

PARACHUTE PAYMENT WAIVER AGREEMENT

This Parachute Payment Waiver Agreement (this “*Waiver Agreement*”) is entered into on July 6, 2020, by and between Methodics Holdings, Inc., a Delaware corporation (the “*Company*”), and Fergus Slorach (the “*Executive*”).

WHEREAS, in connection with the proposed transactions (the “*Transactions*”) contemplated under that certain Agreement and Plan of Merger by and among Perforce Software, Inc., a Delaware corporation (“*Parent*”), the Company, WC Acquisition Sub, Inc., a Delaware corporation (“*Merger Sub*”), and Fergus Slorach, solely in his capacity as the representative for the Company’s stockholders (the “*Representative*”), in substantially the form presented to the Board of Directors of the Company for review (the “*Merger Agreement*”) and as further described in the Disclosure Letter and Request for Stockholder Approval, a copy of which is attached hereto as Exhibit A (the “*Disclosure Letter*”), the Executive has received or may be entitled to receive certain payments and benefits in connection with the Transactions (the “*Transaction Payments*”);

WHEREAS, the Transactions may be considered a change in control of the Company for purposes of Section 280G of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (“*Section 280G*”);

WHEREAS, the Executive may be considered a “disqualified individual” for the purposes of Section 280G, in which case the limitations of Section 280G may apply to the Transaction Payments;

WHEREAS, a portion of the Transaction Payments may result in the Executive’s receipt or deemed receipt of “parachute payments” under Section 280G;

WHEREAS, the payment of all or a portion of the Transaction Payments, either alone or in conjunction with other payments to be made to the Executive in connection with the consummation of the Transaction, may trigger adverse tax consequences to the Executive and the Company to the extent that the Executive receives Transaction Payments that have a value that equals or exceeds three (3) times the Executive’s “base amount” (as determined under Section 280G);

WHEREAS, Section 280G provides that a payment or benefit will not constitute a parachute payment if the Executive’s right to receive or retain that payment or benefit is contingent upon the approval of such payment or benefit by more than 75% of the Company’s stockholders who are entitled to vote, obtained in accordance with the requirements of Section 280G (the “*Stockholder Approval*”);

WHEREAS, the Company has estimated the Executive’s Transaction Payments payable to the Executive to be in excess of three times his base “base amount” (as determined in accordance with Section 280G);

WHEREAS, in order to obtain the necessary Stockholder Approval, the Executive must waive the right to receive a portion of the Transaction Payments;

WHEREAS, the Executive has reviewed the Disclosure Letter and is willing to waive any and all of the Executive’s right or entitlement to receive or retain the Transaction Payments to the extent that the aggregate present value of the payments and benefits that the Executive would be entitled to receive or retain that are “parachute payments” equals or exceeds three times the Executive’s base amount less one dollar, as calculated in accordance with Section 280G (such waived amount, the “*Approval Amounts*”), unless and until Stockholder Approval is obtained with respect to such Approval Amounts, so that receipt or retention of the Transaction Payments will not result in (i) the loss of tax deductions by the Company

under Section 280G or (ii) an imposition of an excise tax on the Executive under Section 4999 of the Internal Revenue Code of 1986, as amended (the “**Code**”); and

WHEREAS, in consideration for the Executive waiving (or agreeing to repay) the Approval Amounts, the Company agrees to submit for approval or non-approval by the stockholders of the Company the Executive’s right to receive or retain, as applicable, the Approval Amounts in a manner intended to comply with the procedures and requirements of Section 280G(b)(5) of the Code and the regulations thereunder.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive and the Company hereby agree as follows:

1. Notwithstanding anything to the contrary in the Merger Agreement or in any document governing any of the Transaction Payments, the Executive hereby knowingly, voluntarily, irrevocably and unconditionally waives any and all of the Executive’s right or entitlement to receive or retain the Approval Amounts, to the extent that such Approval Amounts constitute a “parachute payment” under Section 280G, unless and until, after the execution of this Waiver Agreement (i) the Stockholder Approval is obtained and (ii) the Executive otherwise becomes entitled to such payments or benefits. The Executive understands and acknowledges that, to obtain approval from the stockholders, generally, the Approval Amounts must be approved by stockholders of the Company possessing more than 75% of the voting power of all outstanding stock of the Company, excluding shares owned by (a) the Executive, (b) persons and entities whose unit holdings may be attributed to the Executive under the applicable tax rules (e.g., family members and affiliated entities), (c) other individuals who are entitled to receive an Approval Amount (but for either their waiver of such rights or the failure of the stockholders of the Company to approve such rights), and (d) persons and entities whose holdings may be attributed to such other individuals described in clause (c) under applicable tax rules. Such payments and benefits generally are described in the Disclosure Letter. For the avoidance of doubt, the Approval Amounts calculated and provided in the Disclosure Letter have been included purely for illustrative purposes, with such ultimate Approval Amounts possibly being greater or less than that indicated by the amounts provided therein, and the Executive acknowledges that the Executive is hereby waiving any and all right or entitlement to receive or retain the ultimate Approval Amounts that may be calculated to constitute “parachute payments” under Section 280G.

2. If, and only if, the Stockholder Approval is obtained, then the Executive shall be entitled to receive or retain the Approval Amounts to the extent the Executive would, absent this Waiver Agreement, be so entitled. If the Stockholder Approval is not obtained, the Company will determine the amount of the payments, equity awards, and/or benefits the Executive has waived, and such waived amounts will not be payable or awarded to the Executive by the Company or its affiliates, in accordance with the following sentence. Any reduction triggered by the failure to obtain the Stockholder Approval will be effectuated by first reducing cash payments (in order of latest in time payable being reduced first to closest in time payable being reduced), then reducing any equity awards in the inverse order in which they are to be received. Any reduction will be made in a manner that is compliant with Section 409A of the Code (to the extent possible). Any determination by the Company for purposes of this Section 2 will first take into account whether any Transaction Payments constitute reasonable compensation for services rendered, or to be rendered, by the Executive such that all or a portion of such Transaction Payments do not constitute “parachute payments” and shall be made in good faith with a reasonable application of the rules under Section 280G. The Executive agrees that if the Stockholder Approval is not obtained, the Executive will promptly repay to the Company or other payor any “parachute payment” that the Executive receives or has received but is not entitled to retain under the terms of this Waiver Agreement.

3. The Company agrees to seek the Stockholder Approval described herein, but the Company does not make any guarantees regarding the outcome of such Stockholder Approval. The

Executive acknowledges and agrees that such approval is not a condition to the consummation of the Transactions.

4. This Waiver Agreement is irrevocable to the fullest extent provided by law and may not be amended or otherwise modified without the prior written consent of the Company and the Executive. If the Transactions are not consummated or the Merger Agreement is terminated pursuant to its terms, this Waiver Agreement shall terminate concurrently therewith and be of no further force or effect.

5. This Waiver Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to Delaware's principles of conflicts of law. The Executive hereby (a) irrevocably consents to the exclusive jurisdiction of any court located within the State of Delaware in connection with any matter based upon or arising out of this Waiver Agreement or the matters contemplated herein, (b) agrees that process may be served upon the Executive in any manner authorized by the laws of the State of Delaware, and (c) irrevocably waives, and covenants not to assert or plead, any objection which the Executive might otherwise have to such jurisdiction and such process.

6. The Executive acknowledges and agrees that this Waiver Agreement will be binding upon and inure to the benefit of (i) the heirs, beneficiaries, executors and legal representatives of the undersigned and (ii) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Waiver Agreement for purposes of enforcing the Company's rights hereunder.

7. The Executive acknowledges and agrees that if any commitment has been made to the Executive by the Parent or its affiliates in connection with the right to increased compensation for periods after closing of the Transaction, including grants of Parent equity, the Executive's right to receive or retain all or a portion of such increased compensation and/or equity grant is also subject to approval by the Company's stockholders to the extent such amounts constitute "parachute payments".

8. The Executive acknowledges that he has had an opportunity to, and has been advised by the Company to, fully discuss the Transactions, this Waiver Agreement, and any related tax issues, including the potential implications of Section 280G and Section 4999 of the Code, with his own counsel or tax advisor. The Executive has consulted (or voluntarily chose not to consult) his own counsel or tax advisor with respect to this Waiver Agreement and the payments and benefits waived herein, and by executing below, the Executive waives any defense that the execution of this Waiver Agreement was either unknowing or involuntary.

9. The Executive further certifies, acknowledges and agrees that the Executive has read and understands the provisions of this Waiver Agreement, and that the Executive is signing freely and voluntarily, without duress, coercion or undue influence. This Waiver Agreement will supersede and replace any contrary provision in (a) any agreement governing the Transaction Payments and/or (b) any plan or program of the Company that provides Transaction Payments.

10. The Executive hereby authorizes the Company to deliver a copy of this Waiver Agreement to Parent and hereby agrees that each of the Company and Parent may rely upon such delivery as conclusively evidencing the waiver of the Approval Amounts as set forth herein for purposes of all agreements and instruments to which such waiver is applicable or relevant.

11. This Waiver Agreement may be executed in one or more counterparts, each of which will be an original and all of which shall be considered one and the same agreement.

FULL UNDERSTANDING: BY SIGNING THIS WAIVER AGREEMENT, THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT: (A) THE EXECUTIVE HAS CAREFULLY READ THIS WAIVER AGREEMENT, (B) THE EXECUTIVE HAS HAD REASONABLE TIME TO CONSIDER THE EFFECT OF THIS WAIVER AGREEMENT, (C) THE EXECUTIVE WAS GIVEN THE OPPORTUNITY TO CONSULT WITH HIS OR HER PERSONAL LEGAL AND FINANCIAL ADVISORS BEFORE SIGNING THIS WAIVER AGREEMENT, (D) THE EXECUTIVE KNOWS, UNDERSTANDS AND AGREES WITH THE CONTENTS OF THIS WAIVER AGREEMENT, AND IS NOT RELYING UPON ANY REPRESENTATION OF THE COMPANY OR PARENT OR ANY OF THEIR RESPECTIVE AGENTS, ADVISORS OR COUNSEL AS TO THE EFFECT OR ADVISABILITY OF ENTERING INTO THIS WAIVER AGREEMENT, AND (E) THE EXECUTIVE IS SIGNING THIS WAIVER AGREEMENT VOLUNTARILY BECAUSE HE OR SHE IS SATISFIED WITH ITS TERMS AND CONDITIONS.

{Signatures on following page.}

IN WITNESS WHEREOF, Executive and the Company have executed this Waiver Agreement as of the first date written above.

EXECUTIVE

By: 

Print Name: Fergus Slorach

Agreed and Accepted:

METHODICS HOLDINGS, INC.

By: _____

Name: Simon Butler

Title: Chief Executive Officer

IN WITNESS WHEREOF, Executive and the Company have executed this Waiver Agreement as of the first date written above.

EXECUTIVE

By: _____

Print Name: **Fergus Slorach**

Agreed and Accepted:

METHODICS HOLDINGS, INC.

A handwritten signature in black ink, appearing to be 'Simon Butler', written over a horizontal line.

By: _____

Name Simon Butler

Title: Chief Executive Officer

EXHIBIT A

Disclosure Letter

THIS DISCLOSURE LETTER IS CONFIDENTIAL AND MAY NOT BE DISCLOSED BY YOU WITHOUT THE PRIOR WRITTEN CONSENT OF THE BOARD OF METHODICS HOLDINGS, INC.

July 6, 2020

Dear Stockholders of Methodics Holdings, Inc.:

You are being asked to consider and approve a proposal regarding certain payments (the “**Transaction Payments**,” as further defined below) that have been or may be provided to certain employees or other service providers of Methodics Holdings, Inc., a Delaware corporation (the “**Company**”), in connection with the transactions (the “**Merger**”) contemplated under that certain Agreement and Plan of Merger by and among Perforce Software, Inc., a Delaware corporation (“**Parent**”), the Company, WC Acquisition Sub, Inc., a Delaware corporation (“**Merger Sub**”), and Fergus Slorach, solely in his capacity as the representative for the Company’s stockholders (the “**Representative**”), in substantially the form presented to the Board of Directors of the Company for review (the “**Merger Agreement**”). The purpose of this letter (this “**Disclosure Letter**”) is to seek your approval for certain Transaction Payments to be made to Simon Butler, the President, Chief Executive Officer, and Chief Financial Officer of the Company (“**Butler**”), and Fergus Slorach, Co-Founder and Secretary of the Company (“**Slorach**”) (together, the “**Individuals**”) as and to the extent the Individuals may be considered “disqualified individuals” for the purposes of Section 280G of the Code (defined below).

This information is being provided to you pursuant to Section 280G(b)(5)(B) of the Internal Revenue Code of 1986, as amended (the “**Code**”) to provide you with the information necessary to determine whether or not you wish to approve the Approval Amounts. No meeting of the stockholders of the Company will be held on this matter, and approval of the Approval Amounts to which the Individuals may be entitled is to be effected solely by means of the enclosed Written Consent of the Stockholders of the Company (the “**Written Consent**”).

If you do not approve the Approval Amounts (as defined below) to the Individuals, to the extent the Individual is a “disqualified individual” within the meaning of Section 280G of the Code, the Approval Amounts, to the extent they constitute “parachute payments” within the meaning of Section 280G of the Code, will not be made. The approval that is sought relates to the following Transaction Payments (when considered in the aggregate): (1) the grant of certain stock options to Butler to acquire shares of the Company within 12 months prior to the Merger, (2) the grant of a discretionary cash bonus and performance bonus to the Individuals within 12 months prior to the Merger, (3) a salary increase for Butler that occurred within 12 months prior to the Merger (4) the payment of earnout with respect to compensatory equity as described in the Merger Agreement, and (5) a retention bonus contemplated to be made to the Individuals by Parent.

To vote in favor of approval of the Approval Amounts, or to disapprove the Approval Amounts, you should complete and execute the enclosed Written Consent. **You will receive a notification and link through DocuSign, whereby you will be able to complete and electronically sign the Written Consent.** We request that you return your completed and executed documents through DocuSign promptly. **Alternatively, you may return your completed and executed documents via e-mail to Anush Yegvazarian at Anush.Yegvazarian@hklaw.com.**

THE INFORMATION CONTAINED IN THIS DISCLOSURE LETTER IS STRICTLY CONFIDENTIAL AND IS BEING DISCLOSED TO THE VOTING STOCKHOLDERS OF THE COMPANY SOLELY FOR THEIR USE IN CONNECTION WITH THE MATTERS DISCUSSED HEREIN. YOU MAY NOT COPY, REPRODUCE, DISTRIBUTE OR OTHERWISE DISCLOSE OR USE THE INFORMATION CONTAINED IN THIS DISCLOSURE LETTER FOR ANY OTHER PURPOSE OR RELEASE THE INFORMATION TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY, EXCEPT THAT YOU MAY DISCLOSE THIS INFORMATION TO YOUR LEGAL, TAX AND/OR FINANCIAL ADVISOR(S) IF THEY AGREE TO BE BOUND BY THE CONFIDENTIALITY AND LIMITED USE OBLIGATIONS SET OUT IN THIS PARAGRAPH.

INFORMATION RELATING TO THE WRITTEN CONSENT
TO APPROVE A PORTION OF THE TRANSACTION PAYMENTS TO THE INDIVIDUALS

Background

A portion of the Transaction Payments, described more fully below, may be considered “parachute payments” pursuant to Section 280G of the Code. The Transaction Payments include (i) the grant of certain stock options (the “**Company Options**”) to Butler under the Company’s 2012 Stock Incentive Plan within 12 months prior to the Merger, (ii) the grant of a discretionary cash bonus and performance bonus to the Individuals within 12 months prior to the Merger (the “**Cash Bonuses**”), (iii) a salary increase to Butler that occurred within 12 months prior to the Merger (the “**Salary Increase**”), (iv) an earnout that may become payable to Butler with respect to compensatory equity upon the achievement of certain metrics as described in the Merger Agreement (the “**Earnout**”), and (v) payment of a retention bonus (the “**Parent Retention Bonus**”) to the Individuals by Parent in connection with the Merger and the continued service of the Individuals to Parent or its affiliates following the Merger, in each case in such amounts as described more fully below.

Absent the waiver described below, the Transaction Payments could result in adverse tax consequences for the Company and the Individuals under Sections 280G and 4999 of the Code, and the regulations and guidance promulgated thereunder (collectively, the “**Golden Parachute Provisions**”) to the extent the Transaction Payments are subject thereto.

However, the Individuals would not be subject to the adverse tax consequences under the Golden Parachute Provisions with respect to the portions of the Transaction Payments that constitute “excess parachute payments” (as described below) if the Individuals waive their right to receive or retain the Approval Amounts (as defined below) and the stockholders vote to approve the payment of such Transaction Payments to the Individuals as more fully described below.

The Individuals have executed a waiver wherein the Individuals have agreed to waive a portion of the Transaction Payments to the extent that the Transaction Payments are “parachute payments” pursuant to Section 280G of the Code and exceed three times the Individuals’ “Base Amount” (as defined in Section 280G(b)(3) of the Code and below), less one dollar (\$1) (the “**Estimated Parachute Limit**”) (such excess of the Transaction Payments above the Estimated Parachute Limit, the “**Approval Amounts**”), unless the stockholders of the Company approve the Individuals’ right to receive or retain the Approval Amounts. The stockholder approval of such payments must be by more than 75% of the Company’s stockholders who are entitled to vote on the matter (excluding stock owned, directly or constructively, by or for the Individuals and certain related parties) and must otherwise be conducted in accordance with the Golden Parachute Provisions (as more fully explained below). In addition, prior to the stockholder vote to approve the Approval Payments, all of the stockholders entitled to vote must receive adequate disclosure of all material facts concerning the Transaction Payments.

The consummation of the Merger is not conditioned in any way upon shareholder approval of the Approval Payments. While they may do so, stockholders that vote to approve the Merger are not required to vote to approve the Approval Payments.

Golden Parachute Provisions

Under the Golden Parachute Provisions, certain compensatory payments and benefits to or for the benefit of employees or other individuals who perform services for a corporation and who are “disqualified individuals” (generally meaning certain officers, certain highly-compensated individuals, or certain significant stockholders of the corporation), such as the Individuals, are treated as “parachute payments” if:

- the payments or benefits are contingent upon or closely related to a change in ownership or effective control of the corporation (such as the Merger); and
- the aggregate present value of the payments or benefits made or to be made to the disqualified individual (as of the time of the change in ownership or effective control) equals or exceeds three times the disqualified individual’s “base amount,” which is generally defined as the individual’s average annual taxable compensation from the corporation (or its predecessor entity or a related

entity) over the five-year period (or any shorter period of employment or service with the payor corporation (or its predecessor entity or a related entity)) immediately preceding the calendar year in which the change in ownership or effective control occurs.

The Company has determined that the Merger constitutes a change in ownership or effective control for purposes of the Golden Parachute Provisions and that each Individual is, or may be viewed as, a disqualified individual within the meaning of the Golden Parachute Provisions.

In general, a payment or benefit is treated as contingent on a change in ownership or effective control if the payment or benefit would not, in fact, have been made had no change in ownership or effective control occurred, even if the payment or benefit is conditioned on the occurrence of another event (such as being conditioned on termination of employment within 12 months of a change in ownership or effective control). A payment is also generally treated as a contingent payment if (i) the payment is contingent on an event closely associated with a change in ownership or effective control (e.g., the voluntary or involuntary termination of the disqualified individual's employment), (ii) the change in ownership or effective control actually occurs, and (iii) the event upon which the contingent payment is made is materially related to the change in ownership or effective control. In addition, payments or benefits made pursuant to an agreement entered into within one year before the change in ownership or effective control are presumed to be contingent on the change in ownership or effective control.

For any disqualified individual, if the aggregate present value of the payments or benefits to such individual that are contingent on such change in ownership or effective control equals or exceeds three times such individual's Base Amount the excess of such parachute payments over one times such individual's Base Amount is treated as an "excess parachute payment" under Section 280G of the Code and is subject to the following tax treatment:

- the corporation making the parachute payment is denied a tax deduction for the amount of the payment that constitutes an excess parachute payment; and
- the recipient of the parachute payment is subject to a nondeductible twenty percent (20%) excise tax on the excess parachute payment.

Stockholder Vote

The Code, however, provides an exception to the disallowance of deductions for, and the imposition of the excise tax with respect to, excess parachute payments, if:

- immediately before the change in ownership or effective control, no stock in the corporation was readily tradable on an established securities market or otherwise;
- entitlement to such payments or benefits is waived subject to the stockholder approval described below;
- the waived payments or benefits are approved by a vote of the stockholders of the corporation who own, immediately before the change in ownership or effective control, more than seventy-five percent (75%) of the voting power of the corporation, disregarding shares owned, actually or constructively, by any recipient of a payment or benefit that would be a "parachute payment" (and certain related parties);
- prior to the vote, the stockholders who are entitled to vote receive adequate disclosure of all material facts concerning all payments and benefits to the disqualified individuals that, if the stockholder approval was not obtained, could be "parachute payments;"
- the stockholder vote determines the right of the disqualified individual to receive or retain the payment or benefit (this condition will be satisfied by having each disqualified individual who has received or may receive potential parachute payments enter into an agreement pursuant to which he or she waives his or her right to receive or retain the parachute payments, unless the requisite stockholder approval is obtained with respect to the potential parachute payments); and
- the consummation of the change in ownership or effective control is not conditioned in any way upon stockholder approval of the parachute payments.

Effect of Stockholder Vote

The vote to approve the Approval Amounts is entirely separate from, and not contingent or otherwise conditioned on, the vote to approve the Transactions, and, while they may do so, voting stockholders that vote to approve the Transactions are not required to vote to approve the Approval Amounts. Moreover, the vote will be conducted on a “slate” basis. Thus, you must vote yes or no with respect to all the Approval Amounts of the Individuals.

For purposes of the approval rules discussed above, any stockholder that is an entity may exercise its vote through any person authorized by such entity to approve the payment. However, if a substantial portion of the assets of an entity-stockholder consists (directly or indirectly) of the equity securities of the Company and the value of such equity securities is greater than or equal to 1% of the total value of the outstanding equity securities of the Company, the payments must be approved by persons that, immediately before the change in ownership or effective control, own more than 75% of the voting power of such entity-stockholder.

Moreover, if the individual authorized to vote on behalf of the entity is a disqualified individual who is to receive the parachute payments, the entity must designate another equity interest holder in the entity to vote on its behalf. Thus, the Approval Amounts will only be paid or retained by the Individuals if such payments are approved by more than 75% of the voting power of all outstanding voting stock of the Company (with Preferred and Common Stock voting together as a single class and excluding equity securities held by persons receiving payments that would be parachute payments if the stockholder approval exception were not met as further described above).

Valuation of the Payments

The discussion below sets forth the material facts of each Transaction Payment for which stockholder approval is being solicited and the Company’s estimate of the value of such Transaction Payment under the valuation rules set forth in the Golden Parachute Provisions (the “*Estimated Section 280G Value*”). It is often difficult to determine whether, and to what extent, payments or benefits made to “disqualified individuals” in connection with a change in ownership or effective control may be treated as “excess parachute payments” because of the complexity and subjective nature of certain of these rules, including rules relating to exceptions from the meaning of “parachute payment” for payments that constitute reasonable compensation for services rendered. However, as described below, a portion of the Transaction Payments could be treated by the Internal Revenue Service (“*IRS*”) as the receipt of “parachute payments.”

In applying the valuation principles of the Golden Parachute Provisions, the Company has made assumptions and judgments which it believes to be conservative so as to result in the Transaction Payments, and thus the Approval Amounts, having an Estimated Section 280G Value at the high end of the range of values reasonably determinable under the Golden Parachute Provisions and not taking into account certain exceptions that may apply under Section 280G of the Code and such regulations. The description of the Transaction Payments below is based upon calculations that assume: (i) the closing of the Merger (the “*Closing*”) will occur on July 8, 2020, (ii) full release of the holdback amounts and achievement of all earnouts, (iii) per share consideration equals \$5.50, with a maximum earnout of \$0.75 in addition to such per share consideration, (iv) time-based equity awards granted within 12 months prior to the Closing are contingent on the Merger, and (v) any one-time bonus or salary increase that occurred within 12 months prior to the Closing is contingent on the Merger. **The actual per share consideration may be less than \$5.50 if there is not full release of holdback amounts, and the \$0.75 earnout may not be achieved.** These estimates are assumed solely for the purposes of this Disclosure Letter.

The actual valuation of (and overall inclusion of amounts in) the Transaction Payments under Section 280G of the Code and such regulations may turn out to be higher or lower than the estimates presented in the tables below. It is important to note, however, that a vote in favor of the Approval Amounts will constitute approval of the actual value payable, even if it is greater than the estimated value. The actual number of shares of stock subject to the Option that are subject to accelerated vesting and pay out in connection with the Merger will in no event exceed the amounts set forth in the table.

Under the Golden Parachute Provisions, compensatory payments do not include payments with respect to equity that was already vested notwithstanding the occurrence of a change in ownership or control. Thus, except as provided below, for purposes of this Disclosure Letter, the Company has not included amounts payable to the Individuals that are attributable to vested stock options. The Estimated Section 280G Value of a time-based equity

award granted within 12 months prior to a change in ownership or effective control is presumed to be contingent on the change in ownership or effective control, and the Estimated Section 280G Value of such equity award is its full value unless such presumption can be overcome by clear and convincing evidence.

The inclusion of any potential Transaction Payment in this Disclosure Letter should not be considered an admission that such Transaction Payment is a parachute payment or contingent upon a change in control or effective ownership of the Company. The Company believes that many of the payments described herein constitute reasonable compensation for services. In addition, for purposes of determining who constitutes a disqualified individual, the Company has sought to be more inclusive so as to result in more individuals being covered by this Disclosure letter. The inclusion of an Individual in this Disclosure Letter should be considered an admission that such individual is a disqualified individual with respect to the Company.

Description of Potential Parachute Payments

The Transaction Payments described below include payments and other benefits that the Individuals received, may receive or are or may become entitled to receive in connection with the Merger or for services to be rendered after the Merger, even though such payments might not be treated in full or in part as contingent on a change in control. Out of an abundance of caution, the amounts described are estimates intended to reflect all the benefits the Individuals may receive or are or may become entitled to receive, even though they may not be received in full or at all or may otherwise be excludable in the calculation of a “parachute payment” as reasonable compensation for personal services. To the extent any such payments or benefits are not actually received by an Individual, they will not be taken into account in determining the amount of the Individual’s Approval Amounts, if any. However, all such payments and benefits are being included here to provide adequate disclosure to stockholders of the Company in connection with their decision to vote to permit the Individuals to receive and retain the Approval Amounts.

1. **Company Options.** The Company Options were granted to Butler on December 1, 2019 (less than 12 months prior to the Closing). As noted above, equity awards granted within 12 months of a change in ownership or control are presumed to be contingent on the change in ownership or control unless such presumption can be overcome by clear and convincing evidence. Although the Company Options granted to Butler were intended to be in consideration for services rendered, out of an abundance of caution, we have treated such Company Options as contingent on the Merger. Accordingly, the full value of the payments being made in connection with the Company Options is being taken into consideration, also in an abundance of caution. For purposes of the Golden Parachute Provisions, the estimated intrinsic full value of the Company Options is equal to the (i) the difference between the aggregate merger consideration per share of common stock (before deduction of any adjustments, escrow funds, holdback amounts or expenses), estimated for this purpose to equal approximately \$5.50 per share, and the per share exercise price of the Company Options, multiplied by (ii) the total number of shares underlying the Company Options.

2. **Cash Bonuses.** The Company paid performance-based bonuses to Butler and Slorach in the amounts of \$70,000 each, which were paid in the ordinary course in December 2019. In addition, Butler was paid a discretionary bonus in February 2020 in the amount of \$60,000. The Company paid a discretionary bonus to Slorach as well in the amount of \$20,000, which was paid in June of 2020. All of the bonuses were paid during the 12 months prior to the Merger. Although the Company believes that the bonuses represent reasonable compensation for services performed, in light of the presumption under the Golden Parachute Provisions that such bonuses are contingent on the Merger, we have treated the bonuses as a Transaction Payment for purposes of this Disclosure Letter out of an abundance of caution.

3. **Salary Increase.** The Company increased Butler’s base salary in the ordinary course of business by \$9,200 during the 12 months prior to the Merger. Accordingly, although the Company believes that this increase represents reasonable compensation for services performed, in light of the presumption under the Golden Parachute Provisions that such increase is contingent on the Merger, we have treated the increase as a Transaction Payment for purposes of this Disclosure Letter out of an abundance of caution.

4. **Earnout.** As described in further detail in the Merger Agreement, Butler may be eligible for an Earnout Amount in respect of compensatory equity upon the Company’s achievement of \$8,383,000 in Annual Contract

Value (as defined in the Merger Agreement) at any time during the period beginning on the Closing and ending on the two year anniversary of the Closing. The full value of Butler's potential share of the Earnout, to the extent it relates to compensatory awards to him (that is, the Company Options), that Parent would pay if such metrics are achieved, is set forth below (assuming a \$0.75 per share payout). There is no certainty, however, that the Earnout amounts would be payable in any event, as they are subject to achievement of the metrics described above. Any Earnout that may be payable to the Individuals in connection with other shares owned that are not compensatory in nature, are not included below. Moreover, the Earnout with respect to compensatory awards to the Individual are included out of an abundance of caution and in an attempt to be conservative with respect to determining what may be considered by the IRS to be a parachute payment, but the inclusion of such amount here should not be taken as an admission that the Earnout is a parachute payment.

5. Parent Retention Bonus. In connection with the Transactions, Parent will be entering into a retention agreement with each of the Individuals pursuant to which Parent will agree to pay the Individuals a retention bonus in the form of a \$1,000,000 cash bonus, payable in two equal installments of \$500,000, on each of the first and second anniversaries of the Closing, and in each case subject to the applicable Individual's continued employment or services, as applicable, with the Company, Parent, or their affiliates until the applicable payment date.

The chart below sets forth the estimated Transaction Payments for the Individuals and identifies the portion of the payment attributable to the Company Options, Cash Bonuses, Salary Increase, Earnout, and Parent Retention Bonus, before reducing the payments to present value and other reductions permitted under Section 280G of the Code and the regulations promulgated thereunder. Stockholder Approval is sought for the Approval Amounts, an estimate of which is also set forth below, which is the excess of the Transaction Payments over the Estimated Parachute Limit.

Name	(A) Option Payout	(B) Cash Bonus	(C) Salary Increase	(D) Earnout	(E) Parent Retention Bonus	(F) Estimated Transaction Payment (A+B+C+D+E)	(G) Estimated Base Amount	(H) Estimated Parachute Limit (3x Base Amount - \$1)	(I) Approval Amounts ** (F - H)
Simon Butler	\$700,740	\$130,000	\$9,200	\$114,750	\$1,000,000	\$1,954,690	\$243,166	\$729,497	\$1,225,193
Fergus Slorach	N/A	\$90,000	N/A	N/A	\$1,000,000	\$1,090,000	\$151,586	\$454,756	\$635,244

**The Individuals have waived his right to receive any Approval Amounts summarized above unless such Approval Amounts are approved by the requisite vote of more than seventy-five percent (75%) of the Company's disinterested stockholders. If the Approval Amounts are so approved, the Company and/or Parent would be entitled to a deduction with respect to such Approval Amounts, and the Individuals would receive such Approval Amounts without being subject to the twenty percent (20%) excise tax. In the event the Approval Amounts are not approved by the requisite vote of more than seventy-five percent (75%) of the Company's disinterested stockholders, the Individuals will not receive their Approval Amount.

* * *

To ensure compliance with Treasury Department regulations, we advise you that any federal tax advice contained in these materials was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Code or applicable state or local tax law provisions or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

**ACTION BY WRITTEN CONSENT OF THE VOTING STOCKHOLDERS
OF
METHODICS HOLDINGS, INC.**

The undersigned, each a holder of Common Stock of Methodics Holdings, Inc., a Delaware corporation (the “**Company**”), by this consent in writing in accordance with Section 228 of the Delaware General Corporation Law hereby consent to and adopt the below resolutions (this “**Consent**”). The undersigned, in the aggregate, hold of record the outstanding equity securities of the Company representing (i) not less than the number of votes that would be necessary to authorize these resolutions at a meeting at which all equity securities entitled to vote thereon were present and voted, and (ii) more than 75% of the voting power of all outstanding equity securities of the Company (excluding equity securities disregarded under Section 280G of the Internal Revenue Code of 1986, as amended (“**Section 280G**”)).

All capitalized terms used and not defined herein have the same meaning given to such terms in that certain Disclosure Letter and Request for Stockholder Approval, dated July 6, 2020 (the “**Disclosure Letter**”).

APPROVAL OF TRANSACTION PAYMENTS

WHEREAS: The undersigned voting stockholder has received, simultaneously with this Consent, the Disclosure Letter regarding the payments and benefits to be provided to the Individuals named therein in connection with the Transactions;

WHEREAS: The Individuals may be considered “disqualified individuals” under Section 280G and, absent stockholder approval of the Approval Amounts in accordance with Section 280G, the aggregate Transaction Payments provided to the Individuals could result in an “excess parachute payment” to the Individuals under Section 280G;

WHEREAS: The Transactions may be considered a change in ownership or effective control of the Company for purposes of Section 280G;

WHEREAS: All or a portion of the Transaction Payments the Individuals have received or to which the Individuals will or may be entitled could constitute “parachute payments” within the meaning of Section 280G, which could result in the loss of certain income tax deductions to the Company under Section 280G and in the imposition of excise taxes on such Individuals under Section 4999 of the Code if such payments were made without obtaining stockholder approval as discussed below;

WHEREAS: The Company is seeking the approval of its voting stockholders of the Approval Amounts to the extent the Approval Amounts are parachute payments” within the meaning of Section 280G;

WHEREAS: Section 280G(b)(5)(B) of the Code provides that payments and benefits that would otherwise be “parachute payments” will not be subject to the Golden Parachute Provisions if the material terms of the payments are disclosed to all equity holders entitled to vote and approved by more than 75% of the voting power of all outstanding equity securities of the company that is subject to the change in ownership or effective control (excluding equity securities held by persons receiving payments that would be parachute payments if the stockholder approval exception were not met or by any person constructively owning any shares owned by such a disqualified individual), provided that such approval is a condition to the recipient’s right to receive or retain the payments in question;

WHEREAS: The Individuals have waived their right to receive or retain their Approval Amounts to the extent such Approval Amounts are “parachute payments” within the meaning of Section 280G, unless

and until the holders of more than 75% of the voting power of the stock of the Company approve the Approval Amounts in a manner that complies with Section 280G(b)(5)(B) of the Code and the regulations promulgated thereunder, disregarding for this purpose shares of Company stock held by the Individuals and any shares of Company stock treated as constructively owned by or for the Individuals, in accordance with the provisions of Treasury Regulation Section 1.280G-1, Q&A-4;

WHEREAS: Unless the Company's voting stockholders approve the Approval Amounts to the Individuals, to the extent all or a portion of the Approval Amounts are "parachute payments," such Approval Amounts (or portion thereof) will not be paid to the Individuals;

WHEREAS: The approval of the Approval Amounts is not a condition to the closing of the Transactions, and if stockholder approval is not obtained, it will not affect the approval of the Transactions by the stockholders; and

WHEREAS: The undersigned voting stockholder wishes to approve or not approve the Approval Amounts to the Individuals described in the Disclosure Letter in order to comply with the stockholder approval requirements of Section 280G(b)(5)(A)(ii) of the Code and, if approved, thereby avoid the imposition of an excise tax on such Individuals under Section 4999 of the Code and the possible loss of an income tax deduction by the Company under Section 280G.

NOW, THEREFORE, BE IT RESOLVED: That the Approval Amounts be, and hereby are, approved or not approved in their entirety in accordance with the voting instructions set forth on the signature pages that follow; and

FURTHER RESOLVED: That the approval of the Approval Amounts shall be deemed effective upon the adoption, execution and delivery to the Company of this Consent by approving stockholders of more than seventy-five percent (75%) of the voting power of all outstanding Common Stock of the Company that are entitled to vote on the matter pursuant to Section 280G.

Each of the undersigned that is a director, officer, employee or agent of the Company represents and warrants to the Company that it is executing this Consent voluntarily and not as a condition to the continuation of his or her employment with the Company and that such director, officer, employee or agent has not been threatened with any adverse treatment by the Company if he or she did not execute this Consent.

The action taken by this Consent shall have the same force and effect as if taken at a meeting of the stockholders of the Company, duly called and constituted. This Consent may be signed in any number of counterparts, including without limitation by facsimile, each of which shall be an original and all of which together shall constitute one and same the Consent, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Any vote, consent or other action by each of the undersigned that is not in accordance with this Consent shall be considered null and void; *provided*, that notwithstanding anything else to the contrary herein, this Consent shall terminate and be of no further force and effect upon termination of the Merger Agreement with no further liability or obligation of any of the undersigned hereunder.

The undersigned acknowledges and agrees that to the extent approved in accordance with the voting instructions set forth on the signature pages that follow, this Consent is, and is intended to be, stockholder approval, which complies with the requirements of Section 280G(b)(5)(B) of the Code. Each of the undersigned hereby further acknowledges and affirms that the undersigned has (i) received, read, and understood the Disclosure Letter and (ii) been given full disclosure of (A) all material facts concerning the

Transaction Payments and the Approval Amounts and (B) the significance of the stockholders' approval of such Approval Amounts under the Code.

APPROVAL OF POSSIBLE EXCESS PARACHUTE PAYMENTS:

- ☐ The undersigned hereby votes all of its shares IN FAVOR OF, consents to, and adopts, approves, ratifies and confirms the foregoing resolutions, which include the approval, ratification and confirmation of the payment of the Approval Amounts to the Individuals.
- ☐ The undersigned hereby does NOT vote any of its shares in favor of, consent to, or adopt, approve, ratify or confirm the foregoing resolutions, which include the approval, ratification and confirmation of the payment of the Approval Amounts to the Individuals.

INDIVIDUAL VOTING STOCKHOLDER:

By signing below, the undersigned stockholder represents that he or she is not an “entity stockholder” within the meaning of Treasury Regulations Section 1.280G-1, Q&A-7(b)(3) (i.e., is an individual).

Signature: _____

Name:

Date:

APPROVAL OF POSSIBLE EXCESS PARACHUTE PAYMENTS:

- ☐ The undersigned hereby votes all its shares IN FAVOR OF, consents to, and adopts, approves, ratifies and confirms the foregoing resolutions, which include the approval, ratification and confirmation of the payment of the Approval Amounts to the Individuals.
- ☐ The undersigned hereby does NOT vote any of its shares in favor of, consent to, or adopt, approve, ratify or confirm the foregoing resolutions, which include the approval, ratification and confirmation of the payment of the Approval Amounts to the Individuals.

ENTITY VOTING STOCKHOLDER:

By signing below, the undersigned stockholder represents that it is an “entity stockholder” within the meaning of Treasury Regulations Section 1.280G-1, Q&A-7(b)(3), and accordingly, all of the applicable requirements of Treasury Regulations Sections 1.280G-1, Q&A-7(b)(3) and (4) applicable to “entity stockholders” have been satisfied in respect of this vote, and the person executing this Consent on behalf of such “entity stockholder” is authorized to do so by such entity.

REPRESENTATION WITH RESPECT TO VOTING RIGHTS FOR ENTITY STOCKHOLDERS ONLY

Under applicable guidance issued by the IRS, stockholder approval for purposes of the exception from the parachute payment rules in Section 280G(b)(5)(B) of the Code which is given by an entity stockholder, such as a corporation, partnership or limited liability company, may generally be made by the person authorized by the entity stockholder to approve the payment. However, if the total fair market of the equity securities of the Company equals or exceeds one-third (1/3rd) of the total gross fair market value of the assets of the entity stockholder, then the entity stockholder’s approval of the Transaction Payments described in the Disclosure Letter must be approved by a separate vote of the persons who hold at least 75% of the voting power of the entity stockholder (other than “disqualified individuals”). Notwithstanding the foregoing, the special voting rule described above shall not apply if the total fair market value of the equity securities of the Company owned, directly or indirectly, by or for the entity stockholder does not exceed one percent (1%) of the total value of the Company’s outstanding equity securities.

The undersigned entity hereby represents that: [check the appropriate box]

- ☐ The fair market value of the equity securities of the Company held by the undersigned entity stockholder represents less than one-third (1/3rd) of the fair market value of all assets of the entity stockholder, and the person signing below is authorized to sign on behalf of the undersigned.
- ☐ The fair market value of the equity securities of the Company held by the undersigned entity stockholder represents at least one-third (1/3rd) of the fair market value of all assets of the entity stockholder, and the party approving the payment of the Approval Amounts on behalf of the entity stockholder owns all of the voting rights with respect to the entity stockholder.
- ☐ The fair market value of the equity securities of the Company held by the undersigned entity stockholder represents at least one-third (1/3rd) of the fair market value of all assets of the stockholder, and the Approval Amounts have been approved by a separate vote of the persons who hold at least 75% of the voting power of the undersigned entity stockholder. (Please attach signed approvals or consents of persons approving payment in separate vote, any exclusions from voting due to a “disqualified individual”, and voting power of each owner of the entity stockholder).

ENTITY STOCKHOLDER (exactly as appears on certificate)

By: _____ **Title:** _____

Name: _____ **Date:** _____