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

FORM 10-K/A
Amendment No. 2 to Form 10-K

(**Mark One**)

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

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 001-38531

Repay Holdings Corporation
(Exact name of Registrant as specified in its Charter)

Delaware	**98-1496050**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3 West Paces Ferry Road, Suite 200 Atlanta, GA	**30305**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (404) 504-7472

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	RPAY	The NASDAQ Stock Market LLC

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

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

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

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

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The NASDAQ Stock Market on June 30, 2019, was $269,094,000.

As of April 24, 2020, there were 40,401,264 shares of the registrant's Class A common stock, par value $0.0001 per share, outstanding (which number includes 2,562,645 of unvested restricted stock that have voting rights) and 100 shares of the registrant's Class V Common Stock, par value of $0.0001 per share, outstanding. As of Apri1 24, 2020, the holders of such outstanding shares of Class V common stock also hold 29,505,623 units in a subsidiary of the registrant and such units are exchangeable into shares of the registrant's Class A common stock on a one-for-one basis.

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EXPLANATORY NOTE

The sole purpose of this Amendment No. 2 (this “Amendment”) to the annual report on Form 10-K of Repay Holdings Corporation. (“we”, “us”, “our”) for the year ended December 31, 2019 and filed with the Securities and Exchange Commission on March 16, 2020, as amended on April 17, 2020 (the “Form 10-K”), is to correct the years covered by the audit report of our current auditor, Grant Thornton LLP, and to furnish the audit report of our former auditor, Warren Averett, LLC, on our financial statements for the year ended December 31, 2017, which audit report was erroneously omitted from Item 8 of the Form 10-K.

Other than in Item 8 and the updated exhibit list included in this Amendment, no other changes have been made to the Form 10-K. This Amendment continues to speak as of the filing date of the Form 10-K, does not reflect events that may have occurred subsequent to that date, and does not modify or update any related disclosures made in the Form 10-K.

We have included new certifications of our principal executive officer and principal financial officer with this Amendment pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Index to the Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Repay Holdings Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheet of Repay Holdings Corporation (a Delaware corporation) and subsidiaries (the "Company" or "Successor") as of December 31, 2019 and consolidated balance sheet of Hawk Parent Holdings LLC ("Predecessor") as of December 31, 2018, the related consolidated statements operations, comprehensive income, changes in equity, and cash flows for the periods from July 11, 2019 to December 31, 2019 (Successor), January 1, 2019 to July 10, 2019 (Predecessor), and the year ended December 31, 2018 (Predecessor), and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and the results of its operations and its cash flows for the period from July 11, 2019 to December 31, 2019 and the financial position of the Predecessor as of December 31, 2018, and the results of its operations and its cash flows for the period from January 1, 2019 to July 10, 2019, and the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Change in accounting principle

As discussed in Note 3 to the financial statements, the Company and the Predecessor have changed their method of accounting for revenue in 2019 due to the adoption of ASU 2014-09, Revenue from Contracts with Customers (ASC Topic 606).

Basis for opinion

These financial statements are the responsibility of the Company's and Predecessor's management. Our responsibility is to express an opinion on the Company's and Predecessor's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company and Predecessor are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's or Predecessor's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2018.

Philadelphia, Pennsylvania
March 16, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Members
of Hawk Parent Holdings LLC
Atlanta, Georgia

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, members' equity, and cash flows of Hawk Parent Holdings LLC for the year ended December 31, 2017. In our opinion, these consolidated financial statements present fairly, in all material respects, the results of operations and cash flows for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of Hawk Parent Holdings LLC's management. Our responsibility is to express an opinion on Hawk Parent Holdings LLC's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Hawk Parent Holdings LLC. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ Warren Averett, LLC

Birmingham, Alabama

November 28, 2018

REPAY HOLDINGS CORPORATION
Consolidated Balance Sheets
as of

	December 31, 2019 (Successor)	December 31, 2018 (Predecessor)
Assets		
Cash and cash equivalents	$ 24,617,996	$ 13,285,357
Accounts receivable	14,068,477	5,979,247
Related party receivable	563,084	—
Prepaid expenses and other	4,632,965	817,212
Total current assets	**43,882,522**	**20,081,816**
Property, plant and equipment, net	1,610,652	1,247,149
Restricted cash	13,283,121	9,976,701
Customer relationships, net of accumulated amortization	247,589,240	62,528,880
Software, net of amortization	61,219,143	5,170,748
Other intangible assets, net of accumulated amortization	24,241,505	523,133
Goodwill	389,660,519	119,529,202
Other assets	555,449	—
Total noncurrent assets	**738,159,629**	**198,975,813**
Total assets	**$ 782,042,151**	**$ 219,057,629**
Liabilities		
Accounts payable	$ 9,586,001	$ 2,909,378
Related party payable	14,571,266	—
Accrued expenses	15,965,683	12,837,826
Current maturities of long-term debt	5,500,000	4,900,000
Current tax receivable agreement	6,336,487	—
Total current liabilities	**51,959,437**	**20,647,204**
Long-term debt, net of current maturities	197,942,705	85,815,204
Line of credit	10,000,000	3,500,000
Tax receivable agreement	60,839,739	—
Deferred tax liability	768,335	—
Other liabilities	16,864	16,864
Total noncurrent liabilities	**269,567,643**	**89,332,068**
Total liabilities	**$ 321,527,080**	**$ 109,979,272**
Commitment and contingencies (Note 12)		
Members' Equity		**$ 109,078,357**
Class A common stock, $0.0001 par value; 2,000,000,000 shares authorized and 37,530,568 issued and outstanding as of December 31, 2019	$ 3,753	
Class V common stock, $0.0001 par value; 1,000 shares authorized and 100 shares issued and outstanding as of December 31, 2019	—	
Additional paid-in capital	307,914,346	
Accumulated other comprehensive income	313,397	
Accumulated deficit	(53,878,460)	
Total stockholders' equity	**$ 254,353,036**	
Equity attributable to noncontrolling interests	**206,162,035**	
Total liabilities and stockholders' equity and members' equity	**$ 782,042,151**	**$ 219,057,629**

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

REPAY HOLDINGS CORPORATION
Consolidated Statements of Operations

	From July 11, 2019 to December 31, 2019	From January 1, 2019 to July 10, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
	(Successor)	(Predecessor)		
Revenue				
Processing and service fees	$ 57,560,470	$ 47,042,917	$ 82,186,411	$ 57,062,810
Interchange and network fees	—	—	47,826,529	36,888,311
Total Revenue	**57,560,470**	**47,042,917**	**130,012,940**	**93,951,121**
Operating Expenses				
Interchange and network fees	—	—	47,826,529	36,888,311
Other costs of services	15,656,730	10,216,079	27,159,763	20,713,025
Selling general and administrative	45,758,335	51,201,322	29,097,302	14,604,261
Depreciation and amortization	23,756,888	6,222,917	10,421,000	7,456,438
Change in fair value of contingent consideration	—	—	(1,103,012)	(2,100,000)
Total operating expenses	**85,171,953**	**67,640,318**	**113,401,582**	**77,562,035**
Income (loss) from operations	**(27,611,483)**	**(20,597,401)**	**16,611,358**	**16,389,086**
Other income (expense)				
Interest expense	(5,921,893)	(3,145,167)	(6,072,837)	(5,706,232)
Change in fair value of tax receivable liability	(1,638,465)	—	—	—
Other income (expense)	(1,379,824)	38	(1,078)	(1,234,610)
Total other income (expenses)	**(8,940,182)**	**(3,145,129)**	**(6,073,915)**	**(6,940,842)**
Income (loss) before income tax expense	(36,551,665)	(23,742,530)	10,537,443	9,448,244
Income tax benefit	4,990,989	—	—	—
Net income (loss)	$ (31,560,676)	$ (23,742,530)	$ 10,537,443	$ 9,448,244
Less: Net income (loss) attributable to noncontrolling interests	$ (15,271,043)	—	—	—
Net income (loss) attributable to the Company	$ (16,289,633)	$ (23,742,530)	$ 10,537,443	$ 9,448,244
Earnings (loss) per Class A share:				
Basic and diluted	$ (0.46)			
Weighted-average shares outstanding:				
Basic and diluted	35,731,220			

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

REPAY HOLDINGS CORPORATION
Consolidated Statements of Comprehensive Income

	From July 11, 2019 to December 31, 2019	From January 1, 2019 to July 10, 2019	Year ended December 31, 2018	Year ended December 31, 2017
	(Successor)	(Predecessor)		
Net income (loss)	$ (31,560,676)	$ (23,742,530)	$ 10,537,443	$ 9,448,244
Other comprehensive income, before tax				
Change in fair value of designated cash flow hedges	555,449	—	—	—
Total other comprehensive income, before tax	555,449	—	—	—
Income tax related to items of other comprehensive income:				
Tax expense on change in fair value of designated cash flow hedges	(54,303)	—	—	—
Total income tax expense on related to items of other comprehensive income	(54,303)	—	—	—
Total other comprehensive income, net of tax	501,146	—	—	—
Total comprehensive income (loss)	$ (31,059,530)	$ (23,742,530)	$ 10,537,443	$ 9,448,244
Less: Comprehensive income (loss) attributable to noncontrolling interests	(15,027,371)	—	—	—
Comprehensive income (loss) attributable to the Company	$ (16,032,159)	$ (23,742,530)	$ 10,537,443	$ 9,448,244

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

REPAY HOLDINGS CORPORATION
Consolidated Statements of Changes in Equity

	Total Equity (Predecessor)
Balance at January 1, 2017	$ 99,460,583
Net income	9,448,244
Contributions by members	—
Stock based compensation	622,411
Distributions to members	(5,479,355)
Balance at December 31, 2017	**$ 104,051,883**
Net income	10,537,443
Contributions by members	—
Stock based compensation	796,967
Distributions to members	(6,307,936)
Balance at December 31, 2018	**$ 109,078,357**
Net income	(23,742,530)
Contributions by members	—
Stock based compensation	908,978
Distributions to members	(6,904,991)
Balance at July 10, 2019	**$ 79,339,814**

	Class A Common Stock		Class V Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Noncontrolling Interests
	Shares	Amount	Shares	Amount					
Balance at July 11, 2019	33,430,259	$ 3,343	100	$ —	$ 290,408,807	$ (37,588,827)	$ —	$ 252,823,323	$ 221,375,364
Release of Founder Shares	2,965,000	297		—	(297)	—	—	—	—
Release of share awards vested under 2019 Plan	1,135,291	114		—	(114)	—	—	—	—
Treasury shares repurchased		—			(4,507,544)			(4,507,544)	
Stock-based compensation		—		—	22,013,287	—	—	22,013,287	—
Warrant exercise	18	—			207			207	
Tax distribution from Hawk Parent		—		—	—	—	—	—	(185,957)
Net loss		—		—	—	(16,289,633)	—	(16,289,633)	(15,271,043)
Accumulated other comprehensive income		—		—	—	—	313,397	313,397	243,671
Balance at December 31, 2019	37,530,568	$ 3,753	100	$ —	$ 307,914,346	$ (53,878,460)	$ 313,397	$ 254,353,036	$ 206,162,035
(Successor)									

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

REPAY HOLDINGS CORPORATION
Consolidated Statements of Cash Flows

	July 11, 2019 to December 31, 2019 (Successor)	January 1, 2019 to July 10, 2019 (Predecessor)	Period Ended December 31, 2018 (Predecessor)	Period Ended December 31, 2017 (Predecessor)
Cash flows from operating activities				
Net income (loss)	$ (31,560,676)	$ (23,742,530)	$ 10,537,443	$ 9,448,244
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	23,756,888	6,222,917	10,421,000	7,456,438
Stock based compensation	22,013,287	908,978	796,967	622,411
Amortization of debt issuance costs	570,671	215,658	407,403	239,190
Loss on unamortized deferred loan costs	—	—	—	753,958
Loss on disposal of property and equipment	—	—	16,827	7,970
Fair value change in tax receivable liability	1,638,465	—	—	—
Gain on change in contingent consideration	—	—	(1,103,012)	—
Provision for (reduction in) bad debt expense	—	—	—	(2,900)
Deferred tax expense	(4,990,989)	—	—	—
Change in accounts receivable	779,008	(4,614,620)	(1,534,285)	(1,049,161)
Change in related party receivable	(563,084)	—	—	—
Change in prepaid expenses and other	(3,579,300)	(73,533)	(394,127)	(95,410)
Change in accounts payable	2,656,630	1,297,035	1,502,090	90,322
Change in related party payable	14,571,266	—	—	—
Change in accrued expenses and other	(12,356,519)	28,136,310	3,526,470	3,672,100
Net cash provided by operating activities	**12,935,647**	**8,350,215**	**24,176,776**	**21,143,162**
Cash flows from investing activities				
Purchases of property and equipment	(498,513)	(203,026)	(913,498)	(448,601)
Purchases of software	(3,375,751)	(3,842,744)	(4,884,457)	(2,988,875)
Acquisition of Hawk Parent, net of cash and restricted cash acquired	(242,599,551)	—	—	—
Acquisition of TriSource, net of cash and restricted cash acquired	(59,160,005)	—	—	—
Acquisition of APS Payments, net of cash and restricted cash acquired	(29,450,022)	—	—	—
Net cash used in investing activities	**(335,083,842)**	**(4,045,770)**	**(5,797,955)**	**(3,437,476)**
Cash flows from financing activities				
Change in line of credit	6,500,000	—	3,000,000	500,000
Issuance of long-term debt	210,000,000	—	—	58,873,301
Payments on long-term debt	(90,862,500)	(2,450,000)	(4,900,000)	(50,850,000)
Private placement issuance of Class A Common Stock	135,000,000	—	—	(10,000,000)
Repurchase of treasury stock	(4,507,544)	—	—	—
Issuance of warrants	207	—	—	—
Repurchase of outstanding warrants	(38,700,000)	—	—	—
Conversion of Thunder Bridge Class A ordinary shares to Class A Common Stock	148,870,571	—	—	—
Distributions to Members	(185,957)	(6,904,991)	(6,307,935)	(5,479,355)
Payment of loan costs	(6,065,465)	—	—	(2,037,014)
Net cash provided (used) by financing activities	**360,049,312**	**(9,354,991)**	**(8,207,935)**	**(8,993,068)**
Increase (decrease) in cash, cash equivalents and restricted cash	**37,901,117**	**(5,050,546)**	**10,170,886**	**8,712,618**
Cash, cash equivalents and restricted cash at beginning of period	**$ —**	**$ 23,262,058**	**$ 13,091,172**	**$ 4,378,554**
Cash, cash equivalents and restricted cash at end of period	**$ 37,901,117**	**$ 18,211,512**	**$ 23,262,058**	**$ 13,091,172**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the year for:				
Interest	$ 5,351,222	$ 2,929,509	$ 5,665,434	$ 5,467,042

REPAY HOLDINGS CORPORATION
Consolidated Statements of Cash Flows

	July 11, 2019 to December 31, 2019 (Successor)	January 1, 2019 to July 10, 2019 (Predecessor)	Period Ended December 31, 2018 (Predecessor)	Period Ended December 31, 2017 (Predecessor)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Acquisition of Hawk Parent in exchange for Class A Common Stock	$220,056,226			
Acquisition of Hawk Parent in exchange for amounts payable under Tax Receivable Agreement	$65,537,761			
Acquisition of Hawk Parent in exchange for contingent consideration	$12,300,000			
Acquisition of TriSource in exchange for contingent consideration	$2,250,000			
Acquisition of APS Payments in exchange for contingent consideration	$12,000,000			
Acquisition of Wildcat Acquisition, LLC in exchange for contingent consideration				$4,829,000
Acquisition of Marlin Acquirer, LLC in exchange for contingent consideration				$34,297,699

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

1. Organizational Structure and Corporate Information

Repay Holdings Corporation was incorporated as a Delaware corporation on July 11, 2019 in connection with the closing of a transaction (the "Business Combination") pursuant to which Thunder Bridge Acquisition Ltd., a special purpose acquisition company organized under the laws of the Cayman Islands ("Thunder Bridge"), (a) domesticated into a Delaware corporation and changed its name to "Repay Holdings Corporation" and (b) consummated the merger of a wholly owned subsidiary with and into Hawk Parent Holdings, LLC, a Delaware limited liability company ("Hawk Parent").

Throughout this section, unless otherwise noted or unless the context otherwise requires, the terms "we", "us", "Repay" and the "Company" and similar references refer (1) before the Business Combination, to Hawk Parent and its consolidated subsidiaries and (2) from and after the Business Combination, to Repay Holdings Corporation and its consolidated subsidiaries. Throughout this section, unless otherwise noted or unless the context otherwise requires, "Thunder Bridge" refers to Thunder Bridge Acquisition. Ltd. prior to the consummation of the Business Combination.

We are headquartered in Atlanta, Georgia. Our legacy business was founded as M & A Ventures, LLC, a Georgia limited liability company doing business as REPAY: Realtime Electronic Payments ("REPAY LLC"), in 2006 by current executives John Morris and Shaler Alias. Hawk Parent was formed in 2016 in connection with the acquisition of a majority interest in the successor entity of REPAY LLC and its subsidiaries (the "2016 Recapitalization") by certain investment funds sponsored by, or affiliated with, Corsair Capital LLC ("Corsair").

Business Overview

We provide integrated payment processing solutions to industry-oriented markets in which businesses have specific transaction processing needs. We refer to these markets as "vertical markets" or "verticals." Our proprietary, integrated payment technology platform reduces the complexity of the electronic payments process for business. We charge our customers processing fees based on the volume of payment transactions processed and other transaction or service fees. We intend to continue to strategically target verticals where we believe our ability to tailor payment solutions to our customers' needs, our deep knowledge of our vertical markets and the embedded nature of our integrated payment solutions will drive strong growth by attracting new customers and fostering long-term customer relationships.

We provide payment processing solutions to customers primarily operating in the personal loans, automotive loans, receivables management, and business-to-business verticals. Our payment processing solutions enable consumers and businesses in these verticals to make payments using electronic payment methods, rather than cash or check, which have historically been the primary methods of payment in these verticals. We believe that a growing number of consumers and businesses prefer the convenience and efficiency of paying with cards and other electronic methods and that we are poised to benefit from the significant growth opportunity of electronic payment processing as these verticals continue to shift from cash and check to electronic payments. The personal loans vertical is predominately characterized by installment loans, which are typically utilized by consumers to finance everyday expenses. The automotive loans vertical predominantly includes subprime automotive loans, automotive title loans and automotive buy-here-pay-here loans and also includes near-prime and prime automotive loans. Our receivables management vertical relates to consumer loan collections, which typically enter the receivables management process due to delinquency on credit card bills or as a result of major life events, such as job loss or major medical issues. The business-to-business vertical relates to transactions occurring between a wide variety of enterprise customers, many of which operate in the manufacturing, wholesale, and distribution industries.

Our go-to-market strategy combines direct sales with integrations with key software providers in our target verticals. The integration of our technology with key software providers in the verticals that we serve, including loan management systems, dealer management systems, collection management systems, and enterprise resource planning software systems, allows us to embed our omni-channel payment processing technology into our customers' critical workflow software and ensure seamless operation of our solutions within our customers' enterprise management systems. We refer to these software providers as our "software integration partners." This integration allows our sales force to readily access new customer opportunities or respond to inbound leads because, in many cases, a business will prefer, or in some cases only consider, a payments provider that has already integrated or is able to integrate its solutions with the business' primary enterprise management system. We have successfully integrated our technology solutions with numerous, widely-used enterprise management systems in the verticals that we serve, which makes our platform a more compelling choice for the businesses that use them. Moreover, our relationships with our partners help us to develop deep industry knowledge regarding trends in customer needs. Our integrated model fosters long-term relationships with our customers, which supports our volume retention rates that we believe are above industry averages. As of December 31, 2019, we maintained approximately 70 integrations with various software providers.

2. Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Repay Holdings Corporation, the majority-owned Hawk Parent Holdings LLC and its wholly owned subsidiaries: Hawk Intermediate Holdings, LLC, Hawk Buyer Holdings, LLC, Repay Holdings, LLC, M&A Ventures, LLC, Repay Management Holdco Inc., Repay Management Service LLC, Sigma Acquisition, LLC, Wildcat Acquisition, LLC, Marlin Acquirer, LLC, REPAY International LLC, REPAY Canada ULC, TriSource Solutions, LLC and Mesa Acquirer, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Financial Statement Presentation

The accompanying consolidated financial statements of the Company were prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The Company uses the accrual basis of accounting whereby revenues are recognized when earned, usually upon the date services are rendered, and expenses are recognized at the date services are rendered or goods are received.

Use of Estimates

The preparation of financial statements in conformity 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 consolidated statements of operations during the reporting period. Actual results could differ materially from those estimates.

Segment Reporting

Operating segments are defined as components of an enterprise about which discrete financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in making decisions on how to allocate resources and assess performance for the organization. The Company's chief decision maker is the Chief Executive Officer. The Company's chief decision maker reviews consolidated operating results to make decisions about allocating resources and assessing performance for the entire Company. Accordingly, the Company has determined that it has one operating segment; Merchant services.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposit accounts, and short-term investments with original maturities of three months or less. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Restricted Cash

Restricted cash consists of funds required to serve as security for services rendered by a service provider under a service provider agreement.

Accounts Receivable

Accounts receivable represent amounts due from customers and payment processors for services rendered less estimated allowances for doubtful accounts. The Company maintains a policy for reserving for uncollectible accounts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against operations. Based on management's assessment, no allowance for doubtful accounts has been recorded as of December 31, 2019 or 2018.

Concentration of Credit Risk

The Company is highly diversified, and no single merchant represents greater than 10% of the business on a volume or profit basis.

Earnings per Share

Basic earnings per share of Class A common stock is computed by dividing net income attributable to the Company by the weighted average number of shares of Class A common stock outstanding during the period. Diluted earnings per share of Class A common stock is computed by dividing net income attributable to the Company, adjusted for the assumed exchange of all Post-Merger Repay Units, by the weighted average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive elements.

The Predecessor's LLC membership structure included several different types of LLC interests including ownership interests and profits interests. The Company analyzed the calculation of earnings per unit by using the two-class method and determined that it resulted in values that would not be meaningful to the users of these consolidated financial statements. Therefore, the Predecessor's earnings per share information has not been presented for any period.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and includes expenditures which substantially increase the useful lives of existing property and equipment. Maintenance, repairs, and minor renovations are charged to operations as incurred. When property and equipment is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from their respective accounts, and any gain or loss on the disposition is credited or charged to operations.

The Company provides for depreciation of property and equipment using the straight-line method designed to amortize costs over estimated useful lives as follows:

	Estimated Useful Life
Furniture, fixtures, and office equipment	5 years
Computers	3 years
Leasehold improvements	5 years

Intangible Assets

Intangible assets consist of internal use software development costs, purchased software, channel relationships, customer relationships, certain key personnel non-compete agreements, and trade names. The Company is amortizing software development costs and purchased software on the straight-line method over a three-year estimated useful life, a ten-year estimated useful life for channel and customer relationships, and an estimated useful life for non-compete agreements equal to the term of the agreement. Trade names are determined to have an indefinite useful life. The Company evaluates the recoverability of intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment, and actual results may differ from assumed and estimated amounts. No indicators of impairment were identified in the periods ending December 31, 2019 and 2018.

Goodwill

Goodwill represents the excess of purchase price over tangible and intangible assets acquired less liabilities assumed arising from business combinations. Goodwill is generally allocated to reporting units based upon relative fair value (taking into consideration other factors such as synergies) when an acquired business is integrated into multiple reporting units. The Company's reporting units are at the operating segment level or one level below the operating segment level for which discrete financial information is prepared and regularly reviewed by management. When a business within a reporting unit is disposed of, goodwill is allocated to the disposed business using the relative fair value method. Relative fair value is estimated using a discounted cash flow analysis.

The Company determined that no impairment of goodwill existed as of the last testing date, December 31, 2019. Future impairment reviews may require write-downs in the Company's goodwill and could have a material adverse impact on the Company's operating results for the periods in which such write-downs occur.

Revenue

Repay provides integrated payment processing solutions to niche markets that have specific transaction processing needs; for example, personal loans, automotive loans, and receivables management. The Company contracts with its customers through contractual agreements that set forth the general terms and conditions of the service relationship, including rights of obligations of each party, line item pricing, payment terms and contract duration. Most of our revenues are derived from volume-based payment processing fees (“discount fees”) and other related fixed per transaction fees. Discount fees represent a percentage of the dollar amount of each credit or debit transaction processed and include fees relating to processing and services that we provide. As our customers process increased volumes of payments, our revenues increase as a result of the fees we charge for processing these payments.

The Company’s performance obligations in its contracts with customers is the promise to stand-ready to provide front-end authorization and back-end settlement payment processing services ("processing services") for an unknown or unspecified quantity of transactions and the consideration received is contingent upon the customer’s use (e.g., number of transactions submitted and processed) of the related processing services. Accordingly, the total transaction price is variable. These services are stand-ready obligations, as the timing and quantity of transactions to be processed is not determinable. Under a stand-ready obligation, the Company’s performance obligation is satisfied over time throughout the contract term rather than at a point in time. Because the service of standing ready to perform processing services is substantially the same each day and has the same pattern of transfer to the customer, the Company has determined that its stand-ready performance obligation comprises a series of distinct days of service. Discount fees and other fixed per transaction fees are recognized each day using a time-elapsed output method based on the volume or transaction count at the time the merchants’ transactions are processed.

Revenues are also derived from transaction or service fees (e.g. chargebacks, gateway) as well as other miscellaneous service fees. These services are considered immaterial in the overall context of our contractual arrangements and, as such, do not represent distinct performance obligations. Instead, the fees associated with these services are bundled with the processing services performance obligation identified.

The transaction price for such processing services are determined, based on the judgment of the Company’s management, considering factors such as margin objectives, pricing practices and controls, customer segment pricing strategies, the product life cycle and the observable price of the service charged to similarly situated customers.

The Company follows the requirements of Topic 606-10-55-36 through -40, *Revenue from Contracts with Customers, Principal Agent Considerations*, in determining the gross versus net revenue recognition for performance obligation(s) in the contract with a customer. Revenue recorded with by the Company in the capacity as a principal is reported at on a gross basis equal to the full amount of consideration to which the Company expects in exchange for the good or service transferred. Revenue recorded with the Company acting in the capacity of an agent is reported on a net basis, exclusive of any consideration provided to the principal party in the transaction.

The principal versus agent evaluation is matter of judgment that depends on the facts and circumstances of the arrangement and is dependent on whether the Company controls the good or service before it is transferred to the customer or whether the Company is acting as an agent of a third party. This evaluation is performed separately for each performance obligation identified.

Interchange and network fees

Within its contracts with customers, the Company incurs interchange and network pass-through charges from the third-party card issuers and payment networks, respectively, related to the provision of payment authorization and routing services. The Company has determined that it is acting as an agent with respect to these payment authorization and routing services, based the fact that the Company has no discretion over which card-issuing bank or payment network will be used to process a transaction and is unable to direct the activity of the merchant to another card-issuing bank or payment network. As such, the Company views the card-issuing bank and the payment network as the principal for these performance obligations, as these parties are primarily responsible for fulfilling these promises to the merchant. Therefore, revenue allocated to the payment authorization performance obligation is presented net of interchange and card network fees paid to the card issuing banks and card networks, respectively, for the three months and year ended December 31, 2019, in connection with the adoption of ASC 606.

Indirect relationships

As a result of its past acquisitions, the Company has legacy relationships with ISO, whereby the Company acts as the merchant acquirer for the ISO. The ISO maintains a direct relationship with the sponsor bank and the transaction processor, rather than the Company. Consequently, the Company recognizes revenue for these relationships net of the residual amount remitted to the ISO, based on the fact that the ISO is primarily responsible for providing the transaction processing services to the merchant. The Company is not focused on this sales model, and it does not believe this relationship will represent an increasingly smaller portion of the business over time.

Transaction Costs

The Company expenses all transactions costs as incurred and are included in selling, general, and administrative expenses in the condensed consolidated statements of operations. For the period from July 11, 2019 to December 31, 2019 the Successor incurred $4.5 million of transaction costs for closed and pending transactions. The Predecessor incurred transaction costs of $34.9 million for the period from January 1, 2019 to July 10, 2019. For the years ended December 31, 2018 and 2017, the Predecessor incurred transaction costs of $4.0 million and $0.8 million of transaction costs, respectively.

Equity Units Awarded

The Repay Holdings Corporation 2019 Omnibus Incentive Plan (the “2019 Plan”) provides for the grant of various equity-based incentive awards to employees, directors, consultants and advisors to the Company. The types of equity-based awards that may be granted under the 2019 Plan include: stock options, stock appreciation rights (“SARs”), restricted stock awards (“RSAs”), restricted stock units (“RSUs”), and other stock-based awards. As of December 31, 2019, there were 7,326,728 shares of Class A common stock reserved for issuance under the 2019 Plan.

The Company accounts for stock-based compensation for employees and directors in accordance with ASC 718, Compensation (“ASC 718”). ASC 718 requires all share-based payments to employees, to be recognized in the statement of operations based on their fair values. Under the provisions of ASC 718, stock-based compensation costs are measured at the grant date, based on the fair value of the award, and are recognized as expense over the employee’s requisite or derived service period.

The Predecessor accounted for profit units awarded to management based on the fair value of the awards on the date of the grant and recognized compensation expense for those awards over the requisite service period. The profits units were fully vested as of the Closing.

The fair value of the RSAs and RSUs granted under the 2019 Plan and the profit interests granted under the profit unit plan of the Predecessor is estimated on the grant date using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, expected volatility, an appropriate risk-free interest rate, and the expected life of the option. Forfeitures are accounted for as they occur.

Debt Issuance Costs

The Company accounts for debt issuance costs according to the Financial Accounting Standards Board Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the debt.

Fair Value of Financial Instruments

The Company accounts for fair value measurements in accordance with ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or the price paid to transfer a liability as of the measurement date. A three-tier, fair-value reporting hierarchy exists for disclosure of fair value measurements based on the observability of the inputs to the valuation of financial assets and liabilities. The three levels are:

- 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 in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable in active exchange markets.

The carrying value of the Company’s financial instruments, including cash and cash equivalents, restricted cash and processing assets and liabilities approximated their fair values as of December 31, 2019 and 2018, because of the relatively short maturity dates on these instruments. The carrying amount of debt approximates fair value as of December 31, 2019 and 2018, because interest rates on these instruments approximate market interest rates.

Taxation

Income taxes are provided for in accordance with ASC 740. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to net operating losses, tax credits, and temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period of the enactment date. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company reports a liability or a reduction of deferred tax assets for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. When applicable, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense.

Noncontrolling interest

As of July 11, 2019, the Company held a 55.9% interest in Hawk Parent. The noncontrolling interest, for the period from July 11, 2019 to December 31, 2019, in the net loss of subsidiaries was $15.3 million.

Contingent Consideration

The Company estimates and records the acquisition date estimated fair value of contingent consideration as part of purchase price consideration for acquisitions. Additionally, each reporting period, the Company estimates changes in the fair value of contingent consideration, and any change in fair value is recognized in the consolidated income statements. An increase in the contingent consideration expected to be paid will result in a charge to operations in the period that the anticipated fair value of contingent consideration increases, while a decrease in the earn-out expected to be paid will result in a credit to operations in the period that the anticipated fair value of contingent consideration decreases. The estimate of the fair value of contingent consideration requires subjective assumptions to be made of future operating results, discount rates, and probabilities assigned to various potential operating result scenarios.

Emerging Growth Company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended, (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Recently Adopted Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (“Topic 606” or “ASC 606”), a comprehensive new revenue recognition standard that superseded nearly all legacy revenue recognition guidance under U.S. GAAP. The standard’s core principle is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The guidance may be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initial application recognized at the date of initial application (“modified retrospective method”) for fiscal years beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year for private or emerging growth companies, making it effective for the Company in annual reporting periods beginning after December 15, 2018, and interim periods beginning after December 15, 2019.

The Company adopted Topic 606 on January 1, 2019, using the modified retrospective method and applying the standard to all contracts not completed on the date of adoption. Results for the reporting period beginning January 1, 2019 are presented under ASC 606, while prior period amounts continue to be reported in accordance with the Company's historic accounting practices under previous guidance.

The primary impact to the Company’s consolidated financial statements as a result of the adoption of ASC 606 is a change in total revenue attributable to the presentation of interchange, network and other fees on a net basis, driven by changes in principal and agent considerations, as compared to previously being presented on a gross basis. Under the modified retrospective method, the Company has not restated its comparative consolidated financial statements for these effects.

Refer to Note 3, *Revenue*, for more detail on the impact of the Company's adoption of ASC 606.

Business Combinations

In January 2017, FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business ("ASU 2017-01")*. The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill and consolidation. The standard is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. The Company has adopted with the update, effective January 1, 2018. There was no material impact on the consolidated financial statements.

Intangibles – Goodwill and Other

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The ASU simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value of the reporting unit and the carrying value of the reporting unit. The ASU also clarifies the treatment of the income tax effect of tax-deductible goodwill when measuring goodwill impairment loss. ASU 2017-04 will be effective for the Company beginning on November 1, 2022. The amendment must be applied prospectively with early adoption permitted. The Company elected to early adopt the amendment for the year ended December 31, 2017, which did not have a material impact on the consolidated financial statements.

Statement of Cash Flows

We adopted ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash on January 1, 2019, using the retrospective method. The most notable change relates to the treatment of balances we consider to be "restricted cash." The amendments in this update required that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

Fair Value Measurement

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements on fair value measurements in Topic 820. After the adoption of ASU 2018-13, an entity will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; the policy for timing of transfers between levels; the valuation processes for Level 3 fair value measurements.

ASU 2018-13 is effective for the Company's annual period beginning after December 15, 2019. The amendments on changes in unrealized gains and losses should be applied prospectively for only the most recent period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented on their effective date. Early adoption is permitted, and an entity also is permitted to early adopt any removed or modified disclosures on issuance of ASU 2018-13, and delay adoption of the additional disclosures until their effective date. After adopting ASU 2018-13, there was no material effect on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements not yet Adopted

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Subtopic 842)*. The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU require that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their balance sheets, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP.

The effective date of this ASU for emerging growth companies is for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Management is currently assessing the impact this ASU will have on its consolidated financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* which significantly changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life, instead of when incurred. The changes (as amended) are effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is considered an emerging growth company and has elected to use the extended transition period provided for such companies. As a result, the Company will not be required to adopt ASU No. 2016-13 until January 1, 2023. The Company is currently evaluating the impact of the adoption of this principle on the Company's consolidated financial statements.

Accounting for Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, "*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU No. 2019-12"). ASU No. 2019-12 simplifies the accounting for income taxes, eliminates certain exceptions within *Income Taxes (Topic 740),* and clarifies certain aspects of the current guidance to promote consistency among reporting entities, and is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. Most amendments within ASU No. 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is currently in the process of evaluating the effects of ASU No. 2019-12 on its consolidated financial statements, including potential early adoption.

Reclassification

Certain amounts in the consolidated financial statements have been reclassified from their original presentation to conform to current year presentation. These reclassifications had no material impact on the consolidated financial statements as previously reported.

3. Revenue

The tables below show the effects of the adoption of Topic 606 on the Company's consolidated statements of operations for the three month period and year ended December 31, 2019:

(in thousands)	July 11, 2019 to December 31, 2019 (Successor) As Reported under ASC 606	Impact of ASC 606	Excluding Impact of Adoption	January 1, 2019 to July 10, 2019 (Predecessor) As Reported under ASC 606	Impact of ASC 606	Excluding Impact of Adoption	2019 Combined Including Impact of Adoption	2019 Combined Excluding Impact of Adoption
Revenue								
Processing and service fees	$57,560	$(1,254)	$58,815	$47,043	$(2,358)	$49,401	$104,603	$108,216
Interchange and network fees	-	(27,593)	27,593	-	(29,989)	29,989	-	57,582
Total Revenue	**57,560**	**(28,847)**	**86,407**	**47,043**	**(32,347)**	**79,390**	**104,603**	**165,797**
Operating Expense								
Interchange and network fees	-	(27,593)	27,593	-	(29,989)	29,989	-	57,582
Other Cost of Services	15,657	(1,254)	16,911	10,216	(2,358)	12,574	25,873	29,485
Selling general and administrative	45,758	-	45,758	51,201	-	51,201	96,960	96,960
Depreciation and amortization	23,757	-	23,757	6,223	-	6,223	29,980	29,980
Change in fair value of contingent consideration	-	-	-	-	-	-	-	-
Total Operating Expenses	**85,172**	**(28,847)**	**114,019**	**67,640**	**(32,347)**	**99,987**	**152,812**	**214,006**
Income (Loss) from Operations	**$(27,611)**	**$-**	**$(27,611)**	**$(20,597)**	**$-**	**$(20,597)**	**$(48,209)**	**$(48,209)**

Disaggregation of revenue

The table below presents a disaggregation of revenue by direct and indirect relationships.

	From July 11, 2019 to December 31, 2019 (Successor)	From January 1, 2019 to July 10, 2019 (Predecessor)
Revenue		
Direct relationships	$56,370,029	$45,693,961
Indirect relationships	1,190,440	1,348,956
Total Revenue	**$57,560,470**	**$47,042,917**

Contract Costs

The incremental costs of obtaining a contract are recognized as an asset if the cost is incremental to obtaining a contract, and whether the costs are recoverable from the client. If both criteria are not met, costs are expensed as incurred. If the amortization period of the capitalized commission cost asset is less than one year, the Company may elect a practical expedient per ASC 340-40-25-4 to expense commissions as incurred. The amortization period is consistent with the concept of useful life under other accounting guidance, which is defined as the period over which an asset is expected to contribute directly or indirectly to future cash flows.

The Company currently incurs costs to obtain a contract through payments made to external referral partners. Commission payments are made to the external referral partner on a monthly basis based on a percentage of the profit on the contract, for as long as the customer and the external referral partner have agreements with the Company. Any capitalized commission cost assets have an amortization period of one year or less, therefore the Company utilizes the practical expedient to expense commissions as incurred.

Costs to fulfill contracts with customers either give rise to an asset or are expensed as incurred. If the cost is not already covered by other applicable accounting literature, fulfilment costs are capitalized to the extent they directly relate to a specific contract, are used to generate or enhance resources used in satisfying performance obligations and are expected to be recovered. The Company does not have any costs incurred to fulfill a contract.

Practical Expedients

The Company has utilized the portfolio approach practical expedient per Topic 606-10-10-4, which allows the application of Topic 606 to a portfolio of contracts with similar characteristics provided the accounting does not differ materially to application of Topic 606 to the individual contract.

The Company has also utilized the practical expedient for immaterial goods and services per Topic 606-10-25-16A, which permits the Company not to recognize a promised good or service as a performance obligation if it is considered an immaterial promise in the context of the contract.

4**. Earnings per share**

During the Successor period from July 11, 2019 to December 31, 2019, basic and diluted net loss per common share are the same since the inclusion of the assumed exchange of all Post-Merger Repay Units, unvested restricted share awards and all warrants would have been anti-dilutive.

The following table summarizes net loss attributable to the Company and the weighted average basic and basic and diluted shares outstanding during the Successor period from July 11, 2019 to December 31, 2019:

		July 11, 2019 to December 31, 2019
Loss before income tax expense	$	(36,551,665)
Less: Net loss attributable to noncontrolling interests		(15,271,043)
Income tax benefit		4,990,989
Net loss attributable to the Company	$	(16,289,633)
Weighted average shares of Class A common stock outstanding - basic and diluted		35,731,220
Loss per share of Class A common stock outstanding - basic and diluted	$	(0.46)

For the Successor period, the following common stock equivalent shares were excluded from the computation of the diluted loss per share, since their inclusion would have been anti-dilutive:

Post-Merger Repay Units exchangeable for Class A common stock	21,985,297
Earn-out Post-Merger Repay Units exchangeable for Class A common stock	7,500,000
Dilutive warrants exercisable for Class A common stock	1,816,890
Unvested restricted share awards of Class A common stock	1,731,560
Share equivalents excluded from earnings (loss) per share	33,033,747

Shares of the Company’s Class V common stock do not participate in the earnings or losses of the Company and, therefore, are not participating securities. As such, separate presentation of basic and diluted earnings per share of Class V common stock under the two-class method has not been presented.

5. Business combinations

Hawk Parent Holdings LLC

Thunder Bridge and Hawk Parent entered into the Merger Agreement effective as of January 21, 2019 and announced consummation of the transactions contemplated by the Merger Agreement on July 11, 2019. Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, at the Closing, (a) Thunder Bridge effected the domestication to become a Delaware corporation and (b) a wholly-owned subsidiary of Thunder Bridge merged with and into Hawk Parent, with Hawk Parent continuing as the surviving entity and becoming a subsidiary of the Company (with Thunder Bridge receiving membership interests in Hawk Parent as the surviving entity and becoming the managing member of the surviving entity). At the effective time of the Business Combination, Thunder Bridge changed its corporate name to “Repay Holdings Corporation” and all outstanding securities of Hawk Parent converted into the right to receive the consideration specified in the Merger Agreement.

Each member of Hawk Parent received in exchange for their limited liability interests (i) one share of Class V common stock of the Company and (ii) a pro rata share of (A) non-voting limited liability units of Hawk Parent as the surviving entity, referred to as Post-Merger Repay Units, (B) certain cash consideration, and (C) the contingent right to receive certain additional Post-Merger Repay Units issued as an earn-out under the Merger Agreement after the Closing ("Earn-Out Units"). Shares of Class A common stock of the Company will provide the holder with voting and economic rights with respect to the Company as a holder of common stock. Each share of Class V common stock of the Company entitles the holder to vote as a stockholder of the Company, with the number of votes equal to the number of Post-Merger Repay Units held by the holder but provides no economic rights to the holder. At any time after the six month anniversary of the Closing, pursuant to the terms of the Exchange Agreement, each holder of a Post-Merger Repay Unit will be entitled to exchange such unit for one share of Class A common stock of the Company.

The amount of cash consideration paid to selling Hawk Parent members at the Closing was equal to the following: (i) the total cash and cash equivalents of Thunder Bridge (including funds in its trust account after the redemption of its public stockholders and the proceeds of any debt or equity financing), *minus* (ii) the amount of Thunder Bridge's unpaid expenses and obligations, *plus* (iii) the cash and cash equivalents of Hawk Parent as of immediately prior to the effective time of the Business Combination (excluding restricted cash), minus (iv) the amount of unpaid transaction expenses of Hawk Parent as of the Closing, *minus* (v) the amount of the indebtedness and other debt-like items of Hawk Parent and its subsidiaries as of the Closing, *minus* (vi) the amount of change of control and similar payments payable to employees of Hawk Parent in connection with the Business Combination, *minus* (vii) an amount of cash reserves equal to $10,000,000, *minus* (viii) a cash escrow of $150,000, *minus* (ix) an amount equal to $2,000,000 to be held by a representative of the selling Hawk Parent members, *minus* (x) the cash payment required in connection with the Warrant Amendment, *minus* (xi) an amount required to be deposited on the balance sheet of Hawk Parent in connection with the Business Combination.

Pursuant to a Tax Receivable Agreement ("TRA") between the Company and the selling Hawk Parent members, the Company will pay to exchanging holders of Post-Merger Repay Units 100% of the tax savings that the Company realizes as a result of increases in tax basis in the Company's assets as a result of the exchange of the Post-Merger Repay Units for shares of Class A common stock pursuant to the Exchange Agreement between the Company and the Class A unit holders of Hawk Parent Holdings LLC, excluding the Company, dated as of July 11, 2019, and certain other tax attributes of Repay and tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA.

Hawk Parent constitutes a business, with inputs, processes, and outputs. Accordingly, the Business Combination constitutes the acquisition of a business for purposes of ASC 805 and, due to the changes in control from the Business Combination, is accounted for using the acquisition method. Under the acquisition method, the acquisition date fair value of the gross consideration paid by Thunder Bridge to close the Business Combination was allocated to the assets acquired and the liabilities assumed based on their estimated fair values.

The following summarizes the preliminary purchase consideration paid to the selling members of Hawk Parent:

Cash Consideration	$	260,811,062
Unit Consideration (1)		220,452,964
Contingent consideration (2)		12,300,000
Tax receivable agreement liability (3)		65,537,761
Net working capital adjustment		(396,737)
Total purchase price	$	558,705,050

(1) The Company issued 22,045,297 shares of Post-Merger Repay Units valued at $10.00 per share as of July 11, 2019.

(2) Reflects the fair value of Earn-Out Units, the contingent consideration paid to the selling members of Hawk Parent, pursuant to the Merger Agreement. The Company reflected this as noncontrolling interests on its balance sheet. The Repay Unitholders received 7,500,000 Earn-Out Units based on the stock price of the Company.

(3) Represents liability with an estimated fair value of $65.5 million as a result of the TRA. If all the Post-Merger Repay Units are ultimately exchanged, the liability will significantly increase based on a variety of factors present at the time of exchange including, but not limited to, the market price at the time of the exchange. If the Company were to elect to terminate the Tax Receivable Agreement early, the Company would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits.

The Company recorded an allocation of the purchase price to Hawk Parent's tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the July 11, 2019 closing date. The preliminary purchase price allocation is as follows:

Cash and cash equivalents	$	11,281,078
Accounts receivable		10,593,867
Prepaid expenses and other current assets		890,745
Total current assets		22,765,690
Property, plant and equipment, net		1,167,872
Restricted cash		6,930,434
Identifiable intangible assets		301,000,000
Total identifiable assets acquired		331,863,996
Accounts payable		(4,206,413)
Accrued expenses		(8,831,363)
Accrued employee payments		(6,501,123)
Other liabilities		(16,864)
Repay debt assumed		(93,514,583)
Net identifiable assets acquired		218,793,650
Goodwill		339,911,400
Total purchase price	$	558,705,050

The preliminary values allocated to identifiable intangible assets and their estimated useful lives are as follows:

Identifiable intangible assets		Fair Value (in millions)	Useful life (in years)
Non-compete agreements	$	3.0	2
Trade names		20.0	Indefinite
Developed technology		65.0	3
Merchant relationships		210.0	10
Channel relationships		3.0	10
	$	301.0	

Goodwill, $339.9 million, represents the excess of the gross consideration transferred over the fair value of the underlying net tangible and identifiable intangible assets acquired. Qualitative factors that contribute to the recognition of goodwill include certain intangible assets that are not recognized as separate identifiable intangible assets apart from goodwill. Intangible assets not recognized apart from goodwill consist primarily of the strong market position and the assembled workforce of Hawk Parent.

The Successor incurred $1.6 million of transaction expenses related to the Business Combination, from July 11, 2019 to December 31, 2019. The Predecessor incurred $34.7 million of transaction expenses from January 1 to July 10, 2019. Thunder Bridge incurred $16.2 million of transaction expenses, not reported in the Predecessor consolidated statement of operations, directly related to the Business Combination for the period from January 1, 2019 to July 10, 2019.

TriSource Solutions, LLC

On August 13, 2019, the Company acquired all of the ownership interests of TriSource Solutions, LLC. Under the terms of the Securities Purchase Agreement, between Repay Holdings, LLC and the direct and indirect owners of TriSource Solutions, LLC, as of August 13, 2019, the aggregate consideration paid at closing by Repay was approximately $60.2 million in cash. In addition to the closing consideration, the TriSource Purchase Agreement contains a performance based earnout based on future results of the acquired business, which could result in an additional payment to the former owners of TriSource of up to $5.0 million. The TriSource Acquisition was financed with a combination of cash on hand and committed borrowing capacity under the Company's existing credit facility. The TriSource Purchase Agreement contains customary representations, warranties and covenants by the Company and the former owners of TriSource, as well as a customary post-closing adjustment provision relating to working capital and similar items.

The following summarizes the preliminary purchase consideration paid to the selling members of TriSource:

Cash Consideration	$	60,235,090
Contingent consideration (1)		2,250,000
Total purchase price	$	62,485,090

(1) Reflects the fair value of Earn-Out Payment, the contingent consideration to be paid to the selling members of TriSource, pursuant to the TriSource Purchase Agreement. The selling members of TriSource will have the contingent earnout right to receive a payment of up to $5.0 million dependent upon the Gross Profit, as defined in the TriSource Purchase Agreement, for the period commencing on July 1, 2019 and ending on June 30, 2020.

The Company recorded a preliminary allocation of the purchase price to TriSource's tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the August 13, 2019 closing date. The preliminary purchase price allocation is as follows:

Cash and cash equivalents	$	383,236
Accounts receivable		2,290,441
Prepaid expenses and other current assets		95,763
Total current assets		2,769,440
Property, plant and equipment, net		215,739
Restricted cash		509,019
Identifiable intangible assets		30,500,000
Total identifiable assets acquired		33,994,198
Accounts payable		(1,621,252)
Accrued expenses		(756,117)
Net identifiable assets acquired		31,616,829
Goodwill		30,868,261
Total purchase price	$	62,485,090

The preliminary values allocated to identifiable intangible assets and their estimated useful lives are as follows:

Identifiable intangible assets		**Fair Value (in millions)**	**Useful life (in years)**
Non-compete agreements	$	0.4	2
Trade names		0.7	Indefinite
Developed technology		3.9	3
Merchant relationships		25.5	10
	$	30.5	

Goodwill, $30.9 million, represents the excess of the gross consideration transferred over the fair value of the underlying net tangible and identifiable intangible assets acquired. Qualitative factors that contribute to the recognition of goodwill include certain intangible assets that are not recognized as separate identifiable intangible assets apart from goodwill. Intangible assets not recognized apart from goodwill consist primarily of the strong market position and the assembled workforce of TriSource.

The Company incurred transaction expenses of $1.3 million from July 11, 2019 to December 31, 2019, related to the TriSource Acquisition. Since the date of the acquisition, TriSource has contributed $9.2 million to revenue and $1.1 million in net income to the Company's consolidated statement of operations.

APS Payments

On October 14, 2019, the Company acquired substantially all of the assets of APS Payments for $30.0 million in cash. In addition to the $30.0 million cash consideration, the APS selling equityholders may be entitled to a total of $30.0 million in three separate cash earnout payments, dependent on the achievement of certain growth targets.

The following summarizes the preliminary purchase consideration paid to the selling members of APS Payments:

Cash Consideration	$	30,000,000
Contingent consideration (1)		12,000,000
Total purchase price	$	42,000,000

(1) Reflects the fair value of Earn-Out Payment, the contingent consideration to be paid to the selling members of APS Payments, pursuant to the APS Payments Purchase Agreement. The selling members of APS Payments will have the contingent earnout right to receive a payment of up to $30.0 million dependent on the achievement of certain growth targets, as defined in the APS Payments Purchase Agreement, for the period commencing on October 12, 2019 and ending on December 31, 2020.

The Company recorded a preliminary allocation of the purchase price to APS Payments' tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the October 11, 2019 closing date. The preliminary purchase price allocation is as follows:

Cash and cash equivalents	$	—
Accounts receivable		1,963,177
Prepaid expenses and other current assets		67,158
Total current assets		2,030,335
Property, plant and equipment, net		159,553
Restricted cash		549,978
Identifiable intangible assets		21,500,000
Total identifiable assets acquired		24,239,865
Accounts payable		(1,101,706)
Accrued expenses		(19,018)
Net identifiable assets acquired		23,119,142
Goodwill		18,880,858
Total purchase price	$	42,000,000

The preliminary values allocated to identifiable intangible assets and their estimated useful lives are as follows:

Identifiable intangible assets		**Fair Value (in millions)**	**Useful life (in years)**
Non-compete agreements	$	0.5	2
Trade names		0.5	Indefinite
Merchant relationships		20.5	10
	$	21.5	

Goodwill, $18.9 million, represents the excess of the gross consideration transferred over the fair value of the underlying net tangible and identifiable intangible assets acquired. Qualitative factors that contribute to the recognition of goodwill include certain intangible assets that are not recognized as separate identifiable intangible assets apart from goodwill. Intangible assets not recognized apart from goodwill consist primarily of the strong market position and the assembled workforce of APS Payments.

The Company incurred transaction expenses of $1.0 million from July 11, 2019 to December 31, 2019, related to the APS Payments Acquisition. Since the date of the acquisition, APS Payments has contributed $3.2 million to revenue and $0.8 million in net income to the Company's consolidated statement of operations.

Pro Forma Financial Information (Unaudited)

The supplemental condensed consolidated results of the Company on an unaudited pro forma basis give effect to the Hawk Parent Business Combination, TriSource Acquisition and APS Payments Acquisition as if the transactions had occurred on January 1, 2017. The unaudited pro forma information reflects adjustments for the issuance of the Company's common stock, debt incurred in connection with the transactions, impact of the fair value of intangible assets acquired and related amortization and other adjustments the Company believes are reasonable for the pro forma presentation. In addition, the pro forma earnings exclude acquisition-related costs.

	Pro Forma Year Ended December 31, 2019	Pro Forma Year Ended December 31, 2018	Pro Forma Year Ended December 31, 2017
Revenue	$ 131,262,214	$ 164,161,841	$ 124,938,611
Net loss	(45,496,385)	(32,428,157)	(83,166,080)
Net loss attributable to noncontrolling interests	(19,999,699)	(14,255,053)	(36,558,873)
Net loss attributable to the Company	(25,496,686)	(18,173,104)	(46,607,207)
Loss per Class A share - basic and diluted	$ (0.70)	$ (0.54)	$ (1.39)

6. Fair Value of Assets and Liabilities

The following table summarizes, by level within the fair value hierarchy, the carrying amounts and estimated fair values of our assets and liabilities measured at fair value on a recurring or nonrecurring basis or disclosed, but not carried, at fair value in the Condensed Consolidated Balance Sheets as of the dates presented. There were no transfers into, out of, or between levels within the fair value hierarchy during any of the periods presented. Refer to Note 5, Note 9 and Note 10 for additional information on these assets and liabilities.

	December 31, 2019 (Successor)			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$24,617,996	$ —	$ —	24,617,996
Interest rate swap	—	555,449	—	555,449
Total assets	**$24,617,996**	**$555,449**	**$ —**	**$25,173,445**
Liabilities:				
Contingent consideration	$ —	$ —	$14,250,000	14,250,000
Term loan	—	213,442,705	—	213,442,705
Total liabilities	**$ —**	**$213,442,705**	**$14,250,000**	**$227,692,705**

	December 31, 2018 (Predecessor)			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$13,285,357	$ —	$ —	13,285,357
Total assets	**$13,285,357**	**$ —**	**$ —**	**$13,285,357**
Liabilities:				
Contingent consideration	$ —	$ —	$1,816,988	1,816,988
Term loan	—	94,215,204	—	94,215,204
Total liabilities	**$ —**	**$94,215,204**	**$1,816,988**	**$96,032,192**

Cash and cash equivalents

Cash and cash equivalents are classified within Level 1 of the fair value hierarchy, as the primary component of the price is obtained from quoted market prices in an active market. The carrying amounts of the Company's cash and cash equivalents approximate their fair values due to the short maturities and highly liquid nature of these accounts.

Interest rate swap

In October 2019, the Company entered into a $140.0 million notional, fifty-seven month interest rate swap agreement to hedge changes in its cash flows attributable to interest rate risk on $140.0 million of our variable-rate term loan to a fixed-rate basis, thus reducing the impact of interest rate changes on future interest expense. This swap involves the receipt of variable-rate amounts in exchange for fixed interest rate payments over the life of the agreement without an exchange of the underlying notional amount and was designated for accounting purposes as a cash flow hedge. The interest rate swap is carried at fair value on a recurring basis in the Consolidated Balance Sheets and is classified within Level 2 of the fair value hierarchy, as the inputs to the derivative pricing model are generally observable and do not contain a high level of subjectivity. The fair value was determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date.

Contingent Consideration

Contingent consideration relates to potential payments that the Company may be required to make associated with acquisitions. To the extent that the valuation of these liabilities are based on inputs that are less observable or not observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for measures categorized in Level 3.

Term loan

The carrying value of our term loan is net of unamortized debt discount and debt issuance costs. The fair value of our term loan was determined using a discounted cash flow model based on observable market factors, such as changes in credit spreads for comparable benchmark companies and credit factors specific to us. The fair value of our term loan is classified within Level 2 of the fair value hierarchy, as the inputs to the discounted cash flow model are generally observable and do not contain a high level of subjectivity.

7. Property and equipment

Property and equipment consisted of the following:

	December 31, 2019 (Successor)	December 31, 2018 (Predecessor)
Furniture, fixtures, and office equipment	$ 944,105	$ 893,287
Computers	859,426	600,139
Leasehold improvements	223,145	310,520
Total	2,026,676	1,803,946
Less: Accumulated depreciation and amortization	416,024	556,797
	$ 1,610,652	$ 1,247,149

Depreciation expense for property and equipment was $0.4 million for the Successor period from July 10, 2019 to December 31, 2019. For the Predecessor period from January 1, 2019 to July 10, 2019 depreciation expense was $0.2 million. Under the Predecessor, depreciation expense for property and equipment was $0.4 million and $0.2 million for the years ended December 31, 2018 and 2017, respectively.

8. Intangible assets

The Company holds definite and indefinite-lived intangible assets. The indefinite-lived intangible assets consist of trade names, of $21.2 million, as of December 31, 2019. This balance consists of three trade names, arising from the acquisitions of Hawk Parent, TriSource and APS Payments in the Successor period from July 11, 2019 to December 31, 2019.

Definite-lived intangible assets consisted of the following:

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Useful Life (Years)
Customer relationships	$ 79,187,788	$ 16,658,908	$ 62,528,880	7.92
Software costs	7,949,839	2,779,091	5,170,748	2.10
Reseller buyouts	581,000	57,867	523,133	9.00
Balance as of December 31, 2018 (Predecessor)	**$ 87,718,627**	**$ 19,495,866**	**$ 68,222,761**	**7.49**
Customer relationships	$ 256,000,000	$ 11,393,825	$ 244,606,175	9.48
Channel relationships	3,000,000	141,935	2,858,065	9.53
Software costs	72,290,752	11,080,696	61,210,055	2.54
Non-competition agreements	3,900,000	733,495	3,166,505	2.28
Balance as of December 31, 2019 (Successor)	**$ 335,190,752**	**$ 23,349,951**	**$ 311,840,801**	**7.90**

The Successor's amortization expense for intangible assets was $23.3 million for the period from July 11, 2019 through December 31, 2019. The Predecessor's amortization expense for intangible assets was $5.9 million for the period from January 1, 2019 to July 10, 2019. The Predecessor's amortization expense for intangible assets was $10.0 million and $7.3 million for the years ended December 31, 2018 and 2017, respectively.

The estimated amortization expense for the next five years and thereafter in the aggregate is as follows:

Year Ending December 31,		Estimated Future Amortization Expense
2020	$	51,904,695
2021		50,848,243
2022		39,501,841
2023		26,307,778
2024		26,255,735
2025		26,127,778
Thereafter	$	90,894,731

9. Goodwill

The following table presents changes to goodwill for the years ended December 31, 2019 and 2018:

		Total
Balance as of December 31, 2017	$	119,529,202
Acquisitions		—
Dispositions		—
Impairment Loss		—
Balance as of December 31, 2018 (Predecessor)	$	119,529,202
Balance as of July 11, 2019	$	339,911,399
Acquisitions		49,749,119
Dispositions		—
Impairment Loss		—
Balance as of December 31, 2019 (Successor)	$	389,660,519

10. Borrowings

Prior Credit Agreement

The Predecessor entered into a Revolving Credit and Term Loan Agreement (the "Prior Credit Agreement"), with SunTrust Bank and the other lenders party thereto on September 28, 2017, and amended December 15, 2017, which included a revolving loan component, the term loan and a delayed draw term loan. The Prior Credit Agreement was collateralized by substantially all assets of the Predecessor, based on the Prior Credit Agreement's collateral documents, and it included restrictive qualitative and quantitative covenants, as defined in the Prior Credit Agreement. The Predecessor was in compliance with its restrictive covenants under the Prior Credit Agreement at December 31, 2018.

The Prior Credit Agreement provided for a maximum $10.0 million revolving loan at a variable interest rate. This facility was terminated upon the closing of the Business Combination and execution of the New Credit Agreement (defined below). At the Closing and December 31, 2018, the outstanding balance on the revolving loan was $3.5 million. This balance was settled upon the Closing. Interest expense on the line of credit totaled $0.1 million for the period from January 1, 2019 to July 10, 2019. Interest expense on the line of credit totaled $0.2 million and $0.1 million for the years ended December 31, 2018 and 2017, respectively.

New Credit Agreement

The Company entered into a Revolving Credit and Term Loan Agreement (the "New Credit Agreement") on July 11, 2019, with Truist Bank (formerly SunTrust Bank) and the other lenders party thereto, which provided a revolving credit facility, a term loan A, and a delayed draw term loan at a variable interest rate (5.26% at December 31, 2019). The term of the New Credit Agreement expires on July 11, 2024. The New Credit Agreement is collateralized by substantially all of the Company's assets, and includes restrictive qualitative and quantitative covenants, as defined in the New Credit Agreement. The Company was in compliance with its restrictive covenants under the New Credit Agreement at December 31, 2019.

As of December 31, 2019, the New Credit Agreement provided for an aggregate revolving commitment of $20.0 million at a variable interest rate (5.26% at December 31, 2019). At December 31, 2019, there was $10.0 million on the revolving credit facility. The Successor's interest expense on the line of credit totaled $0.1 million for the period from July 11, 2019 through December 31, 2019. The New Credit Agreement was upsized in February 2020. See Note 18 for more information.

At December 31, 2019 and December 31, 2018, total borrowings under the New Credit Agreement and Prior Credit Agreement consisted of the following, respectively:

	December 31, 2019	December 31, 2018
	Successor	**Predecessor**
Non-current indebtedness:		
Term Loan	$ 168,937,500	$ 63,750,000
Delayed Draw Term Loan	40,000,000	28,500,000
Revolving Credit Facility	10,000,000	3,500,000
Total borrowings under credit facility (1)	218,937,500	95,750,000
Less: Current maturities of long-term debt (2)	5,500,000	4,900,000
Less: Long-term loan debt issuance cost (3)	5,494,795	1,534,796
Total non-current borrowings	$ 207,942,705	$ 89,315,204

(1) The Term Loan, Delayed Draw Term Loan and Revolving Credit Facility bear interest, at variable rates, which were 5.26% and 5.77% at December 31, 2019 (Successor) and December 31, 2018 (Predecessor), respectively

(2) Pursuant to the terms of the New Credit Agreement, the Successor is required to make quarterly principal payments equal to 0.625% of the initial principal amount of the Term Loan and Delayed Draw Term Loan (collectively the "Term Loans"). Under the Prior Credit Agreement, the Predecessor was required to make quarterly principal payments equal to 1.25% of the initial principal amount of the Term Loans.

(3) The Successor incurred $0.6 million of interest expense for the amortization of deferred debt issuance costs from the Closing through December 31, 2019. The Predecessor incurred $0.2 million for the period January 1, 2019 to July 10, 2019.

Following is a summary of principal maturities of the term loan for each of the next five years ending December 31 and in the aggregate:

2020	$ 5,500,000
2021	7,875,000
2022	13,125,000
2023	15,750,000
2024	166,687,500
	$ 208,937,500

The Successor incurred interest expense on the Term Loans of $5.3 million from July 11, 2019 through December 31, 2019. The Predecessor incurred interest expense of $2.8 million for the period from January 1, 2019 to July 10, 2019. Interest expense on the long-term debt totaled $5.5 million and $4.4 million for the years ended December 31, 2018 and 2017, respectively.

11. Derivative Instruments

The Company does not hold or use derivative instruments for trading purposes.

Derivative Instruments Designated as Hedges

Interest rate fluctuations expose the Company's variable-rate term loan to changes in interest expense and cash flows. As part of its risk management strategy, the Company may use interest rate derivatives, such as interest rate swaps, to manage its exposure to interest rate movements.

In October 2019, the Company entered into a $140.0 million notional, five-year interest rate swap agreement to hedge changes in cash flows attributable to interest rate risk on $140.0 million of its variable-rate term loan. This agreement involves the receipt of variable-rate amounts in exchange for fixed interest rate payments over the life of the agreement without an exchange of the underlying notional amount. This interest rate swap was designated for accounting purposes as a cash flow hedge. As such, changes in the interest rate swap's fair value are deferred in accumulated other comprehensive income (loss) in the Consolidated Balance Sheets and are subsequently reclassified into interest expense in each period that a hedged interest payment is made on the Company's variable-rate term loan.

As of December 31, 2019, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk.

	Notional Amount	Fixed Interest Rate	Termination Date
Interest rate swap	$ 140,000,000	1.598%	July 11, 2024

12. Commitments and contingencies

The Company is committed under various operating leases for buildings with varying expiration dates. Future minimum lease payments under noncancelable operating leases as of December 31, 2019, are as follows:

Year Ended	Amounts
2020	$ 944,234
2021	716,367
2022	301,455
2023	103,868
2024	—
Thereafter	—
	$ 2,065,924

13. Related party transactions

The Predecessor paid management fees to Corsair Capital LLC, a related party having common ownership in the amount of $210,753 from January 1, 2019 to July 10, 2019. The Predecessor paid management fees of $0.4 million and $0.4 million for the years ended December 31, 2018 and 2017, respectively, which are included in selling, general, and administrative expenses in the consolidated statement of operations.

The Successor incurred transaction costs on behalf of related parties from July 11, 2019 through December 31, 2019 of $1.3 million. The Predecessor incurred transaction costs on behalf of related parties from January 1, 2019 to July 10, 2019 of $6.8 million. The Predecessor incurred transaction costs on behalf of related parties for the years ended December 31, 2018 and 2017 of $1.6 million and $0.4 million, respectively.

As of December 31, 2019, the Successor held receivables from related parties $0.6 million. These amounts were due from employees, related to tax withholding on vesting of equity compensation. See Note 14 for more detail on these restricted share awards. As of December 31, 2018 the Predecessor held no receivables from related parties.

The Successor owed $14.3 million to related parties, in the form of contingent consideration payable to the sellers of TriSource and APS who were employees of REPAY, as of December 31, 2019. Further, the Successor owed employees $0.3 million for amounts paid on behalf of the Company. As of December 31, 2018 the Predecessor did not have any amounts due to related parties.

14. Share based compensation

Omnibus Incentive Plan

At the Shareholders Meeting, Thunder Bridge shareholders considered and approved the 2019 Plan which resulted in the reservation of 7,326,728 shares of common stock for issuance thereunder. The 2019 Plan became effective immediately upon the Closing.

Under this plan, the Company currently has two types of share-based compensation awards outstanding: restricted stock awards (RSAs) and restricted stock units (RSUs). Activity from July 11, 2019 through December 31, 2019 was as follows:

	Class A Common Stock	Weighted Average Grant Date Fair Value
Unvested at July 11, 2019	—	
Granted	3,275,229	$ 12.07
Forfeited (1)	321,263	11.81
Vested	1,135,291	11.68
Unvested at December 31, 2019	1,818,675	$ 12.39

(1) Upon vesting, award-holders elected to sell shares to the Company in order to satisfy the associated tax obligations. The awards are not deemed outstanding; further, these forfeited shares are added back to the amount of shares available for grant under the 2019 Plan.

Unrecognized compensation expense related to unvested RSAs and RSUs was $17.5 million at December 31, 2019, which is expected to be recognized as expense over the weighted-average period of 2.26 years. The Successor incurred $22.0 million of share-based compensation expense from July 11, 2019 through December 31, 2019.

Original Equity Incentives

As a result of the change in ownership of Hawk Parent, 9,171 previously unvested profit interest units of the Predecessor with a weighted average grant date fair value of $180.87 were automatically vested, upon the Closing. A summary of the changes in non-vested units outstanding for the period from January 1, 2019 to July 10, 2019 is presented below:

	Units	Weighted average fair value per unit
Non-vested units at January 1, 2019	9,460	$ 182.83
Activity during the period:		
Granted	—	
Vested	(9,460)	(182.83)
Non-vested units at December 31, 2019	—	$ —

The estimated fair value of the Predecessor's profit interest units that vested during January 1, 2019 to July 10, 2019 is $0.9 million. During the years ended December 31, 2018 and 2017, the Predecessor incurred $0.5 million and $0.6 million, respectively, of share-based compensation expense, included in selling, general and administrative costs in the Consolidated Statements of Operations.

15. Taxation

Repay Holdings Corporation is taxed as a corporation and is subject to paying corporate federal, state and local taxes on the income allocated to it from Hawk Parent, based upon Repay Holding Corporation's economic interest held in Hawk Parent, as well as any stand-alone income or loss it generates. Hawk Parent is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, Hawk Parent is not subject to U.S. federal and certain state and local income taxes. Hawk Parent's members, including Repay Holdings Corporation, are liable for federal, state and local income taxes based on their allocable share of Hawk Parent's pass-through taxable income.

The components of income before income taxes are as follows:

	July 11, 2019 to December 31, 2019	January 1, 2019 to July 10, 2019	Year ended December 31, 2018	Year ended December 31, 2017
	(Successor)	(Predecessor)		
Domestic	$(36,281,944)	$(23,668,078)	$10,537,443	$9,448,244
Foreign	(269,721)	(74,452)	-	-
Income (loss) before income tax expense	**$(36,551,665)**	**$(23,742,530)**	**$10,537,443**	**$9,448,244**

The Company recorded a provision for income tax as follows:

	July 11, 2019 to December 31, 2019	January 1, 2019 to July 10, 2019	Year ended December 31, 2018	Year ended December 31, 2017
	(Successor)	(Predecessor)		
Current expense				
Federal	$-	$-	$-	$-
State	-	-	-	-
Foreign	-	-	-	-
Total current expense (benefit)	-	-	-	-
Deferred expense				
Federal	$(4,343,013)	$-	$-	$-
State	(575,152)	-	-	-
Foreign	(72,824)	-	-	-
Total deferred benefit	**(4,990,989)**	-	-	-
Income tax benefit	**$(4,990,989)**	**$-**	**$-**	**$-**

A reconciliation of the United States statutory income tax rate to the Company's effective income tax rate is as follows for the years indicated:

	July 11, 2019 to December 31, 2019	January 1, 2019 to July 10, 2019	Year ended December 31, 2018	Year ended December 31, 2017
	(Successor)	(Predecessor)		
Federal income tax expense	21.0%	0.0%	0.0%	0.0%
State taxes, net of federal benefit	1.6%	0.0%	0.0%	0.0%
Income attributable to noncontrolling interest	-8.6%	0.0%	0.0%	0.0%
Excess tax benefit related to share-based compensation	0.5%	0.0%	0.0%	0.0%
Other	-0.8%	0.0%	0.0%	0.0%
Total deferred benefit	**13.7%**	**0.0%**	**0.0%**	**0.0%**

The Company's effective tax rate for the period from July 11, 2019 through December 31, 2019, the Successor period, was 13.7%. The comparison of our effective tax rate to the U.S. statutory tax rate of 24% was primarily influenced by the fact that the Company is not liable for the income taxes on the portion of Hawk Parent's earnings that are attributable to noncontrolling interests. The results for the Predecessor do not reflect income tax expense because, prior to the Closing, the consolidated Hawk Parent was treated as a partnership for U.S. federal and most applicable state and local income tax purposes and was not subject to corporate tax.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Details of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2019	**December 31, 2018**
	Successor	**Predecessor**
Deferred tax assets		
Tax Credits	$52,314	$ —
Section 163(j) Limitation Carryover	719,773	—
Acquisition Costs	378,386	—
Federal Net Operating Losses	3,682,201	—
State Net Operating Losses	526,607	—
Foreign Net Operating Losses	74,445	—
Other Assets	10,320	—
Total deferred tax asset	**5,444,045**	**—**
Valuation allowance	(5,799,118)	—
Total deferred tax asset, net of valuation allowance	**(355,073)**	**—**
Deferred tax liabilities		
Partnership basis tax differences	(413,261)	—
Total deferred tax liabilities	**(413,261)**	**—**
Net deferred tax liabilities	**$(768,334)**	**$ —**

As a result of the Merger, the Company recognized a deferred tax asset (DTA) and offsetting deferred tax liability (DTL) in the amount of $5.8 million to account for the portion of the Company’s outside basis in the partnership interest that it will not recover through tax deductions, a ceiling rule limitation arising under Internal Revenue Code (the “Code”) sec. 704(c). As the ceiling rule causes taxable income allocations to be in excess of 704(b) book allocations the DTL will unwind, leaving only the DTA, which may only be recovered through the sale of the partnership interest in Hawk Parent. At the Closing, the Company concluded, based on the weight of all positive and negative evidence, that all of our DTA are not likely to be realized. As such, a 100% valuation allowance was recognized. In addition, the Company recognized a change to the valuation allowance in the amount of $0.04 million as of December 31, 2019.

As of December 31, 2019, the Company has a federal net operating loss carryforward of approximately $3.7 million, state net operating loss carryforwards of approximately $0.5 million, and foreign net operating loss carryforwards of approximately $0.1 million, which will be available to offset future taxable income. The federal and foreign net operating loss carryforwards have an indefinite life. The state net operating loss carryforwards will begin to expire between 2031 and 2035. The Company expects to utilize the net operating loss against earnings in future years.

No uncertain tax positions existed as of December 31, 2019.

Tax receivable agreement liability

Pursuant to our election under Section 754 of the Code, we expect to obtain an increase in our share of the tax basis in the net assets of Hawk Parent when Post-Merger Repay Units are redeemed or exchanged for Class A common stock of Repay Holdings Corporation. The Company intends to treat any redemptions and exchanges of Post-Merger Repay Units as direct purchases for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that the Company would otherwise pay in the future to various tax authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

On July 11, 2019, the Company entered into a TRA that provides for the payment by the Company of 100% of the amount of any tax benefits realized, or in some cases are deemed to realize, as a result of (i) increases in our share of the tax basis in the net assets of Hawk Parent resulting from any redemptions or exchanges of Post-Merger Repay Units and from our acquisition of the equity of the selling Hawk Parent members, (ii) tax basis increases attributable to payments made under the TRA, and (iii) deductions attributable to imputed interest pursuant to the TRA (the "TRA Payments"). The TRA Payments are not conditioned upon any continued ownership interest in Hawk Parent or Repay. The rights of each party under the TRA other than the Company are assignable. The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the timing and amount of taxable income generated by the Company each year, as well as the tax rate then applicable, among other factors.

As of December 31, 2019, the Company had a liability of $67.2 million related to its projected obligations under the TRA, which is captioned as the tax receivable agreement liability in our Audited Consolidated Balance Sheet.

16. Segment Reporting

The Company conducts its operations through a single operating segment and, therefore, one reportable segment. Operating segments are revenue-generating components of a company for which separate financial information is internally produced for regular use by the Chief Operating Decision Maker ("CODM") to allocate resources and assess the performance of the business. Our CODM uses a variety of measures to assess the performance of the business; however, detailed profitability information of the nature that could be used to allocate resources and assess the performance of the business are managed and reviewed for the Company as a whole.

There are no significant concentrations by state or geographical location, nor are there any significant individual customer concentrations by balance.

17. Selected Quarterly Financial Data (Unaudited)

The following tables set forth certain unaudited quarterly results of operations for the indicated periods:

(in thousands)	Three months ended December 31, 2019	From July 11, 2019 to September 30, 2019	From July 1, 2019 to July 10, 2019	Three months ended June 30, 2019	Three months ended March 31, 2019
	(Successor)		(Predecessor)		
Revenue (1)	$33,633	$23,927	$2,334	$16,304	$23,024
Income (loss) from operations	(13,464)	(14,147)	(32,536)	5,626	6,313
Net income (loss)	(15,681)	(15,880)	(32,763)	4,156	4,864
Net income (loss) attributable to the Company	(7,809)	(8,481)	(32,763)	4,156	4,864
Earnings (loss) per Class A share:					
Basic and diluted (2)	$(0.21)	$(0.25)			

(in thousands)	Three months ended December 31, 2018	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018
	(Predecessor)			
Revenue	$33,858	$32,292	$31,066	$32,797
Income from operations	3,717	5,215	5,995	1,684
Net income	2,145	3,727	4,484	181
Net income attributable to the Company	2,145	3,727	4,484	181

(1) Revenue for the reporting period beginning in 2019 is presented under ASC 606, while prior period revenue continues to be reported in accordance with the Company's historic accounting practices under previous guidance. Refer to Note 2, "Basis of Presentation and Summary of Significant Accounting Policies", for further discussions of the adoption of ASC 606.

(2) The sum of the quarterly earnings per share amounts may not equal the full year amount reported since per share amounts are computed independently for each period based upon the respective weighted-average common shares outstanding for each respective period.

18. Subsequent events

Management has evaluated subsequent events and their potential effects on these consolidated financial statements through March 16, 2020, which is the date the consolidated financial statements were available to be issued.

On February 10, 2020, Repay announced the acquisition of Ventanex for up to $50.0 million, which includes a $14.0 million performance-based earnout. The closing of the acquisition was financed with a combination of cash on hand and new borrowings under Repay's existing credit facility. As part of the financing for the transaction, Repay entered into an agreement with Truist Bank (formerly SunTrust Bank) and other members of its existing bank group to amend and upsize its previous $230.0 million credit facility under the Amended Credit Agreement to $345.0 million to provide additional capacity for growth.

On February 21, 2020, the Company entered into a swap transaction with Regions Bank. On a quarterly basis, commencing on March 31, 2020 up to and including the termination date of February 10, 2025, the Company will make fixed payments on a beginning notional amount of $30.0 million. On a quarterly basis, commencing on February 21, 2020 up to and including the termination date of February 10, 2025, the counterparty will make floating rate payments based on the 3-month LIBOR on the beginning notional amount of $30.0 million.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(1) **Financial Statements**

The following Consolidated Financial Statements of Repay Holdings Corporation and the Reports of the Independent Registered Public Accounting Firms are included in Part II, Item 8 of this report.

(2) **Financial Statement Schedules**

All financial statement schedules have been omitted as the information is not required under the related instruction or is not applicable or because the information required is already included in the financial statements or the notes to those financial statements.

(3) **Exhibits**

Exhibit Number	Description
2.1†	Agreement and Plan of Merger, dated as of January 21, 2019, by and among Thunder Bridge, Merger Sub, Hawk Parent, and the Repay Securityholder Representative named therein (incorporated by reference to Exhibit 2.1 of Thunder Bridge's Form 8-K (File No. 001-38531), filed with the SEC on January 22, 2019).
2.2†	First Amendment to Agreement and Plan of Merger, dated February 11, 2019, by and among Thunder Bridge, Merger Sub, Hawk Parent, and the Repay Securityholder Representative named therein (incorporated by reference to Exhibit 2.1 of Thunder Bridge's Form 8-K (File No. 001-38531), filed with the SEC on February 12, 2019).
2.3†	Second Amendment to Agreement and Plan of Merger, dated May 9, 2019, by and among Thunder Bridge, Merger Sub, Hawk Parent, and the Repay Securityholder Representative named therein (incorporated by reference to Exhibit 2.1 of Thunder Bridge's Form 8-K (File No. 001-38531), filed with the SEC on May 9, 2019).
2.4†	Third Amendment to Agreement and Plan of Merger, dated June 19, 2019, by and among Thunder Bridge, Merger Sub, Hawk Parent, and the Repay Securityholder Representative named therein (incorporated by reference to Exhibit 2.1 of Thunder Bridge's Form 8-K (File No. 001-38531), filed with the SEC on June 20, 2019).
2.5	Securities Purchase Agreement by and among Repay Holdings, LLC and the direct and indirect owners of TriSource Solutions, LLC, as of August 13, 2019 (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on August 19, 2019).
2.6	Asset Purchase Agreement, dated as October 11, 2019, by and among Mesa Acquirer LLC, Repay Holdings, LLC, American Payment Services of Coeur D'Alene, LLC, North American Payment Solutions LLC, North American Payment Solutions Inc., David Ford and Phillip Heath (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on October 15, 2019).
2.7	Securities Purchase Agreement, dated as February 10, 2020, by and among Repay Holdings, LLC and the direct and indirect owners of CDT Technologies, LTD (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on February 10, 2020).
3.1	Certificate of Corporate Domestication of Repay Holdings Corporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
3.2	Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
3.3	Bylaws of the Company (incorporated by reference to Exhibit 3.3 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
4.1	Specimen Warrant Certificate of Thunder Bridge (incorporated by reference to Exhibit 4.3 of Thunder Bridge's Form S-1 (File No. 333-224581), filed with the SEC on June 8, 2018).
4.2	Warrant Agreement, dated June 18, 2018, between Thunder Bridge and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 of Thunder Bridge's Form 8-K (File No. 001-38531), filed with the SEC on June 22, 2018).
4.3	Amendment of Warrant Agreement, dated July 11, 2019, between Thunder Bridge and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.5 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
4.4	Description of Registrant's Securities (incorporated by reference to Exhibit 4.4 of the Company's Form 10-K (File No. 001-38531), filed with the SEC on March 16, 2020).
10.1	Exchange Agreement, dated July 11, 2019, by and among the Company, Repay and the other holders of Class A units of Repay (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.2	Tax Receivable Agreement, dated July 11, 2019, by and among the Company and the other Repay Unitholders (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.3	Company Sponsor Stockholders Agreement, dated July 11, 2019, between the Company and CC Payment Holdings, L.L.C. (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.4	Stockholders Agreement, dated as of July 11, 2019, among Repay Holdings Corporation and Thunder Bridge Acquisition LLC (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).

10.5	Founder Stockholders Agreement, dated as of July 11, 2019, between the Company, John A. Morris, Shaler V. Alias, The JAM Family Charitable Trust dated March 1, 2018, JOSEH Holdings, LLC and Alias Holdings, LLC (incorporated by reference to Exhibit 10.5 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.6	Registration Rights Agreement, dated July 11, 2019, by and among the Company, Repay, and the Repay Unitholders (incorporated by reference to Exhibit 10.6 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.7	Registration Rights Agreement, dated June 18, 2018, by and between the Company, the Sponsor and the holders party thereto (incorporated by reference to Exhibit 10.4 of Thunder Bridge's Form 8-K (File No. 001-38531), filed with the SEC on June 22, 2018).
10.8	First Amendment to Registration Rights Agreement, dated July 11, 2019, by and among Thunder Bridge Acquisition Ltd. and Thunder Bridge Acquisition LLC (incorporated by reference to Exhibit 10.7 to the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.9	Revolving Credit and Term Loan Agreement, dated July 11, 2019, by and among TB Acquisition Merger Sub LLC, Hawk Parent Holdings LLC, the other Loan Parties from time to time party thereto, the Lenders from time to time party thereto, and SunTrust Bank as Administrative Agent and the other parties thereto (incorporated by reference to Exhibit 10.8 to the Company's Form 8-K (File No. 001-38531) filed with the SEC on July 17, 2019).
10.10	First Amendment to Revolving Credit and Term Loan Agreement, dated as February 10, 2020, by and among Hawk Parent Holdings, LLC, the other borrowers and guarantors party thereto, the banks and other financial institutions and lenders party thereto, and Truist Bank, as administrative agent (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on February 10, 2020).
10.11	Repay Holdings Corporation Omnibus Incentive Plan, effective as of July 11, 2019 (incorporated by reference to Exhibit 10.10 to the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.12	Amendment No. 1 to the Repay Holdings Corporation Omnibus Incentive Plan, effective as of September 20, 2019 (incorporated by reference to Exhibit 99.2 to the Company's Form S-8 (Registration No. 333-233879), filed with the SEC on September 20, 2019).
10.13	Promissory Note, dated April 15, 2019 (incorporated by reference to Exhibit 10.1 to Thunder Bridge's Form 8-K (File No. 001-38531), filed with the SEC on April 17, 2019).
10.14	Parent Sponsor Director Support Agreement, dated as of May 29, 2019, by Paul R. Garcia in favor of Thunder Bridge and Repay (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on May 29, 2019).
10.15	Sponsor Letter Agreement by and among Thunder Bridge, Sponsor, Repay and the Managing Member of the Sponsor, dated January 21, 2019 (incorporated by reference to Exhibit 10.7 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on January 22, 2019).
10.16	Amendment to Sponsor Letter Agreement, dated as of May 9, 2019, by and among Thunder Bridge, Sponsor and Repay (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on May 9, 2019).
10.17	Second Amendment to Sponsor Letter Agreement, dated as of May 29, 2019, by and among Thunder Bridge, Sponsor and Repay (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on May 29, 2019).
10.18	Form of Subscription Agreement between Thunder Bridge and the PIPE Investors named therein, dated as of May 9, 2019 (incorporated by reference to Exhibit 10.4 of Thunder Bridge's Form 8-K (File No. 38531), filed with the SEC on May 9, 2019).
10.19	Form of Lock-Up Agreement between Sponsor and certain PIPE Investors, dated as of May 9, 2019 (incorporated by reference to Exhibit 10.5 of Thunder Bridge's Form 8-K (File No. 38531), filed with the SEC on May 9, 2019).
10.20	Company Sponsor Support Agreement, by Corsair, dated January 21, 2019 (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K (File No. 001-38531), filed with the SEC on May 9, 2019.
10.21	Corsair Director Support Agreement, dated as of January 21, 2019, by Jeremy Schein (incorporated by reference to Exhibit 10.15 of the Company's Form S-4 (File No. 001-38531), filed with the SEC on June 20, 2019).
10.22	Corsair Director Support Agreement, dated as of May 9, 2019, by Richard E. Thornburgh in favor of Thunder Bridge and Repay (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K (File No. 001-38531), filed with the SEC on May 9, 2019).
10.23	Company Equity Holder Support Agreement, dated as of January 21, 2019, by John A. Morris (incorporated by reference to Exhibit 10.17 of the Company's Form S-4 (Registration No. 333-229616), filed with the SEC on February 12, 2019).

10.24	Company Equity Holder Support Agreement, dated as of January 21, 2019, by Shaler V. Alias (incorporated by reference to Exhibit 10.18 of the Company's Form S-4 (Registration No. 333-229616), filed with the SEC on February 12, 2019).
10.25+	Employment Agreement, dated January 21, 2019, between M & A Ventures, LLC and John Morris (incorporated by reference to Exhibit 10.24 of the Company's Form S-4 (Registration No. 333-229616), filed with the SEC on February 12, 2019).
10.26+	Employment Agreement, dated January 21, 2019, between M & A Ventures, LLC and Shaler Alias (incorporated by reference to Exhibit 10.25 of the Company's Form S-4 (Registration No. 333-229616), filed with the SEC on February 12, 2019).
10.27+	Employment Agreement, dated January 21, 2019, between M & A Ventures, LLC and Timothy J. Murphy (incorporated by reference to Exhibit 10.26 of the Company's Form S-4 (Registration No. 333-229616), filed with the SEC on February 12, 2019).
10.28+	Repay Holdings Corporation Form of Restricted Stock Award Agreement (Time Vested) (incorporated by reference to Exhibit 10.17 to the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.29+	Repay Holdings Corporation Form of Restricted Stock Award Agreement (Performance Vested) (incorporated by reference to Exhibit 10.18 to the Company's Form 8-K (File No. 001-38531), filed with the SEC on July 17, 2019).
10.30+	Repay Holdings Corporation Form of Restricted Stock Unit Agreement between the Company and the Grantee named therein (incorporated by reference to Exhibit 10.13 of the Company's Form 10-Q (File No. 001-38531), filed with the SEC on November 14, 2019).
10.31+	Repay Holdings Corporation Summary of Non-Employee Director Compensation, as of September 20, 2019 (incorporated by reference to Exhibit 10.14 of the Company's Form 10-Q (File No. 001-38531), filed with the SEC on November 14, 2019).
10.32+	Form of Indemnification Agreement between the Company and the Indemnitee named therein (incorporated by reference to Exhibit 10.32 of the Company's Form 10-K/A (File No. 001-38531), filed with the SEC on April 17, 2020.
21.1	Subsidiaries of the registrant (incorporated by reference to Exhibit 21.1 of the Company's Form 10-K (File No. 001-38531), filed with the SEC on March 16, 2020).
23.1*	Consent of Grant Thornton LLP
23.2*	Consent of Warren Averett
31.1*	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.
31.2*	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.
32.1*	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.
32.2*	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.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

† Schedules to this exhibit have been omitted pursuant to Item 601(b)(2) of Registration S-K. The registrant hereby agrees to furnish a copy of any omitted schedules to the Commission upon request.

\+ Indicates a management or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Repay Holdings Corporation

May 5, 2020

By: /s/ John Morris

John Morris
Chief Executive Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 16, 2020, with respect to the consolidated financial statements included in the Amendment No. 2 to the Annual Report of Repay Holdings Corporation (Successor) and Hawk Parent Holdings LLC (Predecessor) on Form 10-K for the year ended December 31, 2019. We consent to the incorporation by reference of said report in the Registration Statements of Repay Holdings Corporation on Form S-3 (File No. 333-232961) and on Form S-8 (File No. 333-233879).

/s/ GRANT THORNTON LLP

Philadelphia, Pennsylvania
May 4, 2020

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements of Repay Holdings Corporation on Form S-3 (File No. 333-232961) and on Form S-8 (File No. 333-233879) of our report dated November 28, 2018, with respect to the consolidated financial statements of Hawk Parent Holdings, LLC, included in Amendment No. 2 to the Annual Report of Repay Holdings Corporation on Form 10-K for the year ended December 31, 2019.

/s/ Warren Averett, LLC

Birmingham, Alabama
May 4, 2020

Exhibit 31.1

**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**

I, John Morris, certify that:

1. I have reviewed this Amendment No. 2 to the Annual Report on Form 10-K/A of Repay Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2020

By: /s/ John Morris

John Morris
Chief Executive Officer

Exhibit 31.2

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

I, Timothy J. Murphy, certify that:

1. I have reviewed this Amendment No. 2 to the Annual Report on Form 10-K/A of Repay Holdings Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2020

By: /s/ Tim Murphy

Tim Murphy
Chief Financial Officer

Exhibit 32.1

**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**

In connection with Amendment No. 2 to the Annual Report of Repay Holdings Corporation (the "Company") on Form 10-K/A for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Morris, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2020

By: /s/ John Morris

John Morris
Chief Executive Officer

Exhibit 32.2

**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**

In connection with Amendment No. 2 to the Annual Report of Repay Holdings Corporation (the “Company”) on Form 10-K/A for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Timothy J. Murphy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2020

By: /s/ Tim Murphy

Tim Murphy
Chief Financial Officer