company.

#### *The Silver Lake Transaction and Silver Lake Transaction Refinancing*

On January 31, 2020, Silver Lake acquired substantially all of the Company's equity interests for approximately \$1,576.0 million. A portion of the consideration was derived from members of the management team contributing an allocation of their Silver Lake Transaction proceeds. The Silver Lake Transaction was accounted for under the acquisition method in accordance with ASC 805, Business Combinations.

The allocation of the purchase price is based on the fair value of assets acquired and liabilities assumed as of the acquisition date, less transaction expenses funded by transaction proceeds. The following table summarizes the consideration paid and the amounts recognized for the assets acquired and liabilities assumed (in thousands):

<b>Consideration</b>	
Cash, net of cash acquired	\$ 1,556,810
Rollover management equity interests	19,148
<b>Total fair value of consideration transferred</b>	<b>\$ 1,575,958</b>
<b>Current assets</b>	<b>\$ 145,277</b>
Property and equipment, including software developed for internal use	236,775
Trade name	95,000
Customer lists	500,000
Deferred tax asset	106,327
Other assets	1,429
<b>Current liabilities</b>	<b>(71,496)</b>
Deferred tax liability	(198,535)
Other liabilities	(6,616)
<b>Total identifiable net assets</b>	<b>\$ 808,161</b>
<b>Goodwill</b>	<b>\$ 767,797</b>

In connection with the Silver Lake Transaction, on January 31, 2020, the existing credit facilities of the Predecessor were repaid in full with the proceeds of a new first lien term loan facility and a new second lien term loan facility. The first lien term loan facility provides financing in the form of a \$670.0 million term loan due January 31, 2027, carrying an interest rate of 3.25% to 3.50%, based on the first lien leverage ratio, plus LIBOR and a \$75.0 million new revolving facility due January 31, 2025. The first lien term loan facility requires mandatory quarterly repayments of 0.25% of the original loan balance commencing September 30, 2020. The second lien term loan facility provided financing in the form of a \$145.0 million term loan due January 31, 2028, carrying an interest rate of 8.50% plus LIBOR.

In February 2021, the Company refinanced the Successor First Lien Credit Facility term loan and fully repaid the outstanding balance on the Successor Second Lien Agreement term loan (the "2021 Debt Refinancing"). The effects of the 2021 Debt Refinancing are fully reflected in the historical statement of operations of the Company for the six months ended June 30, 2021. Because the Company does not consider the effects of the 2021 Debt Refinancing to be material, no pro forma adjustments have been made to the unaudited pro forma statement of operations for the six months ended June 30, 2020 to reflect the 2021 Debt Refinancing as if it had occurred on January 1, 2020.



## Note 2. Notes to Unaudited Pro Forma Condensed Consolidated Statements of Operations

The following adjustments were made related to the unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2020:

### Silver Lake Transaction Accounting Adjustments

- a) Reflects the incremental amortization expense related to certain definite-lived intangible assets, reflected in the purchase price allocation at the date of the Silver Lake Transaction, as if those certain definite-lived intangible assets were put into place on January 1, 2020. The following table shows the pro forma adjustment to estimated amortization expense for the six months ended June 30, 2020:

Description (in thousands)	Estimated Fair Value at Acquisition	Estimated Useful Life	Six Months Ended June 30, 2020
Capitalized software for internal use	\$ 220,000	5	\$ 28,734
Trade name	\$ 95,000	20	4,096
Customer lists	\$ 500,000	14	35,668
Pro forma amortization expense			68,498
Less: historical amortization expense recorded			(59,415)
Pro forma adjustment for amortization expense			\$ 9,083

- b) Reflects the adjustment to remove Predecessor transaction expenses related to the Silver Lake Transaction which would have been incurred and recorded during the year ended December 31, 2019 if the Silver Lake Transaction had occurred on January 1, 2020.

### Silver Lake Transaction Refinancing Accounting Adjustments

- c) Reflects the adjustment to interest expense resulting from (i) the elimination of interest expense related to the debt financing in place during the Predecessor period, and (ii) the incremental interest expense and amortization of deferred financing costs associated with the Successor First Lien Credit Agreement and Successor Second Lien Credit Agreement to give effect to the Silver Lake Transaction Refinancing as if it had occurred on January 1, 2020, calculated as follows:

Description (in thousands)	Six Months Ended June 30, 2020
Interest Expense on Successor First Lien Agreement	\$ 17,135
Interest Expense on Successor Second Lien Agreement	7,333
Amortization of deferred financing costs	1,751
Pro forma interest expense	26,219
Less: historical interest expense recorded	(25,825)
Pro forma adjustment for interest expense	\$ 394

No adjustment has been made to the unaudited pro forma statement of operations for the six months ended June 30, 2020 to reflect changes in interest expense as a result of the 2021 Debt Refinancing because the Company does not consider the 2021 Debt Refinancing to be material.

- d) Reflects an adjustment to the historical loss on extinguishment of Predecessor debt for the unaudited pro forma condensed consolidated statements of operations for the six months ended June 30, 2020 as if the Silver Lake Transaction Refinancing had been consummated on January 1, 2020.

### Silver Lake Transactions Accounting Adjustments

- e) Reflects the adjustment to the provision for income taxes attributable to the tax impacts of the preceding Silver Lake Transaction and Refinancing Accounting Adjustments, assuming an effective tax rate of 25.7%.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of June 30, 2021, no material change had occurred in our market risks, compared with the disclosure in our Registration Statement on Form S-1, originally filed with the SEC on May 28, 2021, as amended (Reg. No. 333-256622).

## **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**

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 12 — 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 June 30, 2021, no material changes had occurred in our risk factors, compared with the disclosure in our Registration Statement on Form S-1, originally filed with the SEC on May 28, 2021, as amended (Reg. No. 333-256622).

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

#### ***Initial Public Offering ("IPO")***

On June 25, 2021, we completed our IPO, in which we issued and sold 22,856,250 shares of our common stock, including 2,981,250 shares sold in connection with the exercise of the underwriters' option to purchase additional shares, at a price to the public of \$15.00 per share. We raised net proceeds to us of \$316.5 million, after deducting the underwriting discount of \$22.3 million and offering expenses of \$4.0 million. Additionally, certain existing stockholders sold an aggregate of 6,468,750 shares, including 843,750 shares sold in connection with the exercise of the underwriters' option to purchase additional shares, at the same price, resulting in net proceeds to the selling stockholders of \$90.7 million. All shares sold were registered pursuant to a registration statement on Form S-1 (File No. 333-256622), as amended (the "Registration Statement"), declared effective by the SEC on June 22, 2021. Barclays Capital Inc., BofA Securities Inc., and J.P. Morgan Securities LLC acted as representatives of the underwriters for the offering. The offering terminated after the sale of all securities registered pursuant to the Registration Statement. No payments for such expenses were made directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates.

The Company used the net proceeds from the IPO to prepay \$200.0 million in aggregate principal amount of the outstanding indebtedness under its first-lien term loan facility and intends to use the balance for general corporate purposes. There has been no material change in the expected use of the net proceeds from our initial public offering as described in our prospectus for the IPO.

### **Item 3. Defaults Upon Senior Securities.**

None

### **Item 4. Mine Safety Disclosures.**

Not applicable

## Item 5. Other Information.

None

## Item 6. Exhibits.

Furnish the exhibits required by Item 601 of Regulation S-K (§ 229.601 of this chapter).

Exhibit Number	Description
3.1	<a href="#">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).</a>
3.2	<a href="#">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).</a>
10.1	<a href="#">Stockholders' Agreement, dated June 25, 2021, by and among the First Advantage Corporation, SLP Fastball Aggregator L.P., Workday, Inc., and the management stockholders named therein (incorporated herein by reference to Exhibit 10.1 of First Advantage's 8-K filed on June 25, 2021).</a>
10.2*	<a href="#">First Advantage Corporation 2021 Omnibus Incentive Plan.</a>
10.3	<a href="#">First Advantage Corporation 2021 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.3 of First Advantage's 8-K filed on June 25, 2021).</a>
10.4	<a href="#">Form of Standard Option Award Agreement under the First Advantage Corporation 2021 Omnibus Incentive Program (incorporated by reference to Exhibit 4.5 filed with First Advantage's Registration Statement on Form S-8 filed on June 25, 2021).</a>
10.5	<a href="#">Form of Non-Employee Director RSU Award Agreement under the First Advantage Corporation 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.6 filed with First Advantage's Registration Statement on Form S-8 filed on June 25, 2021).</a>
10.6*	<a href="#">Form of Restricted Stock Award Agreement under the First Advantage Corporation 2021 Omnibus Incentive Plan.</a>
10.7*	<a href="#">Form of Top-Up Option Award Agreement under the First Advantage Corporation 2021 Omnibus Incentive Plan.</a>
10.8	<a href="#">Form of Restrictive Covenant Agreement under the First Advantage Corporation 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.7 filed with First Advantage's Registration Statement on Form S-1 filed on June 14, 2021).</a>
10.9*	<a href="#">Form of IPO Director RSU Award Agreement under the First Advantage Corporation 2021 Omnibus Incentive Plan.</a>
10.10	<a href="#">Form of Option Conversion Notice (incorporated by reference to Exhibit 4.12 filed with First Advantage's Registration Statement on Form S-8 filed on June 25, 2021).</a>
10.11	<a href="#">Amendment No. 2 to First Lien Credit Agreement, dated May 28, 2021, among Fastball Parent, Inc., First Advantage Holdings, LLC, the lenders from time to time party thereto, and Bank of America, N.A. as administrative agent (incorporated by reference to Exhibit 10.12 filed with First Advantage's Registration Statement on Form S-1 filed on May 28, 2021).</a>
31.1*	<a href="#">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.</a>
31.2*	<a href="#">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.</a>
32.1*	<a href="#">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.</a>
32.2*	<a href="#">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.</a>
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 (embedded within the Inline XBRL document).

\* Filed herewith.

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: August 12, 2021

By: \_\_\_\_\_  
/s/ Scott Staples  
**Scott Staples**  
**Chief Executive Officer**  
**(principal executive officer)**

Date: August 12, 2021

By: \_\_\_\_\_  
/s/ David L. Gamsey  
**David L. Gamsey**  
**Executive Vice President & Chief Financial Officer**  
**(principal financial officer and principal accounting officer)**

**FIRST ADVANTAGE CORPORATION**  
**2021 OMNIBUS INCENTIVE PLAN**

- 1. Purpose.** The purpose of the First Advantage Corporation 2021 Omnibus Incentive Plan is to provide a means through which the Company and the other members of the Company Group may attract and retain key personnel and to provide a means whereby directors, officers, employees, consultants and advisors of the Company and the other members of the Company Group can acquire and maintain an equity interest in the Company, or be paid incentive compensation, including incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company Group and aligning their interests with those of the Company's stockholders.
- 2. Definitions.** The following definitions shall be applicable throughout the Plan.
- (a) "Absolute Share Limit" has the meaning given to such term in Section 5(b) of the Plan.
  - (b) "Adjustment Event" has the meaning given to such term in Section 12(a) of the Plan.
  - (c) "Affiliate" means any Person that directly or indirectly controls, is controlled by or is under common control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.
  - (d) "Award" means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Other Equity-Based Award and Cash-Based Incentive Award granted under the Plan.
  - (e) "Award Agreement" means the document or documents by which each Award (other than a Cash-Based Incentive Award) is evidenced.
  - (f) "Board" means the Board of Directors of the Company.
  - (g) "Cash-Based Incentive Award" means an Award denominated in cash that is granted under Section 11 of the Plan.
  - (h) "Cause" means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) "Cause," as defined in any employment or consulting agreement between the Participant and the Service Recipient in effect at the time of the Participant's Termination; or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of "Cause" contained therein), the Participant's (A) willful neglect in the performance of the Participant's duties for the Service Recipient or willful or repeated failure or refusal to perform such duties; (B) engagement in conduct in connection with the Participant's employment or service with the Service Recipient, which results in, or could reasonably be expected to result in, material harm to the business or reputation of the Company or any other member of the Company Group; (C) conviction of, or plea of guilty or no contest to, (I) any felony; or (II) any other crime that results in, or could reasonably be expected to result in, material harm to the business or reputation of the Company or any other member of the Company Group; (D) material violation of the written policies of the Service Recipient, including, but not limited to, those relating to sexual harassment or the disclosure or misuse of confidential information, or those set forth in the manuals or statements of policy of the Service Recipient; (E) fraud or misappropriation, embezzlement or misuse of funds or property belonging to the Company or any other member of the Company Group; or (F) act of personal dishonesty that involves personal profit in connection with the Participant's employment or service to the Service Recipient.
  - (i) "Change in Control" means:
    - (i) the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of either (A) the then outstanding shares of common stock, taking into account as outstanding for this purpose such common stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such common stock; or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; *provided*, that, for purposes of the Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any Affiliate; (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate; or (III) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant);
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- (ii) during any period of twelve (12) months, individuals who, at the beginning of such period, constitute the Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of the Board; *provided*, that any person becoming a director subsequent to the Effective Date, whose election or nomination for election was approved by a vote of at least two-thirds (2/3<sup>rd</sup>) of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; or
- (iii) the sale, transfer or other disposition of all or substantially all of the assets of the Company Group (taken as a whole) to any Person that is not an Affiliate of the Company.
- (j) “Code” means the Internal Revenue Code of 1986, as amended, and any successor thereto. Reference in the Plan to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.
- (k) “Committee” means the Compensation Committee of the Board or any properly delegated subcommittee thereof or, if no such Compensation Committee or subcommittee thereof exists, the Board.
- (l) “Common Stock” means the common stock of the Company, par value \$0.001 per share (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged).
- (m) “Company” means First Advantage Corporation, a Delaware corporation, and any successor thereto.
- (n) “Company Group” means, collectively, the Company and its Subsidiaries.
- (o) “Date of Grant” means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization.
- (p) “Designated Foreign Subsidiaries” means all members of the Company Group that are organized under the laws of any jurisdiction or country other than the United States of America that may be designated by the Board or the Committee from time to time.
- (q) “Disability” means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) “Disability,” as defined in any employment or consulting agreement between the Participant and the Service Recipient in effect at the time of the Participant’s Termination; or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of “Disability” contained therein), a condition entitling the Participant to receive benefits under a long-term disability plan of the Service Recipient or other member of the Company Group in which such Participant is eligible to participate, or, in the absence of such a plan, the complete and permanent inability of the Participant by reason of illness or accident to perform the duties of the position at which the Participant was employed or served when such disability commenced. Any determination of whether Disability exists in the absence of a long-term disability plan shall be made by the Company (or its designee) in its sole and absolute discretion.
- (r) “Effective Date” means June 21, 2021.
- (s) “Eligible Person” means any (i) individual employed by any member of the Company Group; *provided*, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director or officer of any member of the Company Group; or (iii) consultant or advisor to any member of the Company Group who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act.
- (t) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.
- (u) “Exercise Price” has the meaning given to such term in Section 7(b) of the Plan.
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- (v) “Fair Market Value” means, on a given date, (i) if the Common Stock is listed on a national securities exchange, the closing sales price of the Common Stock reported on the primary exchange on which the Common Stock is listed and traded on such date, or, if there are no such sales on that date, then on the last preceding date on which such sales were reported; (ii) if the Common Stock is not listed on any national securities exchange but is quoted in an inter-dealer quotation system on a last sale basis, the average between the closing bid price and ask price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Common Stock is not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last sale basis, the amount determined by the Committee in good faith to be the fair market value of the Common Stock; *provided*, that, as to any Awards granted on or with a Date of Grant of the date of the pricing of the Company’s initial public offering, “Fair Market Value” shall be equal to the per share price at which the Common Stock is offered to the public in connection with such initial public offering.
- (w) “GAAP” has the meaning given to such term in Section 7(d) of the Plan.
- (x) “Immediate Family Members” has the meaning given to such term in Section 14(b) of the Plan.
- (y) “Incentive Stock Option” means an Option which is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.
- (z) “Indemnifiable Person” has the meaning given to such term in Section 4(e) of the Plan.
- (aa) “Nonqualified Stock Option” means an Option which is not designated by the Committee as an Incentive Stock Option.
- (bb) “Non-Employee Director” means a member of the Board who is not an employee of any member of the Company Group.
- (cc) “Option” means an Award granted under Section 7 of the Plan.
- (dd) “Option Period” has the meaning given to such term in Section 7(c) of the Plan.
- (ee) “Other Equity-Based Award” means an Award that is not an Option, Stock Appreciation Right, Restricted Stock or Restricted Stock Unit, that is granted under Section 10 of the Plan and is (i) payable by delivery of Common Stock, and/or (ii) measured by reference to the value of Common Stock.
- (ff) “Participant” means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Award pursuant to the Plan.
- (gg) “Performance Criteria” means specific levels of performance of the Company (and/or one or more of the Company’s Affiliates, divisions or operational and/or business units, business segments, administrative departments, or any combination of the foregoing) or any Participant, which may be determined in accordance with GAAP or on a non-GAAP basis including, but not limited to, one or more of the following measures: (i) terms relative to a peer group or index; (ii) basic, diluted, or adjusted earnings per share; (iii) sales or revenue; (iv) earnings before interest, taxes, and other adjustments (in total or on a per share basis); (v) cash available for distribution; (vi) basic or adjusted net income; (vii) returns on equity, assets, capital, revenue or similar measure; (viii) level and growth of dividends; (ix) the price or increase in price of Common Stock; (x) total shareholder return; (xi) total assets; (xii) growth in assets, new originations of assets, or financing of assets; (xiii) equity market capitalization; (xiv) reduction or other quantifiable goal with respect to general and/or specific expenses; (xv) equity capital raised; (xvi) mergers, acquisitions, increase in enterprise value of Affiliates, Subsidiaries, divisions or business units or sales of assets of Affiliates, Subsidiaries, divisions or business units or sales of assets; and (xvii) any combination of the foregoing. Any one or more of the Performance Criteria may be stated as a percentage of another Performance Criteria, or used on an absolute or relative basis to measure the performance of the Company and/or one or more Affiliates as a whole or any divisions or operational and/or business units, business segments, administrative departments of the Company and/or one or more Affiliates or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Criteria may be compared to the performance of a selected group of comparison companies, or a published or special index that the Committee, in its sole discretion, deems appropriate, or as compared to various stock market indices.
- (hh) “Permitted Transferee” has the meaning given to such term in Section 14(b) of the Plan.
- (ii) “Person” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).
- (jj) “Plan” means this First Advantage Corporation 2021 Omnibus Incentive Plan, as it may be amended and/or restated from time to time.
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(kk) “Qualifying Director” means a person who is, with respect to actions intended to obtain an exemption from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 under the Exchange Act, a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act.

(ll) “Restricted Period” means the period of time determined by the Committee during which an Award is subject to restrictions, including vesting conditions.

(mm) “Restricted Stock” means Common Stock, subject to certain specified restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.

(nn) “Restricted Stock Unit” means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.

(oo) “SAR Period” has the meaning given to such term in Section 8(c) of the Plan.

(pp) “Securities Act” means the Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(qq) “Service Recipient” means, with respect to a Participant holding a given Award, the member of the Company Group by which the original recipient of such Award is, or following a Termination was most recently, principally employed or to which such original recipient provides, or following a Termination was most recently providing, services, as applicable.

(rr) “Stock Appreciation Right” or “SAR” means an Award granted under Section 8 of the Plan.

(ss) “Strike Price” has the meaning given to such term in Section 8(b) of the Plan.

(tt) “Subsidiary” means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than fifty percent (50%) of the total voting power of shares of such entity’s voting securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or Subsidiary of such Person or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

(uu) “Substitute Award” has the meaning given to such term in Section 5(e) of the Plan.

(vv) “Sub-Plans” means any sub-plan to the Plan that has been adopted by the Board or the Committee for the purpose of permitting the offering of Awards to employees of certain Designated Foreign Subsidiaries or otherwise outside the United States of America, with each such sub-plan designed to comply with local laws applicable to offerings in such foreign jurisdictions. Although any Sub-Plan may be designated a separate and independent plan from the Plan in order to comply with applicable local laws, the Absolute Share Limit and the other limits specified in Section 5(b) shall apply in the aggregate to the Plan and any Sub-Plan adopted hereunder.

(ww) “Termination” means the termination of a Participant’s employment or service, as applicable, with the Service Recipient for any reason (including death).

**3. Effective Date; Duration.** The Plan shall be effective as of the Effective Date. The expiration date of the Plan, on and after which date no Awards may be granted hereunder, shall be the tenth (10th) anniversary of the Effective Date; *provided*, that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

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#### 4. Administration.

(a) General. The Committee shall administer the Plan. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under the Plan), it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan that is intended to qualify for the exemptions provided by Rule 16b-3 promulgated under the Exchange Act, be a Qualifying Director. However, the fact that a Committee member shall fail to qualify as a Qualifying Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

(b) Committee Authority. Subject to the provisions of the Plan and applicable law, the Committee shall have the sole and plenary authority, in addition to other express powers and authorizations conferred on the Committee by the Plan, to (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Common Stock to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled in, or exercised for, cash, shares of Common Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) to accelerate the vesting of any Award at any time and for any reason; (vii) determine whether, to what extent, and under what circumstances the delivery of cash, shares of Common Stock, other securities, other Awards or other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant or of the Committee; (viii) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; (ix) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of the Plan; (x) adopt Sub-Plans; and (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) Delegation. Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Without limiting the generality of the foregoing, the Committee may delegate to one or more officers of any member of the Company Group, the authority to act on behalf of the Committee with respect to any matter, right, obligation, or election which is the responsibility of, or which is allocated to, the Committee herein, and which may be so delegated as a matter of law, except with respect to grants of Awards to persons (i) who are Non-Employee Directors, or (ii) who are subject to Section 16 of the Exchange Act.

(d) Finality of Decisions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan, any Award or any Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including, without limitation, any member of the Company Group, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

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(e) Indemnification. No member of the Board, the Committee or any employee or agent of any member of the Company Group (each such Person, an “Indemnifiable Person”) shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys’ fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made with respect to the Plan or any Award hereunder and against and from any and all amounts paid by such Indemnifiable Person with the Company’s approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined, as provided below, that the Indemnifiable Person is not entitled to be indemnified); *provided*, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company’s choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts, omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person’s fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the organizational documents of any member of the Company Group. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the organizational documents of any member of the Company Group, as a matter of law, under an individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold such Indemnifiable Persons harmless.

(f) Board Authority. Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, grant Awards and administer the Plan with respect to any Awards. Any such actions by the Board shall be subject to the applicable rules of the securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

## 5. **Grant of Awards; Shares Subject to the Plan; Limitations.**

(a) Grants. The Committee may, from time to time, grant Awards to one or more Eligible Persons. All Awards granted under the Plan shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee, including, without limitation, attainment of Performance Criteria. Notwithstanding any vesting dates or events, the Committee may, in its sole discretion, accelerate the vesting of any Award at any time and for any reason.

(b) Share Reserve and Limits. Awards granted under the Plan shall be subject to the following limitations: (i) subject to Section 12 of the Plan, no more than 17,525,000 shares of Common Stock (the “Absolute Share Limit”) shall be available for Awards under the Plan; *provided*, that the Absolute Share Limit shall be automatically increased 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) two and one half percent (2.5%) of the total number of shares of Common Stock outstanding on the last day of the immediately preceding calendar year and (y) such number of shares of Common Stock as determined by the Board; (ii) subject to Section 12 of the Plan, no more than 11,285,000 shares of Common Stock may be issued in the aggregate pursuant to the exercise of Incentive Stock Options granted under the Plan; and (iii) the maximum number of shares of Common Stock subject to Awards granted during a single fiscal year to any Non-Employee Director, taken together with any cash fees paid to such Non-Employee Director during the fiscal year (in each case, in respect of such Non-Employee Director’s service as a member of the Board during such fiscal year), shall not exceed \$750,000 in total value or \$1,000,000 in total value for the fiscal year in which the Non-Employee Director is first appointed to the Board (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes).

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(c) Share Counting. Other than with respect to Substitute Awards, to the extent that an Award expires or is canceled, forfeited, or terminated without issuance to the Participant of the full number of shares of Common Stock to which the Award related, the unissued shares will again be available for grant under the Plan. Shares of Common Stock shall be deemed to have been issued in settlement of Awards if the Fair Market Value equivalent of such shares is paid in cash in connection with such settlement; *provided*, that no shares shall be deemed to have been issued in settlement of a SAR or Restricted Stock Unit that provides for settlement only in cash and settles only in cash or in respect of any Cash-Based Incentive Award. In no event shall shares (i) tendered or withheld on exercise of Options or other Awards for the payment of the exercise or purchase price or withholding taxes, (ii) not issued upon the settlement of a SAR that by the terms of the Award Agreement would settle in shares of Common Stock (or could settle in shares of Common Stock), or (iii) purchased on the open market with cash proceeds from the exercise of Options, again become available for other Awards under the Plan.

(d) Source of Shares. Shares of Common Stock issued by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase or a combination of the foregoing.

(e) Substitute Awards. Awards may, in the sole discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by the Company or with which the Company combines ("Substitute Awards"). Substitute Awards shall not be counted against the Absolute Share Limit; *provided*, that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding options intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code shall be counted against the aggregate number of shares of Common Stock available for Awards of Incentive Stock Options under the Plan. Subject to applicable stock exchange requirements, available shares under a stockholder-approved plan of an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect the acquisition or combination transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Common Stock available for issuance under the Plan.

**6. Eligibility.** Participation in the Plan shall be limited to Eligible Persons.

**7. Options.**

(a) General. Each Option granted under the Plan shall be evidenced by an Award Agreement, which agreement need not be the same for each Participant. Each Option so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. Incentive Stock Options shall be granted only to Eligible Persons who are employees of a member of the Company Group, and no Incentive Stock Option shall be granted to any Eligible Person who is ineligible to receive an Incentive Stock Option under the Code. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the stockholders of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b) (1) of the Code; *provided*, that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained. In the case of an Incentive Stock Option, the terms and conditions of such grant shall be subject to, and comply with, such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan.

(b) Exercise Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the exercise price ("Exercise Price") per share of Common Stock for each Option shall not be less than one hundred percent (100%) of the Fair Market Value of such share (determined as of the Date of Grant); *provided*, that, in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of any member of the Company Group, the Exercise Price per share shall be no less than one hundred ten percent (110%) of the Fair Market Value per share on the Date of Grant.

(c) Vesting and Expiration.

(i) Options shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee.

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(ii) Options shall expire upon a date determined by the Committee, not to exceed ten (10) years from the Date of Grant (the “Option Period”); *provided*, that, if the Option Period (other than in the case of an Incentive Stock Option) would expire at a time when trading in the shares of Common Stock is prohibited by the Company’s insider trading policy (or Company-imposed “blackout period”), then the Option Period shall be automatically extended until the thirtieth (30th) day following the expiration of such prohibition. Notwithstanding the foregoing, in no event shall the Option Period exceed five (5) years from the Date of Grant in the case of an Incentive Stock Option granted to a Participant who on the Date of Grant owns stock representing more than ten percent (10%) of the voting power of all classes of stock of any member of the Company Group.

(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be issued pursuant to any exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. Options which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company (or telephonic instructions to the extent provided by the Committee) in accordance with the terms of the Option accompanied by payment of the Exercise Price. The Exercise Price shall be payable: (i) in cash, check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual issuance of such shares to the Company); *provided*, that such shares of Common Stock are not subject to any pledge or other security interest and have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles (“GAAP”)); or (ii) by such other method as the Committee may permit, in its sole discretion, including, without limitation (A) in other property having a fair market value on the date of exercise equal to the Exercise Price; (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted “cashless exercise” pursuant to which the Company is delivered (including telephonically to the extent permitted by the Committee) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise issuable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price; or (C) a “net exercise” procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Exercise Price. Any fractional shares of Common Stock shall be settled in cash.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date the Participant makes a disqualifying disposition of any Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Stock before the later of (i) the date that is two (2) years after the Date of Grant of the Incentive Stock Option, or (ii) the date that is one (1) year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Common Stock.

(f) Compliance With Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Committee determines would violate the Sarbanes-Oxley Act of 2002, as it may be amended from time to time, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

## **8. Stock Appreciation Rights.**

(a) General. Each SAR granted under the Plan shall be evidenced by an Award Agreement. Each SAR so granted shall be subject to the conditions set forth in this Section 8, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. Any Option granted under the Plan may include tandem SARs. The Committee also may award SARs to Eligible Persons independent of any Option.

(b) Strike Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the strike price (“Strike Price”) per share of Common Stock for each SAR shall not be less than one hundred percent (100%) of the Fair Market Value of such share (determined as of the Date of Grant). Notwithstanding the foregoing, a SAR granted in tandem with (or in substitution for) an Option previously granted shall have a Strike Price equal to the Exercise Price of the corresponding Option.

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(c) Vesting and Expiration.

(i) A SAR granted in connection with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. A SAR granted independent of an Option shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee.

(ii) SARs shall expire upon a date determined by the Committee, not to exceed ten (10) years from the Date of Grant (the "SAR Period"); *provided*, that, if the SAR Period would expire at a time when trading in the shares of Common Stock is prohibited by the Company's insider trading policy (or Company-imposed "blackout period"), then the SAR Period shall be automatically extended until the thirtieth (30th) day following the expiration of such prohibition.

(d) Method of Exercise. SARs which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded.

(e) Payment. Upon the exercise of a SAR, the Company shall pay to the Participant an amount equal to the number of shares subject to the SAR that is being exercised multiplied by the excess of the Fair Market Value of one (1) share of Common Stock on the exercise date over the Strike Price, less an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. The Company shall pay such amount in cash, in shares of Common Stock valued at Fair Market Value, or any combination thereof, as determined by the Committee. Any fractional shares of Common Stock shall be settled in cash.

**9. Restricted Stock and Restricted Stock Units.**

(a) General. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Each Restricted Stock and Restricted Stock Unit so granted shall be subject to the conditions set forth in this Section 9, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

(b) Stock Certificates and Book-Entry; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued or shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions and, if the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than issued to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee, if applicable; and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock covered by such agreement. If a Participant shall fail to execute and deliver (in a manner permitted under Section 14(a) of the Plan or as otherwise determined by the Committee) an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and blank stock power within the amount of time specified by the Committee, the Award shall be null and void. Subject to the restrictions set forth in this Section 9, Section 14(c) of the Plan and the applicable Award Agreement, a Participant generally shall have the rights and privileges of a stockholder as to shares of Restricted Stock, including, without limitation, the right to vote such Restricted Stock. To the extent shares of Restricted Stock are forfeited, any stock certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company. A Participant shall have no rights or privileges as a stockholder as to Restricted Stock Units.

(c) Vesting. Restricted Stock and Restricted Stock Units shall vest, and any applicable Restricted Period shall lapse, in such manner and on such date or dates or upon such event or events as determined by the Committee.

(d) Issuance of Restricted Stock and Settlement of Restricted Stock Units.

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall issue to the Participant, or the Participant's beneficiary, without charge, the stock certificate (or, if applicable, a notice evidencing a book-entry notation) evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (rounded down to the nearest full share). Dividends, if any, that may have been withheld by the Committee and attributable to any particular share of Restricted Stock shall be distributed to the Participant in cash or, in the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value (on the date of distribution) equal to the amount of such dividends, upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such dividends.

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(ii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall issue to the Participant or the Participant's beneficiary, without charge, one (1) share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit; *provided*, that the Committee may, in its sole discretion, elect to (A) pay cash or part cash and part shares of Common Stock in lieu of issuing only shares of Common Stock in respect of such Restricted Stock Units; or (B) defer the issuance of shares of Common Stock (or cash or part cash and part shares of Common Stock, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of issuing shares of Common Stock in respect of such Restricted Stock Units, the amount of such payment shall be equal to the Fair Market Value per share of the Common Stock as of the date on which the Restricted Period lapsed with respect to such Restricted Stock Units.

(e) Legends on Restricted Stock. Each certificate, if any, or book entry representing Restricted Stock awarded under the Plan, if any, shall bear a legend or book entry notation substantially in the form of the following, in addition to any other information the Company deems appropriate, until the lapse of all restrictions with respect to such shares of Common Stock:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE FIRST ADVANTAGE CORPORATION 2021 OMNIBUS INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT BETWEEN FIRST ADVANTAGE CORPORATION AND PARTICIPANT. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF FIRST ADVANTAGE CORPORATION.

**10. Other Equity-Based Awards.** The Committee may grant Other Equity-Based Awards under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and dependent on such conditions as the Committee shall from time to time in its sole discretion determine. Each Other Equity-Based Award granted under the Plan shall be evidenced by an Award Agreement and shall be subject to such conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

**11. Cash-Based Incentive Awards.** The Committee may grant Cash-Based Incentive Awards under the Plan to any Eligible Person. Each Cash-Based Incentive Award granted under the Plan shall be evidenced in such form as the Committee may determine from time to time.

**12. Changes in Capital Structure and Similar Events.** Notwithstanding any other provision in the Plan to the contrary, the following provisions shall apply to all Awards granted hereunder (other than Cash-Based Incentive Awards):

(a) General. In the event of (i) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the shares of Common Stock (including a Change in Control); or (ii) unusual or nonrecurring events affecting the Company, including changes in applicable rules, rulings, regulations or other requirements, that the Committee determines, in its sole discretion, could result in substantial dilution or enlargement of the rights intended to be granted to, or available for, Participants (any event in (i) or (ii), an "Adjustment Event"), the Committee shall, in respect of any such Adjustment Event, make such proportionate substitution or adjustment, if any, as it deems equitable, to any or all of (A) the Absolute Share Limit, or any other limit applicable under the Plan with respect to the number and class of shares of common stock that may be delivered under the Plan; (B) the number, class and price of shares of common stock or other securities of the Company (or number and kind of other securities or other property) which may be issued in respect of Awards or with respect to which Awards may be granted under the Plan or any Sub-Plan; and (C) the terms of any outstanding Award, including, without limitation, (I) the number and class of shares of common stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate; (II) the Exercise Price or Strike Price with respect to any Award; or (III) any applicable performance measures (including, without limitation, Performance Criteria); *provided*, that, in the case of any "equity restructuring" (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring.

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(b) Change in Control. Without limiting the foregoing, in connection with any Change in Control, the Committee may, in its sole discretion, provide for any one or more of the following:

(i) substitution or assumption of Awards, or to the extent that the surviving entity (or Affiliate thereof) of such Change in Control does not substitute or assume the Awards, full acceleration of vesting of, exercisability of, or lapse of restrictions on, as applicable, any Awards; *provided*, that, unless the applicable Award Agreement provides for different treatment upon a Change in Control, with respect to any performance-vested Awards, any such acceleration of vesting, exercisability, or lapse of restrictions shall be based on (A) the target level of performance if the applicable performance period has not ended prior to the date of such Change in Control, and (B) the actual level of performance attained during the performance period if the applicable performance period has ended prior to the date of such Change in Control; and

(ii) cancellation of any one or more outstanding Awards and payment to the holders of such Awards that are vested as of such cancellation (including, without limitation, any Awards that would vest as a result of the occurrence of such event but for such cancellation or for which vesting is accelerated by the Committee in connection with such event pursuant to clause (i) above), the value of such Awards, if any, as determined by the Committee (which value, if applicable, may be based upon the price per share of Common Stock received or to be received by other stockholders of the Company in such event), including, without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or Strike Price of such Option or SAR (it being understood that, in such event, any Option or SAR having a per share Exercise Price or Strike Price equal to, or in excess of, the Fair Market Value of a share of Common Stock subject thereto may be canceled and terminated without any payment or consideration therefor).

For purposes of clause (i) above, an award will be considered granted in substitution of an Award if it has an equivalent value (as determined consistent with clause (ii) above) with the original Award, whether designated in securities of the acquiror in such Change in Control transaction (or an Affiliate thereof), or in cash or other property (including in the same consideration that other stockholders of the Company receive in connection with such Change in Control transaction), and retains the vesting schedule applicable to the original Award.

Payments to holders pursuant to clause (ii) above shall be made in cash or, in the sole discretion of the Committee, in the form of such other consideration necessary for a Participant to receive property, cash, or securities (or combination thereof) as such Participant would have been entitled to receive upon the occurrence of the transaction if the Participant had been, immediately prior to such transaction, the holder of the number of shares of Common Stock covered by the Award at such time (less any applicable Exercise Price or Strike Price).

(c) Other Requirements. Prior to any payment or adjustment contemplated under this Section 12, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Common Stock, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

(d) Fractional Shares. Any adjustment provided under this Section 12 may provide for the elimination of any fractional share that might otherwise become subject to an Award.

(e) Binding Effect. Any adjustment, substitution, determination of value or other action taken by the Committee under this Section 12 shall be conclusive and binding for all purposes.

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### 13. Amendments and Termination.

(a) Amendment and Termination of the Plan. The Board or Committee may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided*, that no such amendment, alteration, suspension, discontinuance or termination shall be made without stockholder approval if (i) such approval is necessary to comply with any regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any rules or regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted) or for changes in GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under the Plan (except for increases pursuant to Sections 5 or 12 of the Plan); or (iii) it would materially modify the requirements for participation in the Plan; *provided, further*, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary. Notwithstanding the foregoing, no amendment shall be made to Section 13(c) of the Plan without stockholder approval.

(b) Amendment of Award Agreements. The Committee may, to the extent consistent with the terms of the Plan and any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after a Participant's Termination); *provided*, that, other than pursuant to Section 12, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant.

(c) No Repricing. Notwithstanding anything in the Plan to the contrary, without stockholder approval, except as otherwise permitted under Section 12 of the Plan, (i) no amendment or modification may reduce the Exercise Price of any Option or the Strike Price of any SAR; (ii) the Committee may not cancel any outstanding Option or SAR and replace it with a new Option or SAR (with a lower Exercise Price or Strike Price, as the case may be) or other Award or cash payment that is greater than the intrinsic value (if any) of the cancelled Option or SAR; and (iii) the Committee may not take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted.

### 14. General.

(a) Award Agreements. Each Award (other than a Cash-Based Incentive Award) under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant to whom such Award was granted and shall specify the terms and conditions of the Award and any rules applicable thereto, including, without limitation, the effect on such Award of the death, Disability or Termination of a Participant, or of such other events as may be determined by the Committee. For purposes of the Plan, an Award Agreement may be in any such form (written or electronic) as determined by the Committee (including, without limitation, a Board or Committee resolution, an employment agreement, a notice, a certificate or a letter) evidencing the Award. The Committee need not require an Award Agreement to be signed by the Participant or a duly authorized representative of the Company.

(b) Nontransferability.

(i) Each Award shall be exercisable only by such Participant to whom such Award was granted during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant (unless such transfer is specifically required pursuant to a domestic relations order or by applicable law) other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against any member of the Company Group; *provided*, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

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(ii) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than Incentive Stock Options) to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, to (A) any person who is a “family member” of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statement promulgated by the Securities and Exchange Commission (collectively, the “Immediate Family Members”); (B) a trust solely for the benefit of the Participant and the Participant’s Immediate Family Members; (C) a partnership or limited liability company whose only partners or stockholders are the Participant and the Participant’s Immediate Family Members; or (D) a beneficiary to whom donations are eligible to be treated as “charitable contributions” for federal income tax purposes (each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a “Permitted Transferee”); *provided*, that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with clause (ii) above shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) neither the Committee nor the Company shall be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of a Participant’s Termination under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(c) Dividends and Dividend Equivalents. The Committee may, in its sole discretion, provide a Participant as part of an Award with dividends, dividend equivalents, or similar payments in respect of Awards, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Committee in its sole discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock, Restricted Stock or other Awards. Without limiting the foregoing, unless otherwise provided in the Award Agreement, any dividend otherwise payable in respect of any share of Restricted Stock that remains subject to vesting conditions at the time of payment of such dividend shall be retained by the Company and remain subject to the same vesting conditions as the share of Restricted Stock to which the dividend relates.

(d) Tax Withholding.

(i) A Participant shall be required to pay to the Company or one or more of its Subsidiaries, as applicable, an amount in cash (by check or wire transfer) equal to the aggregate amount of any income, employment and/or other applicable taxes that are statutorily required to be withheld in respect of an Award. Alternatively, the Company or any of its Subsidiaries may elect, in its sole discretion, to satisfy this requirement by withholding such amount from any cash compensation or other cash amounts owing to a Participant.

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(ii) Without limiting the foregoing, the Committee may (but is not obligated to), in its sole discretion, permit or require a Participant to satisfy, all or any portion of the minimum income, employment and/or other applicable taxes that are statutorily required to be withheld with respect to an Award by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) that have been both held by the Participant and vested for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment under applicable accounting standards) having an aggregate fair market value equal to such minimum statutorily required withholding liability (or portion thereof); or (B) having the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, the Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, a number of shares of Common Stock with an aggregate fair market value equal to an amount, subject to clause (iii) below, not in excess of such minimum statutorily required withholding liability (or portion thereof).

(iii) The Committee has full discretion to allow Participants to satisfy, in whole or in part, any additional income, employment and/or other applicable taxes payable by them with respect to an Award by electing to have the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, a Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, shares of Common Stock having an aggregate fair market value that is greater than the applicable minimum required statutory withholding liability (but such withholding may in no event be in excess of the maximum statutory withholding amount(s) in a Participant's relevant tax jurisdictions).

(e) Data Protection. By participating in the Plan or accepting any rights granted under it, each Participant consents to the collection and processing of personal data relating to the Participant so that the Company and its Affiliates can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. This data will include, but may not be limited to, data about participation in the Plan and shares offered or received, purchased, or sold under the Plan from time to time and other appropriate financial and other data (such as the date on which the Awards were granted) about the Participant and the Participant's participation in the Plan.

(f) No Claim to Awards; No Rights to Continued Employment; Waiver. No employee of any member of the Company Group, or other Person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Service Recipient or any other member of the Company Group, nor shall it be construed as giving any Participant any rights to continued service on the Board. The Service Recipient or any other member of the Company Group may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or any Award Agreement. By accepting an Award under the Plan, a Participant shall thereby be deemed to have waived any claim to continued exercise or vesting of an Award or to damages or severance entitlement related to non-continuation of the Award beyond the period provided under the Plan or any Award Agreement, except to the extent of any provision to the contrary in any written employment contract or other agreement between the Service Recipient and/or any member of the Company Group and the Participant, whether any such agreement is executed before, on or after the Date of Grant.

(g) International Participants. With respect to Participants who reside or work outside of the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan and create or amend Sub-Plans or amend outstanding Awards with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant or any member of the Company Group.

(h) Designation and Change of Beneficiary. Each Participant may file with the Committee a written designation of one or more Persons as the beneficiary or beneficiaries, as applicable, who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon the Participant's death. A Participant may, from time to time, revoke or change the Participant's beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; *provided*, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be the Participant's spouse or, if the Participant is unmarried at the time of death, the Participant's estate.

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(i) Termination. Except as otherwise provided in an Award Agreement, unless determined otherwise by the Committee at any point following such event: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with one Service Recipient to employment or service with another Service Recipient (or vice-versa) shall be considered a Termination; and (ii) if a Participant undergoes a Termination of employment, but such Participant continues to provide services to the Company Group in a non-employee capacity, such change in status shall not be considered a Termination for purposes of the Plan. Further, unless otherwise determined by the Committee, in the event that any Service Recipient ceases to be a member of the Company Group (by reason of sale, divestiture, spin-off or other similar transaction), unless a Participant's employment or service is transferred to another entity that would constitute a Service Recipient immediately following such transaction, such Participant shall be deemed to have suffered a Termination hereunder as of the date of the consummation of such transaction.

(j) No Rights as a Stockholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no Person shall be entitled to the privileges of ownership in respect of shares of Common Stock which are subject to Awards hereunder until such shares have been issued or delivered to such Person.

(k) Government and Other Regulations.

(i) The obligation of the Company to settle Awards in shares of Common Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel (if the Company has requested such an opinion), satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all shares of Common Stock or other securities of any member of the Company Group issued under the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement, the Federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted and any other applicable Federal, state, local or non-U.S. laws, rules, regulations and other requirements, and, without limiting the generality of Section 9 of the Plan, the Committee may cause a legend or legends to be put on certificates representing shares of Common Stock or other securities of any member of the Company Group issued under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of any member of the Company Group issued under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to, at any time, add any additional terms or provisions to any Award granted under the Plan that the Committee, in its sole discretion, deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(ii) The Committee may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets, illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an Award in accordance with the foregoing, the Company shall, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, (A) pay to the Participant an amount equal to the excess of (I) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or issued, as applicable); over (II) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of issuance of shares of Common Stock (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof, or (B) in the case of Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, provide the Participant with a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, or the underlying shares in respect thereof.

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- (l) No Section 83(b) Elections Without Consent of Company. No election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Company in writing prior to the making of such election. If a Participant, in connection with the acquisition of shares of Common Stock under the Plan or otherwise, is expressly permitted to make such election and the Participant makes the election, the Participant shall notify the Company of such election within ten (10) days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.
- (m) Payments to Persons Other Than Participants. If the Committee shall find that any Person to whom any amount is payable under the Plan is unable to care for the Participant's affairs because of illness or accident, or is a minor, or has died, then any payment due to such Person or the Participant's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to the Participant's spouse, child, relative, an institution maintaining or having custody of such Person, or any other Person deemed by the Committee to be a proper recipient on behalf of such Person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.
- (n) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Committee nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Committee or Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of equity-based awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.
- (o) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any member of the Company Group, on the one hand, and a Participant or other Person, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company be obligated to maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other service providers under general law.
- (p) Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of any member of the Company Group and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself or herself.
- (q) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan or as required by applicable law.
- (r) Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. EACH PARTICIPANT WHO ACCEPTS AN AWARD IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS HEREUNDER.
- (s) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.
- (t) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.
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(u) Section 409A of the Code.

(i) Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Service Recipient nor any other member of the Company Group shall have any obligation to indemnify or otherwise hold such Participant (or any beneficiary) harmless from any or all of such taxes or penalties. With respect to any Award that is considered “deferred compensation” subject to Section 409A of the Code, references in the Plan to “termination of employment” (and substantially similar phrases) shall mean “separation from service” within the meaning of Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as a separate payment.

(ii) Notwithstanding anything in the Plan to the contrary, if a Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are “deferred compensation” subject to Section 409A of the Code and which would otherwise be payable upon the Participant’s “separation from service” (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

(iii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, in the event that the timing of payments in respect of any Award (that would otherwise be considered “deferred compensation” subject to Section 409A of the Code) would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code; or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of “Disability” pursuant to Section 409A of the Code.

(v) Clawback/Repayment. All Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or the Committee and as in effect from time to time; and (ii) applicable law. Further, to the extent that the Participant receives any amount in excess of the amount that the Participant should otherwise have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant may be required to repay any such excess amount to the Company.

(w) Right of Offset. The Company will have the right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, repayment obligations under any Awards, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) that the Participant then owes to any member of the Company Group and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement. Notwithstanding the foregoing, if an Award is “deferred compensation” subject to Section 409A of the Code, the Committee will have no right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement if such offset could subject the Participant to the additional tax imposed under Section 409A of the Code in respect of an outstanding Award.

(x) Expenses; Titles and Headings. The expenses of administering the Plan shall be borne by the Company Group. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

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**FIRST ADVANTAGE CORPORATION**  
**RESTRICTED STOCK GRANT AND AGREEMENT**

(Replacement Award for Fastball Holdco, L.P. Units)

This Restricted Stock Grant and Agreement (this "Agreement"), is made effective as of the date set forth on the Company signature page (the "Signature Page") attached hereto, by and between First Advantage Corporation, a Delaware corporation (together with its successors and assigns, the "Company") and the participant identified on the Signature Page ("Participant").

**RECITALS:**

WHEREAS, Participant held a number of Class C LP Units (the "Units") of Fastball Holdco, L.P., a Delaware limited partnership (the "LP Entity") specified on the Signature Page, which Units were issued pursuant to the Amended and Restated Limited Partnership Agreement of Fastball Holdco, L.P., dated January 31, 2020, as amended by the First Amendment thereto, dated and effective as of December 22, 2020 (as so amended and as may be further amended from time to time, the "LP Agreement"), and one or more Unit Grant Agreements;

WHEREAS, all of the Units were exchanged for shares ("Shares") of common stock, par value \$0.01, of the Company (the "Exchange"), upon the liquidation of the LP Entity effective prior to the consummation of the initial public offering (the "IPO") of the common stock (the effective date of the Exchange, the "Exchange Date");

WHEREAS, the Company has adopted the First Advantage Corporation 2021 Omnibus Incentive Plan (as it may be amended, the "Plan"), the terms of which Plan are incorporated herein by reference and made a part of this Agreement, and capitalized terms not otherwise defined herein shall have the same meaning as in the Plan; and

WHEREAS, as of the Exchange Date, the Units were cancelled and ceased to be issued and outstanding and Participant received, in exchange, Shares with an equivalent value based on the IPO Price (as defined below), as described herein and otherwise subject to the terms this Agreement and the Plan.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows

1. The Shares.

- (a) Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement and effective as of the Exchange Date, the Company caused the Units to be exchanged for the number of vested Shares (the "Vested Shares") and unvested Shares (the "Unvested Restricted Shares") specified by the Compensation Committee of the Board of Directors of the Company (the "Committee") on the Signature Page hereto (the Vested Shares and Unvested Restricted Shares collectively, the "Restricted Shares").
  - (b) The number of Restricted Shares was calculated by the Committee in its reasonable good faith discretion, such that (x) the intrinsic value of all such Units (calculated based on the price at which common stock was sold in the IPO (such price, the "IPO Price"), the number of such Shares held by the LP Entity prior to the Exchange and the relative rights and priorities applicable to the Units under LP Agreement immediately prior to the Exchange) were equal to the intrinsic value of all such Shares using the IPO Price, in each case as calculated by the Committee.
  - (c) The Vested Shares shall not be subject to any forfeiture restrictions. The Unvested Restricted Shares shall vest and become nonforfeitable Vested Shares in accordance with Schedule I attached hereto.
  - (d) If Participant's employment or service with the Company Group is terminated at any time, all Unvested Restricted Shares shall automatically and immediately be forfeited and canceled (after giving effect to any acceleration of vesting or other terms set forth in Schedule I attached hereto).
  - (e) Within ten (10) days after the Exchange Date, Participant shall provide the Company with a copy of a completed election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder in the form of Exhibit C. Participant shall timely (within thirty (30) days of the Exchange Date) file (via certified mail, return receipt requested) such election with the Internal Revenue Service, and thereafter shall certify to the Company that Participant has made such timely filing and furnish a copy of such filing to the Company. Participant should consult Participant's tax advisor regarding the consequences of a Section 83(b) election, as well as the receipt, vesting, holding and sale of the Restricted Shares.
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(f) Participant acknowledges that the Shares have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and accordingly, may not be sold or transferred except pursuant to an effective registration statement under the Securities Act or pursuant to an applicable exemption therefrom.

2. Prior Agreements; Restrictive Covenants.

(a) Restrictive Covenants. Participant agrees that, unless Participant has previously executed the Confidentiality, Non-Interference and Invention Assignment Agreement, Participant is required, as a condition to the grant of the Shares, to execute and return to the Company a copy of the Confidentiality, Non-Interference and Invention Assignment Agreement attached as Exhibit D (the restrictive covenants contained in the Confidentiality, Non-Interference and Invention Assignment Agreement are referred to in this Agreement as the “Restrictive Covenants”). Participant acknowledges and agrees that the Company’s remedies at law for a breach or threatened breach of any of the Restrictive Covenants would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. For the avoidance of doubt, the Restrictive Covenants contained in the Confidentiality, Non-Interference and Invention Assignment Agreement are in addition to, and not in lieu of, any other restrictive covenants or similar covenants or agreements between Participant and the Company Group. For purposes of this Agreement, “Restrictive Covenant Violation” shall include Participant’s breach of any of the Restrictive Covenants or any similar provision applicable to Participant.

(b) Repayment of Proceeds. If a Restrictive Covenant Violation occurs or the Company discovers after Participant’s Termination that grounds existed for a Termination for Cause at the time thereof, then Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within ten (10) business days of the Company’s request to Participant therefor, an amount equal to the excess, if any, of (i) the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) Participant received upon the sale or other disposition of, or distributions in respect of, (A) prior to the Exchange Date, the Units, and (B) the Shares issued to Participant on the Exchange Date over (ii) the aggregate Cost of such Shares. For purposes of this Agreement, “Cost” means, in respect of any Share, the amount paid by Participant for the Units that were exchanged for such Share, as proportionately adjusted for all subsequent distributions on the Shares and other recapitalizations and less the amount of any distributions made with respect to (x) prior to the Exchange Date, the Unit or (y) the Share pursuant to the Company’s organizational documents; provided, that Cost may not be less than zero (0). Any reference in this Agreement to grounds existing for a Termination for Cause shall be determined without regard to any notice period, cure period, or other procedural delay or event required prior to a finding of or Termination for Cause.

3. Book Entry; Certificates. The Company shall recognize Participant’s ownership of Shares through uncertificated book entry. If elected by the Company, certificates evidencing the Shares may be issued by the Company and any such certificates shall be registered in Participant’s name on the stock transfer books of the Company promptly after the date hereof, but shall remain in the physical custody of the Company or its designee at all times prior to the later of (x) the vesting of Unvested Restricted Shares pursuant to this Agreement and (y) the expiration of any transfer restrictions set forth in this Agreement or otherwise applicable to the Shares. As soon as practicable following such time, any certificates for the Shares shall be delivered to Participant or to Participant’s legal guardian or representative along with the stock powers relating thereto. However, the Company shall not be liable to Participant for damages relating to any delays in issuing the certificates (if any) to Participant, any loss by Participant of the certificates, or any mistakes or errors in the issuance of the certificates or in the certificates themselves.

4. Rights as a Stockholder. Participant shall be the record owner of the Shares until or unless such Shares are forfeited pursuant to the terms of this Agreement, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights with respect to the Restricted Shares and rights to dividends or other distributions; provided, that the Shares shall be subject to the limitations on transfer and encumbrance set forth in Section 7.

5. Legend. To the extent applicable, all book entries (or certificates, if any) representing the Shares delivered to Participant as contemplated by Section 3 above shall be subject to the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Company may cause notations to be made next to the book entries (or a legend or legends put on certificates, if any) to make appropriate reference to such restrictions. Any such book entry notations (or legends on certificates, if any) shall include a description to the effect of the restrictions set forth in Sections 1 and 7 hereof.

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6. No Right to Continued Employment or Engagement. Neither the Plan nor this Agreement nor Participant's receipt of the Shares hereunder shall impose any obligation on the Company Group to continue the employment or engagement of Participant. Further, the Company Group may at any time terminate the employment or engagement of Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.
7. Assignment Restrictions; Lock-up.
- (a) The Unvested Restricted Shares may not, at any time prior to becoming vested pursuant to the terms of this Agreement, be Assigned and any such purported Assignment shall be void and unenforceable against the Company or any Affiliate; provided, that the designation of a beneficiary shall not constitute an Assignment. Participant further hereby agrees that Participant shall, without further action on the part of Participant, be bound by the provisions of the lock-up letter executed by the executive officers of the Company to the same extent as if Participant had directly executed such lock-up letter himself or herself. Such lock-up letter will provide that Participant shall not, subject to specified exceptions, dispose of or hedge any shares of common stock of the Company or securities convertible into or exchangeable for shares of common stock of the Company during the period from the date of the final prospectus relating to the IPO and continuing through the date one hundred eighty (180) days after the date of such prospectus, except with the prior written consent of the representatives of the underwriters.
- (b) "Assign" or "Assignment" shall mean (in either the noun or the verb form, including with respect to the verb form, all conjugations thereof within their correlative meanings) with respect to any security, the gift, sale, assignment, transfer, pledge, hypothecation or other disposition (whether for or without consideration, whether directly or indirectly, and whether voluntary, involuntary or by operation of law) of such security or any interest therein.
8. Withholding. Participant may be required to pay to the Company or any Affiliate and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Restricted Shares, their grant or vesting or any payment or transfer with respect to the Shares at the minimum applicable statutory rates, and to take such action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes.
9. Securities Laws; Cooperation. Upon the vesting of any Unvested Restricted Shares, Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws, the Plan or with this Agreement. Participant further agrees to cooperate with the Company in taking any action reasonably necessary or advisable to consummate the transactions contemplated by this Agreement.
10. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Corporate Secretary at the principal executive office of the Company and to Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.
11. Choice of Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. Any suit, action or proceeding with respect to this Agreement (or any provision incorporated by reference), or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of Delaware or the State of Georgia, and each of Participant, the Company, and any Permitted Transferees who hold Shares pursuant to a valid Assignment, hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding, or judgment. Each of Participant, the Company, and any Permitted Transferees who hold Shares pursuant to a valid Assignment hereby irrevocably waives (a) any objections which it may now or hereafter have to the laying of the venue of any suit, action, or proceeding arising out of or relating to this Agreement brought in any court of competent jurisdiction in the State of Delaware or the State of Georgia, (b) any claim that any such suit, action, or proceeding brought in any such court has been brought in any inconvenient forum and (c) any right to a jury trial.
12. Shares Subject to Plan; Amendment. By entering into this Agreement, Participant agrees and acknowledges that Participant has received and read a copy of the Plan. The Shares granted hereunder are subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of Participant hereunder without the consent of Participant. Further, the Shares granted hereunder are subject to the transfer restrictions set forth in the Stockholders' Agreement of the Company, dated June 25, 2021, to which Participant is a party.
13. Other Awards. Subject to Section 2, the Shares granted in connection with the Exchange and memorialized in this Agreement are in replacement of, and supersede in all respects, the Units.
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14. LP Entity. Participant agrees and acknowledges that, as of the Exchange Date, Participant (i) holds no Units, (ii) is no longer a partner of the LP Entity and (iii) has no surviving rights under the governing documents of the LP Entity (including, without limitation, any plan or agreement under which Units were issued to Participant).

*[Signature Page Follows]*

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IN WITNESS WHEREOF, Participant acknowledges and accepts the terms of this Agreement which shall be effective as of the date set forth below and countersignature by the Company.

**Participant**

\_\_\_\_\_

Name:

Dated: \_\_\_\_\_

*[Participant Signature Page Replacement Award for Fastball Holdco, L.P. Units]*

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Agreement acknowledged and confirmed:

**FIRST ADVANTAGE CORPORATION**

By:

Name: [\_\_\_\_\_]

Title: [\_\_\_\_\_]

**Equity Schedule**

**Name:** [\_\_\_\_\_]

<b>Class C LP Units</b>		<b>Shares</b>	
<b>Number of Vested Units</b>	<b>Number of Unvested Units</b>	<b>Number of Vested Shares</b>	<b>Number of Unvested Restricted Shares</b>

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*[Company Signature Page - Replacement Award for Fastball Holdco, L.P. Units]*

**Schedule I to Restricted Stock Grant and Agreement**

**Vesting Terms**

(a) **General.** The Unvested Restricted Shares received in exchange for Class C LP Units shall become Vested Shares as set forth below.

(b) **Time Vesting.** 50% of the Restricted Shares are subject solely to time based vesting criteria (the "Time Shares"). Subject to Participant's continued employment or service with the Company Group through the applicable vesting date (or as otherwise provided in clause (e) below), twenty percent (20%) of the Time Shares shall become time vested on each of the first five (5) anniversaries of the Vesting Commencement Date, as set forth on the table below. For purposes of this Agreement, the "Vesting Commencement Date" shall be January 31, 2020.

<u>Time Shares Eligible to Vest</u>	<u>Vesting Date</u>
=20% Vesting	January 31, 2021
=20% Vesting	January 31, 2022
=20% Vesting	January 31, 2023
=20% Vesting	January 31, 2024
=20% Vesting	January 31, 2025

Accordingly, as of the Exchange Date, 20% of the Time Shares are Vested Shares.

(c) **Performance Vesting.** 50% of the Restricted Shares are subject to both time and performance based vesting criteria (the "Performance Shares"). Subject to Participant's continued employment or service with the Company Group through the applicable potential vesting date (or as otherwise provided in clause (d) below), upon each occurrence of a Realization Event, the number of Performance Shares that vest will equal the excess, if any, of (i) the Total Performance Vested Share Number as of such Realization Event over (ii) the Previously Performance Vested Share Number as of such Realization Event; provided, that, as of any time, the percentage of the Performance Shares that are vested shall not exceed the product of (A) the percentage of the Time Shares that are Vested Shares as of such time (after giving effect to any accelerated vesting contemplated by clause (e)(i)), and (B) the MOM Percentage as of such time. Performance Shares that would have vested pursuant to the preceding sentence but for the proviso thereof shall vest at such time as doing so would not violate such proviso. As of the Exchange Date, the time based vesting criteria has been met with respect to 20% of the Performance Shares.

(d) **Termination of Employment; Forfeitures.**

(i) Upon a termination of Participant's employment or service with the Company Group for any reason:

(A) all unvested Time Shares and all Performance Shares that have not satisfied the time vesting condition shall be immediately forfeited for no consideration (even if such Performance Shares have satisfied the performance vesting condition prior to such termination), and

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(B) any Performance Shares that have satisfied the time vesting condition but not the performance vesting condition shall (x) if such termination of employment or service is for any reason other than by the Company Group without Cause (and other than due to death or Disability), be immediately forfeited for no consideration upon the date of such termination, and (y) solely if such termination of employment or service is by the Company Group without Cause (and other than due to death or Disability), remain outstanding and be eligible to satisfy the performance vesting condition upon future Realization Events, subject to a Restrictive Covenant Violation not having occurred (the Performance Shares described in this clause (B)(y), the “Post-Termination Vesting Eligible Shares”). The Committee, in its sole discretion, may, at any time during the one-year period following the date of the termination, cause the vesting (and, if applicable, forfeiture) of the Post-Termination Vesting Eligible Shares to be determined based on the deemed occurrence of a hypothetical Realization Event on the date of such termination in which the Investor Group shall be deemed to have sold 100% of its Shares for cash, cash equivalents and/or Marketable Securities for Fair Market Value.

(ii) Upon a termination of Participant’s employment or service by the Company Group for Cause or upon a Restrictive Covenant Violation, all Vested Shares and Unvested Restricted Shares will be forfeited to the Company for no consideration.

**(e) Discretion to Accelerate Vesting; Change in Control; Wind-Up.**

(i) Participant acknowledges that the Committee may, in its sole discretion (A) vest any and/or all of the unvested Shares hereunder at such time or such other time or times and on such other conditions as the Committee determines and (B) upon a Change in Control, provide for the treatment of all or any portion of the Unvested Restricted Shares in accordance with Section 12(b) of the Plan; and (z) if the Investor Group retains any interest in the Company or any successor entity following such Change in Control, all then unvested Performance Shares may, in the Committee’s sole discretion, be tested for vesting in connection with such Change in Control by deeming that the Investor Group sold 100% of its Shares in such Change in Control for cash, cash equivalents and/or Marketable Securities, with any unvested Performance Shares that do not vest as a result of such testing being automatically forfeited to the Company for no consideration upon the consummation of such Change in Control. Notwithstanding the foregoing, upon a Change in Control, if the percentage of Time Shares that are Vested Shares (the “Time Vested Percentage”) prior to giving effect to this sentence is less than the Realization Percentage, then, upon such Change in Control, the vesting of those unvested Time Shares, if any, that are scheduled to vest on the next applicable time vesting date shall be accelerated to the date of such Change in Control, provided, that, if such additional vesting would result in the Time Vested Percentage being in excess of the Realization Percentage, the number of unvested Time Shares that shall vest upon the Change in Control by virtue of this sentence shall be reduced so that the Time Vested Percentage after giving effect to such accelerated vesting equals the Realization Percentage. In the event of a termination of Participant’s employment or service by the Company Group without Cause, which occurs during the twelve (12) month period following a Change in Control, all then-unvested Time Shares shall vest in full and the time vesting condition for any Performance Shares shall be deemed to have been satisfied.

(ii) Upon the Wind-Up Date, any Unvested Restricted Shares that remain unvested shall be immediately forfeited for no consideration.

**(f) Definitions.** For the purposes of this Agreement, the following terms have the meanings set forth below:

i. “Aggregate Proceeds” means, with respect to the Investor Group (and without duplication), the (i) aggregate cash or cash equivalents received for all Cash Liquidity Events prior to and including (if applicable) the applicable Realization Event, (ii) the aggregate Market Value (calculated as of the date of the relevant In Kind Distribution) of the Securities distributed in all In Kind Distributions prior to and including (if applicable) the applicable Realization Event, (iii) the aggregate Market Value (calculated as of the date of such Exchange Realization Event) of the Marketable Securities received in all Exchange Realization Events prior to and including (if applicable) such Realization Event and (iv) the amount of all dividends and distributions received through and including (if applicable) the date of such Realization Event, in each case, calculated after deducting any commercially reasonable fees, expenses, discounts or similar amounts paid or owed by the Investor Group to a third party in respect of each such Realization Event. For the avoidance of doubt, any payments received by a party pursuant to a tax receivables agreement or other monetization of tax assets shall not constitute “Aggregate Proceeds”.

ii. “Cost of Shares Transferred” means, with respect to any Realization Event, (i) the per Share cost, as determined in good faith by the Committee, of the Shares acquired by the Investor Group at any time (excluding any acquisition from a member or former member of the Investor Group) multiplied by (ii) the number of Investor Shares disposed of in all Realization Events up to and including such Realization Event. In the event that members of the Investor Group have acquired Shares at different per Share prices as of any Realization Event, for purposes of clause (i), the weighted average cost of acquisition as of such Realization Event shall be used.

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- iii. “Investor Group” means (i) SLP Fastball Aggregator, L.P., (ii) any other Person that is a direct or indirect transferee of Investor Shares from any Person described in clause (i), except for a transfer of Investor Shares upon a Realization Event, or (iii) upon any liquidation or any other distribution of any Person described in clause (i) or (ii), each of the partners, members or equity holders of any such Person.
- iv. “Investor Shares” means the Shares beneficially owned by the Investor Group or any Securities received by the Investor Group in respect thereof (other than in a Realization Event).
- v. “Marketable Securities” means Securities, other than Shares, publicly traded on a national securities exchange or the Nasdaq Global Market that (i) are not subject to any of the following: (A) contractual limitations on sale, (B) limitations on sale arising from the need to comply with applicable securities laws relating to insider trading or any insider trading policy of the applicable issuer, or (C) limitations on sale pursuant to securities laws, including limitations pursuant to Rule 144 or Rule 145 promulgated under the Securities Act, and (ii) represent, together with all of Securities of the applicable issuer held by the Investor Group, not more than 10% of the outstanding shares of such issuer.
- vi. “Market Value” means, with respect to Marketable Securities, the average of the daily closing prices for ten (10) consecutive trading days ending on the last full trading day on the exchange or market on which such Securities are traded or quoted. The closing price for any day shall be the last reported sale price or, in case no such reported sale takes place on such day, the average of the closing bid and asked prices for such day, in each case (i) on the principal national securities exchange on which shares of the applicable Security are listed or to which such shares are admitted to trading, or (ii) if the shares of the applicable Security not listed or admitted to trading on a national securities exchange, on the Nasdaq National Market or any comparable system, as applicable.
- vii. “MOM Percentage” means, with respect to any Realization Event, if: (i) the Aggregate Proceeds divided by the Cost of Shares Transferred equals 2.0 or less, 0%; (ii) the Aggregate Proceeds divided by the Cost of Shares Transferred equals 3.0 or greater, 100%; and (iii) if the Aggregate Proceeds divided by the Cost of Shares Transferred equals a number that is greater than 2.0 but less than 3.0, a percentage between 0% and 100% to be determined using straight-line linear interpolation.
- viii. “Previously Performance Vested Share Number” means, (i) with respect to the first Realization Event, zero and (ii) as of any subsequent Realization Event, the Total Performance Vested Share Number as of the immediately preceding Realization Event.
- ix. “Realization Event” means any transaction or other event in which (i) Investor Shares are transferred by any member of the Investor Group to a Person that is not part of the Investor Group for cash or cash equivalents (each such event, a “Cash Liquidity Event”); (ii) Investor Shares are distributed by the Investor Group in kind to its partners and/or members (other than to any Permitted Transferee), (each such event, an “In Kind Distribution”); or (iii) Investor Shares are exchanged by the Investor Group for Marketable Securities (each such event, an “Exchange Realization Event”); provided, that if Investor Shares are exchanged by the Investor Group for Securities which are not yet Marketable Securities, the Exchange Realization Event shall occur as and when such Securities become Marketable Securities.
- x. “Realization Percentage” means, as of the date of a Realization Event, a fraction (expressed as a percentage) determined by dividing (i) the aggregate number of Investor Shares transferred, exchanged or distributed in all Realization Events prior to and including such Realization Event, by (ii) the number set forth in clause (i) of this definition plus the total number of Investor Shares beneficially owned by the Investor Group after giving effect to such Realization Event.
- xi. “Securities” means capital stock, limited partnership interests, limited liability company interests, beneficial interests, warrants, options, notes, bonds, debentures, and other securities, equity interests, ownership interests and similar obligations of every kind and nature of any Person.
- xii. “Total Performance Vested Share Number” means, as of any Realization Event, (i) the total number of Performance Shares issued hereunder, multiplied by (ii) the Realization Percentage as of such Realization Event, multiplied by (iii) the MOM Percentage as of such Realization Event.
- xiii. “Wind-Up Date” means the earlier of (i) the first date on which the Investor Group no longer holds any equity securities of the Company and no longer holds any equity interest received in respect of any such equity securities held or previously held by the Investor Group (other than Marketable Securities issued in exchange for the sale of equity securities of the Company) or is deemed to no longer hold such securities as contemplated by the last sentence of clause (d)(i)(B), or (ii) a sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all of the Company’s assets to a Person not affiliated with the Investor Group.
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**OPTION GRANT NOTICE  
UNDER  
FIRST ADVANTAGE CORPORATION  
2021 OMNIBUS INCENTIVE PLAN**

First Advantage Corporation, a Delaware corporation (the "Company"), pursuant to its 2021 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"), hereby grants to the Participant set forth below the number of Options (each Option representing the right to purchase one share of Common Stock) set forth below, at an Exercise Price per share as set forth below. The Options are subject to all of the terms and conditions as set forth herein, in the Option Agreement (attached hereto or previously provided to the Participant in connection with a prior grant) and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan. In the event the initial public offering of the Company (the "IPO") is not consummated within thirty (30) days following the Date of Grant, this Option Grant Notice shall be null and void and of no further force or effect.

<b>Participant:</b>	[ <i>First Name</i> ] [ <i>Last Name</i> ]
<b>Date of Grant:</b>	[_____]
<b>Number of Options:</b>	[ <i>Number of Options Granted</i> ]
<b>Exercise Price per Share:</b>	\$_[_____]
<b>Option Period Expiration Date:</b>	10 <sup>th</sup> anniversary of Date of Grant
<b>Type of Option:</b>	Nonqualified Stock Option
<b>Vesting Schedule:</b>	Subject to the conditions contained herein and in the Plan, the Options shall vest as provided in Schedule I attached hereto.

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FIRST ADVANTAGE CORPORATION

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By:  
Title:

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**THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS OPTION GRANT NOTICE, THE OPTION AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF OPTIONS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS OPTION GRANT NOTICE, THE OPTION AGREEMENT AND THE PLAN.**

PARTICIPANT<sup>1</sup>

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<sup>1</sup> To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereto.

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**OPTION AGREEMENT  
UNDER  
FIRST ADVANTAGE CORPORATION  
2021 OMNIBUS INCENTIVE PLAN**

Pursuant to the Option Grant Notice (the "Grant Notice") delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Option Agreement (this "Option Agreement") and First Advantage Corporation 2021 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"), First Advantage Corporation, a Delaware corporation (the "Company"), and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

- 1. Grant of Option.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Options provided in the Grant Notice (with each Option representing the right to purchase one share of Common Stock), at an Exercise Price per share as provided in the Grant Notice. The Company may make one or more additional grants of Options to the Participant under this Option Agreement by providing the Participant with a new Grant Notice, which may also include any terms and conditions differing from this Option Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Options hereunder and makes no implied promise to grant additional Options. As provided in Schedule I attached hereto, a specified number of the Options are vested (the "Vested Options") and unvested (the "Unvested Options") as of the Date of Grant.
  - 2. Vesting.** Subject to the conditions contained herein and in the Plan, the Options shall vest as provided in Schedule I attached hereto.
  - 3. Exercise of Options Following Termination.** Except as otherwise provided in paragraph (d) of Schedule I or as otherwise may be provided by the Committee, in the event of: (A) a Participant's Termination by the Service Recipient for Cause or a Restrictive Covenant Violation, all outstanding Options granted to such Participant shall immediately terminate and expire; (B) a Participant's Termination due to death or Disability, each outstanding Unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding Vested Option shall remain exercisable for one (1) year thereafter (but in no event beyond the expiration of the Option Period); (C) a Participant's Termination without Good Reason, each outstanding Unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding Vested Option shall remain exercisable for thirty (30) days thereafter (but in no event beyond the expiration of the Option Period); and (D) a Participant's Termination for any other reason (including, for the avoidance of doubt, termination by the Company without Cause or by the Participant for Good Reason), each outstanding Unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding Vested Option shall remain exercisable for one hundred eighty (180) days thereafter or, solely with respect to Post-Termination Vesting Eligible Options that vest in accordance with the terms of paragraph (d) of Schedule I, one hundred eighty (180) days following the applicable vesting date for such Post-Termination Vesting Eligible Options (but, in either case, in no event beyond the expiration of the Option Period).
  - 4. Method of Exercising Options.** The Options may be exercised by the delivery of notice of the number of Options that are being exercised accompanied by payment in full of the Exercise Price applicable to the Options so exercised. Such notice shall be delivered either (a) in writing to the Company at its principal office or at such other address as may be established by the Committee, to the attention of the Company's Compensation Department or its designee; or (b) to a third-party plan administrator as may be arranged for by the Company or the Committee from time to time for purposes of the administration of outstanding Options under the Plan, in the case of either (a) or (b), as communicated to the Participant by the Company from time to time. Payment of the aggregate Exercise Price may be made using any of the methods described in Section 7(d)(i) or (ii) of the Plan; provided, that the Participant shall obtain written consent from the Committee prior to the use of the method described in Section 7(d)(ii)(A) of the Plan.
  - 5. Issuance of Shares of Common Stock.** Following the exercise of an Option hereunder, as promptly as practical after receipt of such notification and full payment of such Exercise Price and any required income or other tax withholding amount (as provided in Section 10 hereof), the Company shall issue or transfer, or cause such issue or transfer, to the Participant the number of shares of Common Stock with respect to which the Options have been so exercised, and shall either (a) deliver, or cause to be delivered, to the Participant a certificate or certificates therefor, registered in the Participant's name or (b) cause such shares of Common Stock to be credited to the Participant's account at the third-party plan administrator.
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6. **Conditions to Issuance of Common Stock.** The Company shall not be required to record the ownership by the Participant of shares of Common Stock purchased upon the exercise of the Options or portion thereof prior to fulfillment of all of the following conditions: (i) the obtaining of approval or other clearance from any federal, state, local or non-U.S. governmental agency which the Committee shall, in its reasonable and good faith discretion, determine to be necessary; (ii) the lapse of such reasonable period of time following the exercise of the Option as may otherwise be required by applicable law; and (iii) the execution and delivery to the Company, to the extent not so previously executed and delivered, of such other documents and instruments as may be reasonably required by the Committee.
7. **Participant.** Whenever the word "Participant" is used in any provision of this Option Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Options may be transferred in accordance with Section 14(b) of the Plan, the word "Participant" shall be deemed to include such person or persons.
8. **Non-Transferability.** The Options are not transferable by the Participant; provided, to the extent permitted by the Committee in accordance with Section 14(b) of the Plan, Vested Options may be transferred to Permitted Transferees. Except as otherwise provided herein, no assignment or transfer of the Options, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Options shall terminate and become of no further effect. The Participant further hereby agrees that the Participant shall, without further action on the part of the Participant, be bound by the provisions of the lock-up agreements executed by the executive officers of the Company to the same extent as if the Participant had directly executed such lock-up agreement himself or herself. Such lock-up agreement will provide that the Participant shall not, subject to certain customary exceptions, dispose of or hedge any shares of Common Stock or securities convertible into or exchangeable for shares of Common Stock during the period from the date of the final prospectus relating to the IPO and continuing through the date one hundred eighty (180) days following the date of such prospectus, except with the prior consent of the representative(s) of the underwriters.
9. **Rights as Shareholder.** The Participant shall have no rights as a shareholder with respect to any share of Common Stock covered by an Option unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof.
10. **Tax Withholding.** Concurrently with the exercise of an Option, the Participant must pay to the Company any amount that the Company determines it is required to withhold under applicable federal, state or local or foreign tax laws in respect of the exercise or the transfer of the shares of Common Stock in connection therewith ("Withholding Taxes"). The Participant may elect to make payment: (i) in cash or by check or wire transfer (or any combination thereof) or (ii) and to the extent permitted by applicable law, by delivery of a notice that the Participant has placed a market sell order with a broker with respect to shares of Common Stock then issuable upon exercise of the Options being so exercised, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Withholding Taxes; provided, that payment of such proceeds is then made to the Company upon settlement of such sale; and provided, further, that the Committee may, in its sole discretion, allow such withholding obligation to be satisfied by any other method described in Section 14 of the Plan and, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding required to be utilized by the Participant from alternatives available under the Plan prior to the exercise of any Options.
11. **Notice.** Every notice or other communication relating to this Option Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company's Compensation Department, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.
12. **No Right to Continued Service.** This Option Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company or any of its Subsidiaries.
13. **Binding Effect.** This Option Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.
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14. **Waiver and Amendments.** Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Option Agreement shall be valid only if made in writing and signed by the parties hereto; provided, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.
15. **Clawback; Forfeiture.** Notwithstanding anything to the contrary contained herein or in the Plan, if the Participant has engaged in or engages in any Detrimental Activity, then the Committee may, in its sole discretion, take actions permitted under the Plan, including: (a) canceling the Options, or (b) requiring that the Participant forfeit any gain realized on the exercise of the Options or the disposition of any shares of Common Stock received upon exercise of the Options, and repay such gain to the Company. In addition, if the Participant receives any amount in excess of what the Participant should have received under the terms of this Option Agreement for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all Options shall be subject to reduction, cancellation, forfeiture, offset or recoupment to the extent necessary to comply with applicable law. "Detrimental Activity" means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant's employment or service with the Service Recipient for Cause; (iii) a Restrictive Covenant Violation (as defined below) or a breach by the Participant of any restrictive covenant by which such Participant is bound, including, without limitation, any covenant not to compete or not to hire or solicit, in any agreement with any member of the Company Group; or (iv) fraud, gross negligence or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion.
16. **Governing Law; Venue.** This Option Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Option Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Option Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Atlanta, Georgia.
17. **Award Subject to Plan.** The Options granted hereunder, and the shares of Common Stock issued to the Participant upon exercise of the Options, are subject to the Plan and the terms of the Plan are hereby incorporated into this Option Agreement. By accepting the Options, the Participant acknowledges that the Participant has received and read the Plan and agrees to be bound by the terms, conditions, and restrictions set forth in the Plan, this Option Agreement, and the Company's policies, as in effect from time to time, relating to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The provisions of this Option Agreement shall survive the termination of this Award to the extent consistent with, or necessary to carry out, the purposes thereof.
18. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Options and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
19. **Transmission Acknowledgement.** To the extent necessary, the Participant authorizes, agrees and unambiguously consents to the transmission by the Company or any other member of the Company Group of any of the Participant's personal data related to the Award for legitimate business purposes (including, without limitation, the administration of the Plan). The Participant confirms and acknowledges that the Participant gives this authorization and consent freely.
20. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. In the event that any information regarding the Options provided to the Participant through the third-party stock plan administrator's web portal or otherwise conflicts with any of the terms and conditions of this Option Agreement or the Plan (collectively, the "Option Governing Documents"), the Option Governing Documents shall control.
21. **Entire Agreement.** The Option Governing Documents constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.
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22. **Restrictive Covenants.** The Participant agrees that, unless the Participant has previously executed the Confidentiality, Non-Interference and Invention Assignment Agreement, the Participant is required, as a condition to the grant of the Options, to execute and return to the Company a copy of the Confidentiality, Non-Interference and Invention Assignment Agreement attached as Exhibit D (the restrictive covenants contained in the Confidentiality, Non-Interference and Invention Assignment Agreement are referred to in this Agreement as the “Restrictive Covenants”). The Participant acknowledges and agrees that the Company’s remedies at law for a breach or threatened breach of any of the Restrictive Covenants would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. For the avoidance of doubt, the Restrictive Covenants contained in the Confidentiality, Non-Interference and Invention Assignment Agreement are in addition to, and not in lieu of, any other restrictive covenants or similar covenants or agreements between the Participant and the Company Group. For purposes of this Agreement, “Restrictive Covenant Violation” shall include the Participant’s breach of any of the Restrictive Covenants or any similar provision applicable to the Participant.

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**Schedule I to Option Agreement**

**Vesting Terms**

(a) **General.** The Options are vested and unvested as set forth in the table below.

Number of Vested Options

Number of Unvested Options

The Unvested Options shall become Vested Options as set forth below.

(b) **Time Vesting.** 50% of the Options are subject solely to time based vesting criteria (the "Time Options"). Subject to Participant's continued employment or service with the Company Group through the applicable vesting date (or as otherwise provided in clause (e) below), twenty percent (20%) of the Time Options shall become time vested on each of the first five (5) anniversaries of the Vesting Commencement Date, as set forth on the table below. For purposes of this Agreement, the "Vesting Commencement Date" shall be January 31, 2020.

<u>Time Options Eligible to Vest</u>	<u>Vesting Date</u>
=20% Vesting	January 31, 2021
=20% Vesting	January 31, 2022
=20% Vesting	January 31, 2023
=20% Vesting	January 31, 2024
=20% Vesting	January 31, 2025

Accordingly, as of the Exchange Date, 20% of the Time Options are Vested Options.

(c) **Performance Vesting.** 50% of the Options are subject to both time and performance based vesting criteria (the "Performance Options"). Subject to Participant's continued employment or service with the Company Group through the applicable potential vesting date (or as otherwise provided in clause (d) below), upon each occurrence of a Realization Event, the number of Performance Options that vest will equal the excess, if any, of (i) the Total Performance Vested Option Number as of such Realization Event over (ii) the Previously Performance Vested Option Number as of such Realization Event; provided, that, as of any time, the percentage of the Performance Options that are vested shall not exceed the product of (A) the percentage of the Time Options that are Vested Options as of such time (after giving effect to any accelerated vesting contemplated by clause (e)(i)), and (B) the MOM Percentage as of such time. Performance Options that would have vested pursuant to the preceding sentence but for the proviso thereof shall vest at such time as doing so would not violate such proviso. As of the Exchange Date, the time based vesting criteria has been met with respect to 20% of the Performance Options.

(d) **Termination of Employment; Forfeitures.**

(i) Upon a termination of Participant's employment or service with the Company Group for any reason:

(A) all unvested Time Options and all Performance Options that have not satisfied the time vesting condition shall be immediately forfeited for no consideration (even if such Performance Options have satisfied the performance vesting condition prior to such termination), and

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(B) any Performance Options that have satisfied the time vesting condition but not the performance vesting condition shall (x) if such termination of employment or service is for any reason other than by the Company Group without Cause (and other than due to death or Disability), be immediately forfeited for no consideration upon the date of such termination, and (y) solely if such termination of employment or service is by the Company Group without Cause (and other than due to death or Disability), remain outstanding and be eligible to satisfy the performance vesting condition upon future Realization Events, subject to a Restrictive Covenant Violation not having occurred (the Performance Options described in this clause (B)(y), the “Post-Termination Vesting Eligible Options”). The Committee, in its sole discretion, may, at any time during the one-year period following the date of the termination, cause the vesting (and, if applicable, forfeiture) of the Post-Termination Vesting Eligible Options to be determined based on the deemed occurrence of a hypothetical Realization Event on the date of such termination in which the Investor Group shall be deemed to have sold 100% of its Shares for cash, cash equivalents and/or Marketable Securities for Fair Market Value.

(ii) Upon a termination of Participant’s employment or service by the Company Group for Cause or upon a Restrictive Covenant Violation, all Vested Options and Unvested Options will be forfeited to the Company for no consideration.

**(e) Discretion to Accelerate Vesting; Change in Control; Wind-Up.**

(i) Participant acknowledges that the Committee may, in its sole discretion (A) vest any and/or all of the unvested Options hereunder at such time or such other time or times and on such other conditions as the Committee determines and (B) upon a Change in Control, provide for the treatment of all or any portion of the Unvested Options in accordance with Section 12(b) of the Plan; and (z) if the Investor Group retains any interest in the Company or any successor entity following such Change in Control, all then unvested Performance Options may, in the Committee’s sole discretion, be tested for vesting in connection with such Change in Control by deeming that the Investor Group sold 100% of its Shares in such Change in Control for cash, cash equivalents and/or Marketable Securities, with any unvested Performance Options that do not vest as a result of such testing being automatically forfeited to the Company for no consideration upon the consummation of such Change in Control. Notwithstanding the foregoing, upon a Change in Control, if the percentage of Time Options that are Vested Options (the “Time Vested Percentage”) prior to giving effect to this sentence is less than the Realization Percentage, then, upon such Change in Control, the vesting of those unvested Time Options, if any, that are scheduled to vest on the next applicable time vesting date shall be accelerated to the date of such Change in Control, provided, that, if such additional vesting would result in the Time Vested Percentage being in excess of the Realization Percentage, the number of unvested Time Options that shall vest upon the Change in Control by virtue of this sentence shall be reduced so that the Time Vested Percentage after giving effect to such accelerated vesting equals the Realization Percentage. In the event of a termination of Participant’s employment or service by the Company Group without Cause, which occurs during the twelve (12) month period following a Change in Control, all then-unvested Time Options shall vest in full and the time vesting condition for any Performance Options shall be deemed to have been satisfied.

(ii) Upon the Wind-Up Date, any Unvested Options that remain unvested shall be immediately forfeited for no consideration.

**(f) Definitions.** For the purposes of this Agreement, the following terms have the meanings set forth below:

i. “Aggregate Proceeds” means, with respect to the Investor Group (and without duplication), the (i) aggregate cash or cash equivalents received for all Cash Liquidity Events prior to and including (if applicable) the applicable Realization Event, (ii) the aggregate Market Value (calculated as of the date of the relevant In Kind Distribution) of the Securities distributed in all In Kind Distributions prior to and including (if applicable) the applicable Realization Event, (iii) the aggregate Market Value (calculated as of the date of such Exchange Realization Event) of the Marketable Securities received in all Exchange Realization Events prior to and including (if applicable) such Realization Event and (iv) the amount of all dividends and distributions received through and including (if applicable) the date of such Realization Event, in each case, calculated after deducting any commercially reasonable fees, expenses, discounts or similar amounts paid or owed by the Investor Group to a third party in respect of each such Realization Event. For the avoidance of doubt, any payments received by a party pursuant to a tax receivables agreement or other monetization of tax assets shall not constitute “Aggregate Proceeds”.

ii. “Cost of Shares Transferred” means, with respect to any Realization Event, (i) the per Share cost, as determined in good faith by the Committee, of the Shares acquired by the Investor Group at any time (excluding any acquisition from a member or former member of the Investor Group) multiplied by (ii) the number of Investor Shares disposed of in all Realization Events up to and including such Realization Event. In the event that members of the Investor Group have acquired Shares at different per Share prices as of any Realization Event, for purposes of clause (i), the weighted average cost of acquisition as of such Realization Event shall be used.

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- iii. “Investor Group” means (i) SLP Fastball Aggregator, L.P., (ii) any other Person that is a direct or indirect transferee of Investor Shares from any Person described in clause (i), except for a transfer of Investor Shares upon a Realization Event, or (iii) upon any liquidation or any other distribution of any Person described in clause (i) or (ii), each of the partners, members or equity holders of any such Person.
- iv. “Investor Shares” means the Shares beneficially owned by the Investor Group or any Securities received by the Investor Group in respect thereof (other than in a Realization Event).
- v. “Marketable Securities” means Securities, other than Shares, publicly traded on a national securities exchange or the Nasdaq Global Market that (i) are not subject to any of the following: (A) contractual limitations on sale, (B) limitations on sale arising from the need to comply with applicable securities laws relating to insider trading or any insider trading policy of the applicable issuer, or (C) limitations on sale pursuant to securities laws, including limitations pursuant to Rule 144 or Rule 145 promulgated under the Securities Act, and (ii) represent, together with all of Securities of the applicable issuer held by the Investor Group, not more than 10% of the outstanding shares of such issuer.
- vi. “Market Value” means, with respect to Marketable Securities, the average of the daily closing prices for ten (10) consecutive trading days ending on the last full trading day on the exchange or market on which such Securities are traded or quoted. The closing price for any day shall be the last reported sale price or, in case no such reported sale takes place on such day, the average of the closing bid and asked prices for such day, in each case (i) on the principal national securities exchange on which shares of the applicable Security are listed or to which such shares are admitted to trading, or (ii) if the shares of the applicable Security not listed or admitted to trading on a national securities exchange, on the Nasdaq National Market or any comparable system, as applicable.
- vii. “MOM Percentage” means, with respect to any Realization Event, if: (i) the Aggregate Proceeds divided by the Cost of Shares Transferred equals 2.0 or less, 0%; (ii) the Aggregate Proceeds divided by the Cost of Shares Transferred equals 3.0 or greater, 100%; and (iii) if the Aggregate Proceeds divided by the Cost of Shares Transferred equals a number that is greater than 2.0 but less than 3.0, a percentage between 0% and 100% to be determined using straight-line linear interpolation.
- viii. “Previously Performance Vested Option Number” means, (i) with respect to the first Realization Event, zero and (ii) as of any subsequent Realization Event, the Total Performance Vested Option Number as of the immediately preceding Realization Event.
- ix. “Realization Event” means any transaction or other event in which (i) Investor Shares are transferred by any member of the Investor Group to a Person that is not part of the Investor Group for cash or cash equivalents (each such event, a “Cash Liquidity Event”); (ii) Investor Shares are distributed by the Investor Group in kind to its partners and/or members (other than to any Permitted Transferee), (each such event, an “In Kind Distribution”); or (iii) Investor Shares are exchanged by the Investor Group for Marketable Securities (each such event, an “Exchange Realization Event”); provided, that if Investor Shares are exchanged by the Investor Group for Securities which are not yet Marketable Securities, the Exchange Realization Event shall occur as and when such Securities become Marketable Securities.
- x. “Realization Percentage” means, as of the date of a Realization Event, a fraction (expressed as a percentage) determined by dividing (i) the aggregate number of Investor Shares transferred, exchanged or distributed in all Realization Events prior to and including such Realization Event, by (ii) the number set forth in clause (i) of this definition plus the total number of Investor Shares beneficially owned by the Investor Group after giving effect to such Realization Event.
- xi. “Securities” means capital stock, limited partnership interests, limited liability company interests, beneficial interests, warrants, options, notes, bonds, debentures, and other securities, equity interests, ownership interests and similar obligations of every kind and nature of any Person.
- xii. “Total Performance Vested Option Number” means, as of any Realization Event, (i) the total number of Performance Options issued hereunder, multiplied by (ii) the Realization Percentage as of such Realization Event, multiplied by (iii) the MOM Percentage as of such Realization Event.
- xiii. “Wind-Up Date” means the earlier of (i) the first date on which the Investor Group no longer holds any equity securities of the Company and no longer holds any equity interest received in respect of any such equity securities held or previously held by the Investor Group (other than Marketable Securities issued in exchange for the sale of equity securities of the Company) or is deemed to no longer hold such securities as contemplated by the last sentence of clause (d)(i)(B), or (ii) a sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all of the Company’s assets to a Person not affiliated with the Investor Group.
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**RESTRICTED STOCK UNIT GRANT NOTICE  
UNDER  
FIRST ADVANTAGE CORPORATION  
2021 OMNIBUS INCENTIVE PLAN**

First Advantage Corporation (the "Company"), pursuant to its 2021 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"), hereby grants to the Participant set forth below the number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto or previously provided to the Participant in connection with a prior grant), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

**Participant:** [*First Name*] [*Last Name*]

**Date of Grant:** [  ], 2021

**Number of** [*Insert Number of Restricted Stock Units Granted*]

**Restricted Stock Units:**

**Vesting Schedule:** Subject to the Participant's continued service with the Company on each applicable vesting date, 1/3<sup>rd</sup> of the Restricted Stock Units shall vest on each of the first three anniversaries of the Date of Grant; provided, that 100% of any unvested Restricted Stock Units shall vest in full upon a Change in Control, subject to the Participant's continued service with the Company upon such Change in Control.

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By:  
Title:

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**THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN.**

PARTICIPANT<sup>1</sup>

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<sup>1</sup> To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereto.

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**RESTRICTED STOCK UNIT AGREEMENT  
UNDER  
FIRST ADVANTAGE CORPORATION  
2021 OMNIBUS INCENTIVE PLAN**

Pursuant to the Restricted Stock Unit Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Unit Agreement (this “Restricted Stock Unit Agreement”) and First Advantage Corporation 2021 Omnibus Incentive Plan, as it may be amended and restated from time to time (the “Plan”), First Advantage Corporation (the “Company”) and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

- 1. Grant of Restricted Stock Units.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Restricted Stock Units provided in the Grant Notice (with each Restricted Stock Unit representing an unfunded, unsecured right to receive one share of Common Stock). The Company may make one or more additional grants of Restricted Stock Units to the Participant under this Restricted Stock Unit Agreement by providing the Participant with a new Grant Notice, which may also include any terms and conditions differing from this Restricted Stock Unit Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Restricted Stock Units hereunder and makes no implied promise to grant additional Restricted Stock Units.
  - 2. Vesting.** Subject to the conditions contained herein and in the Plan, the Restricted Stock Units shall vest as provided in the Grant Notice.
  - 3. Settlement of Restricted Stock Units.** Subject to any election by the Committee pursuant to Section 9(d)(ii) of the Plan, the Company will deliver to the Participant, without charge, as soon as reasonably practicable (and, in any event, within two and one-half months) following the applicable vesting date, one share of Common Stock for each Restricted Stock Unit (as adjusted under the Plan, as applicable) which becomes vested hereunder and such vested Restricted Stock Unit shall be cancelled upon such delivery. The Company shall either (a) deliver, or cause to be delivered, to the Participant a certificate or certificates therefor, registered in the Participant’s name or (b) cause such shares of Common Stock to be credited to the Participant’s account at the third party plan administrator. Notwithstanding anything in this Restricted Stock Unit Agreement to the contrary, the Company shall have no obligation to issue or transfer any shares of Common Stock as contemplated by this Restricted Stock Unit Agreement unless and until such issuance or transfer complies with all relevant provisions of law and the requirements of any stock exchange on which the Company’s shares of Common Stock are listed for trading.
  - 4. Treatment of Restricted Stock Units Upon Termination.** Except as otherwise provided in the Grant Notice or as otherwise may be provided by the Committee, in the event of a Participant’s Termination for any reason prior to the time that such Participant’s Restricted Stock Units have vested, (A) all vesting with respect to such Participant’s Restricted Stock Units shall cease and (B) unvested Restricted Stock Units shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination.
  - 5. Conditions to Issuance of Common Stock.** The Company shall not be required to record the ownership by the Participant of shares of Common Stock issued upon the settlement of vested Restricted Stock Units prior to fulfillment of all of the following conditions: (i) the obtaining of approval or other clearance from any federal, state, local or non-U.S. governmental agency which the Committee shall, in its reasonable and good faith discretion, determine to be necessary; (ii) the lapse of such reasonable period of time following the settlement of the vested Restricted Stock Units as may otherwise be required by applicable law; and (iii) the execution and delivery to the Company, to the extent not so previously executed and delivered, of such other documents and instruments as may be reasonably required by the Committee.
  - 6. Participant.** Whenever the word “Participant” is used in any provision of this Restricted Stock Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Stock Units may be transferred in accordance with Section 14(b) of the Plan, the word “Participant” shall be deemed to include such person or persons.
  - 7. Non-Transferability.** The Restricted Stock Units are not transferable by the Participant except to Permitted Transferees in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Restricted Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Restricted Stock Units shall terminate and become of no further effect. The Participant further hereby agrees that the Participant shall, without further action on the part of the Participant, be bound by the provisions of the lock-up agreements executed by the executive officers of the Company to the same extent as if the Participant had directly executed such lock-up agreement himself or herself. Such lock-up agreement will provide that the Participant shall not, subject to certain customary exceptions, dispose of or hedge any shares of Common Stock or securities convertible into or exchangeable for shares of Common Stock during the period from the date of the final prospectus relating to initial public offering of the Company and continuing through the date one hundred eighty (180) days following the date of such prospectus, except with the prior consent of the representative(s) of the underwriters.
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- 8. Rights as Shareholder.** The Participant or a Permitted Transferee of the Restricted Stock Units shall have no rights as a shareholder with respect to any share of Common Stock underlying a Restricted Stock Unit unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof.
- 9. Tax Withholding.** The Participant may be required to pay to the Company and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Restricted Stock Units, their vesting or settlement or any payment or transfer with respect to the Restricted Stock Units at the minimum applicable statutory rates, and to take such action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes. The Committee may, in its sole discretion, permit the Participant to satisfy such withholding tax obligations, in whole or in part, by delivering shares of Common Stock, including shares of Common Stock received upon settlement of Restricted Stock Units pursuant to this Restricted Stock Unit Agreement.
- 10. Notice.** Every notice or other communication relating to this Restricted Stock Unit Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company's Compensation Department, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.
- 11. No Right to Continued Service.** This Restricted Stock Unit Agreement does not confer upon the Participant any right to continue as an employee or other service provider to the Company or any of its Subsidiaries.
- 12. Binding Effect.** This Restricted Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.
- 13. Waiver and Amendments.** Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Restricted Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; provided, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.
- 14. Clawback; Forfeiture.** Notwithstanding anything to the contrary contained herein or in the Plan, if the Participant has engaged in or engages in any Detrimental Activity, then the Committee may, in its sole discretion, take actions permitted under the Plan, including: (a) canceling the Restricted Stock Units, or (b) requiring that the Participant forfeit any gain realized on the disposition of any shares of Common Stock received in settlement of any Restricted Stock Units, and repay such gain to the Company. In addition, if the Participant receives any amount in excess of what the Participant should have received under the terms of this Restricted Stock Unit Agreement for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all Restricted Stock Units shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law. "Detrimental Activity," means any, offset of the following: (i) unauthorized disclosure of any confidential or proprietary information of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant's employment or service with the Company for Cause; (iii) a breach by the Participant of any restrictive covenant by which such Participant is bound, including, without limitation, any covenant not to compete or not to hire or solicit, in any agreement with any member of the Company Group; or (iv) fraud, gross negligence or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion.
- 15. Governing Law; Venue.** This Restricted Stock Unit Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Atlanta, Georgia.
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16. **Award Subject to Plan.** The Restricted Stock Units granted hereunder, and the shares of Common Stock issued to the Participant upon settlement of vested Restricted Stock Units, are subject to the Plan and the terms of the Plan are hereby incorporated into this Restricted Stock Unit Agreement. By accepting the Restricted Stock Units, the Participant acknowledges that the Participant has received and read the Plan and agrees to be bound by the terms, conditions, and restrictions set forth in the Plan, this Restricted Stock Unit Agreement, and the Company's policies, as in effect from time to time, relating to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The provisions of this Restricted Stock Unit Agreement shall survive the termination of this Award to the extent consistent with, or necessary to carry out, the purposes thereof.

17. **Section 409A.** It is intended that the Restricted Stock Units granted hereunder shall be exempt from Section 409A of the Code pursuant to the "short-term deferral" rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.

18. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Stock Units and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. **Transmission Acknowledgement.** To the extent necessary, the Participant authorizes, agrees and unambiguously consents to the transmission by the Company or any other member of the Company Group of any of the Participant's personal data related to the Award for legitimate business purposes (including, without limitation, the administration of the Plan). The Participant confirms and acknowledges that the Participant gives this authorization and consent freely.

20. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. In the event that any information regarding the Restricted Stock Units provided to the Participant through the third-party stock plan administrator's web portal or otherwise conflicts with any of the terms and conditions of this Restricted Stock Unit Agreement or the Plan (collectively, the "Restricted Stock Unit Governing Documents"), the Restricted Stock Unit Governing Documents shall control.

21. **Entire Agreement.** The Restricted Stock Unit Governing Documents constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

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**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)) 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. [Reserved];
  - 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: August 12, 2021

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 June 30, 2021 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: August 12, 2021

By: \_\_\_\_\_ /s/ Scott Staples  
**Scott Staples**  
**Chief Executive Officer**  
**(principal executive officer)**

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## 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 June 30, 2021 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: August 12, 2021

By: \_\_\_\_\_ /s/ David L. Gamsey

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

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