

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

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2018.

OR

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

For the Transition Period From _____ to _____
Commission File Number 1-09720

PAR TECHNOLOGY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware

16-1434688

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

PAR Technology Park

8383 Seneca Turnpike

New Hartford, New York

13413-4991

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (315) 738-0600

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large Accelerated Filer

Accelerated Filer

Non Accelerated Filer (Do not check if a smaller reporting company)

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

As of May 7, 2018, 16,073,128 shares of the registrant's common stock, \$0.02 par value, were outstanding.

PAR TECHNOLOGY CORPORATION

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share amounts)
(Unaudited)

Assets	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Current assets:		
Cash and cash equivalents	\$ 5,762	\$ 6,600
Accounts receivable-net	35,911	30,077
Inventories-net	22,394	21,746
Other current assets	5,311	4,209
Total current assets	69,378	62,632
Property, plant and equipment – net	11,015	10,755
Deferred income taxes	13,887	13,809
Goodwill	11,051	11,051
Intangible assets – net	12,418	12,070
Other assets	4,391	4,307
Total Assets	\$ 122,140	\$ 114,624
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 199	\$ 195
Borrowings of line of credit	3,950	950
Accounts payable	17,537	14,332
Accrued salaries and benefits	5,396	6,275
Accrued expenses	3,784	3,926
Customer deposits and deferred service revenue	11,275	10,241
Total current liabilities	42,141	35,919
Long-term debt	133	185
Deferred service revenue	3,649	2,668
Other long-term liabilities	6,559	6,866
Total liabilities	52,482	45,638
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock, \$.02 par value, 1,000,000 shares authorized	—	—
Common stock, \$.02 par value, 29,000,000 shares authorized; 17,686,224 and 17,677,161 shares issued, 15,978,115 and 15,969,052 outstanding at March 31, 2018 and December 31, 2017, respectively	354	354
Capital in excess of par value	48,530	48,349
Retained earnings	29,617	29,549
Accumulated other comprehensive loss	(3,007)	(3,430)
Treasury stock, at cost, 1,708,109 shares	(5,836)	(5,836)
Total shareholders' equity	69,658	68,986
Total Liabilities and Shareholders' Equity	\$ 122,140	\$ 114,624

See accompanying notes to unaudited interim consolidated financial statements

PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Net revenues:		
Product	\$ 26,324	\$ 37,206
Service	13,196	14,343
Contract	16,141	14,316
	<u>55,661</u>	<u>65,865</u>
Costs of sales:		
Product	19,440	27,572
Service	9,547	10,474
Contract	14,827	12,747
	<u>43,814</u>	<u>50,793</u>
Gross margin	<u>11,847</u>	<u>15,072</u>
Operating expenses:		
Selling, general and administrative	8,600	9,610
Research and development	2,868	2,980
Amortization of identifiable intangible assets	241	241
	<u>11,709</u>	<u>12,831</u>
Operating income from continuing operations	138	2,241
Other income (expense), net	49	(248)
Interest expense, net	(41)	(32)
Income from continuing operations before provision for income taxes	146	1,961
Provision for income taxes	(78)	(697)
Income from continuing operations	68	1,264
Discontinued operations		
Income from discontinued operations (net of tax)	—	183
Net income	<u>\$ 68</u>	<u>\$ 1,447</u>
Basic Earnings per Share:		
Income from continuing operations	0.00	0.08
Income from discontinued operations	0.00	0.01
Net income	<u>\$ 0.00</u>	<u>\$ 0.09</u>
Diluted Earnings per Share:		
Income from continuing operations	0.00	0.08
Income from discontinued operations	0.00	0.01
Net income	<u>\$ 0.00</u>	<u>\$ 0.09</u>
Weighted average shares outstanding		
Basic	<u>15,948</u>	<u>15,781</u>
Diluted	<u>16,286</u>	<u>15,978</u>

See accompanying notes to unaudited interim consolidated financial statements

PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Net income	\$ 68	\$ 1,447
Other comprehensive income, net of applicable tax:		
Foreign currency translation adjustments	423	41
Comprehensive income	<u>\$ 491</u>	<u>\$ 1,488</u>

See accompanying notes to unaudited interim consolidated financial statements

PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 68	\$ 1,447
Income from discontinued operations	—	(183)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation, amortization and accretion	1,062	898
Provision for bad debts	100	112
Provision for obsolete inventory	696	958
Equity based compensation	181	177
Deferred income tax	(78)	361
Changes in operating assets and liabilities:		
Accounts receivable	(5,934)	(3,932)
Inventories	(1,344)	479
Income tax receivable	—	261
Other current assets	(1,102)	(140)
Other assets	(84)	(76)
Accounts payable	3,205	773
Accrued salaries and benefits	(879)	(173)
Accrued expenses	(142)	(190)
Customer deposits and deferred service revenue	2,015	(2,007)
Other long-term liabilities	(307)	(7)
Deferred tax equity based compensation	—	12
Net cash used in operating activities	(2,543)	(1,230)
Cash flows from investing activities:		
Capital expenditures	(568)	(2,344)
Capitalization of software costs	(1,102)	(1,006)
Net cash used in investing activities	(1,670)	(3,350)
Cash flows from financing activities:		
Payments of long-term debt	(48)	(46)
Payments of other borrowings	(2,000)	(5,000)
Proceeds from other borrowings	5,000	6,000
Net cash provided by financing activities	2,952	954
Effect of exchange rate changes on cash and cash equivalents	423	41
Net decrease in cash and cash equivalents	(838)	(3,585)
Cash and cash equivalents at beginning of period	6,600	9,055
Cash and equivalents at end of period	\$ 5,762	\$ 5,470
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	75	6
Income taxes, net of refunds	—	39

See accompanying notes to unaudited interim consolidated financial statements

PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Basis of presentation

The accompanying unaudited interim consolidated financial statements of PAR Technology Corporation (the “Company” or “PAR”) have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial statements and the instructions to Form 10-Q and Article 10 of Regulation S-X pertaining to interim financial statements. Accordingly, they do not include all information and footnotes required by GAAP for annual financial statements. In the opinion of management, such unaudited interim consolidated financial statements include all normal and recurring adjustments necessary for a fair presentation of the results for the interim periods included in this Quarterly Report on Form 10-Q (“Quarterly Report”). Operating results for the three months ended March 31, 2018 are not necessarily indicative of the results of operations that may be expected for any future period. Certain amounts for prior periods have been reclassified to conform to the current period classification.

The preparation of unaudited interim consolidated financial statements requires management of the Company to make a number of estimates, judgments and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amount of revenues and expenses during the period. Primary areas where financial information is subject to the use of estimates, assumptions and the application of judgment include revenue recognition, accounts receivable, inventories, accounting for business combinations, contingent consideration, equity compensation, goodwill and intangible assets, and taxes. Actual results could differ from those estimates.

The unaudited interim consolidated financial statements and related notes should be read in conjunction with the Company’s audited consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission (“SEC”) on March 16, 2018.

Note 2 - Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, Revenue from Contracts with Customers, codified as ASC Topic 606 (“ASC 606”). The FASB issued amendments to ASC 606 during 2016. ASC 606 requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue and related cash flows arising from contracts with customers. ASC 606 is effective for annual and interim reporting periods beginning after December 15, 2017.

Two adoption methods are permitted under ASU 2014-09. The new standard may be adopted through either retrospective application to all periods presented in the consolidated financial statements (full retrospective) or through a cumulative effect adjustment to retained earnings at the effective date (modified retrospective). The Company adopted the new standard effective January 1, 2018 using the modified retrospective method. We reviewed significant open contracts with customers for each revenue stream.

A portion of our revenue is derived from Software as a Service (SaaS), hardware and software sales, contracts and programs. ASC 606 requires us to distinguish and measure performance obligations under customer contracts. Transaction prices are allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Performance obligations are satisfied over time as work progresses or at a point in time.

We evaluated the potential performance obligations within our Restaurant/Retail arrangements (Brink/POS, SureCheck, and PixelPoint) and evaluated whether each deliverable or promise met the ASC 606 criteria to be considered distinct performance obligations. Our revenue in the Restaurant and Retail (R&R) reportable segment is recognized at a point in time for software, manufactured or “purchased for re-sale” hardware (such as terminals, peripherals printers, card readers and other accessories), installations and “pass through licenses”. Revenue on these items are recognized when the customer obtains control of the asset. This generally occurs upon delivery and acceptance by the customer or upon installation or delivery to a third party carrier for onward delivery to customer. Additionally, revenue in the R&R reportable segment relating to subscription services for software, SaaS, Advanced Exchange, On-Site support and other services are recognized over time as the customer simultaneously receives and consumes the benefits of the Company’s performance obligations. Our support services are stand-ready obligations that are provided over the life of the contract, which typically ranges from 12 months to 60 months. We offer installation services to our customers for hardware and software for which we primarily hire third-party contractors to install the equipment on our behalf. We pay the third-party contractors an installation service fee based on an hourly rate as agreed upon between us and contractor. When third party installers are used, we determine whether the nature of our promises are performance obligations to provide the specified goods or services ourselves (principal) or to arrange for the third party to provide the goods or services (agent). In our

customer arrangements, we are primarily responsible for fulfilling the promise to provide a good or service, we have inventory risk before the good or service is transferred to the customer, and we have discretion in establishing prices. We are the principal in the arrangement and record installation revenue on a gross basis.

At times we will offer maintenance services at different prices for customers based on the life of the service, which typically ranges from 12 to 60 months. The support services are a 'stand-ready obligation' satisfied over time on the basis that customer consumes and receives benefit from having access to our support resources, when and as needed, throughout the contract term. For this reason, the support services are recognized ratably over the term since we satisfy its obligation to stand ready by performing these services each day.

Our contracts typically require payment within 30 to 90 days from the shipping date or installation date, depending on our terms with the customer. We use stand-alone selling price for our direct sales hardware and software when not included as part of a bundle. For all other sales, excluding bundled sales, we use Cost Plus Margin as we sell the same good or service but at different rates to different customers. There is no standard price list used and prices are not listed in contracts.

Our revenue in the Government reportable segment is recognized over time as control is generally transferred continuously to our customers. Revenue generated by the Government segment is predominantly related to services provided, however revenue is also generated through the sale of materials, software, hardware, and maintenance. For the Government segment cost plus fixed fee contract portfolio, revenue is recognized over time using costs incurred to date to measure progress toward satisfying our performance obligations. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Contract costs include labor, material, overhead and G&A expenses. Profit is recognized as the fixed fee portion of the contract as costs are incurred and invoiced. Long-term fixed price contracts and programs involve the use of various techniques to estimate total contract revenue and costs. For long-term fixed price contracts, we estimate the profit on a contract as the difference between the total estimated revenue and expected costs to complete a contract and recognize that profit over the life of the contract. Contract estimates are based on various assumptions to project the outcome of future events. These assumptions include labor productivity and availability; the complexity of the work to be performed; the cost and availability of materials; and the performance of subcontractors. Revenue and profit in future periods of contract performance are recognized using the aforesaid assumptions and adjusting the estimate. Allocating the transaction price varies based on the performance obligations within a specific contract as the stand-alone selling price of the software and maintenance/support is not always discernable. Once the services provided are determined to be distinct or not distinct, we would evaluate how to allocate the transaction price. Generally, the government segment does not sell the same good or service to a similar customer and the contract performance obligations are unique to each government solicitation. The performance obligations are typically not distinct. In cases where there are distinct performance obligations, the transaction price would be allocated to each performance obligation on a standalone basis. Cost plus margin is used for the Cost Plus Fixed Fee contract portfolios, and residual is used for the Fixed Price and Time & Materials contracts portfolios.

In determining when to recognize revenue, we have evaluated the goods/services provided in all contracts and considered two scenarios, Scenario One - The performance obligation is satisfied over time and Scenario Two - the performance obligation is satisfied at a point in time. We evaluated factors suggesting the aforementioned conclusions. Generally, Scenario One applies to our portfolio of contracts. However, there may be circumstances where Scenario Two, or Scenario One and Two could apply. We usually expect payment within 30 to 90 days from the date of service, depending on our terms with the customer. None of our contracts as of March 31, 2018, contained a significant financing component.

There was no impact to retained earnings for the quarter ended March 31, 2018 based on the adoption of ASC 606.

Performance Obligations Outstanding

Our performance obligations outstanding represent the transaction price of firm, non-cancellable orders, with expected delivery dates to customers subsequent to March 31, 2018, for which work has not yet been performed. The aggregate performance obligations attributable to each of our segments is as follows (in thousands):

	As of March 31, 2018	
	Current - under one year	Non-current - over one year
Restaurant	8,243	3,649
Government	300	—
TOTAL	8,543	3,649

As of December 31, 2017

	Current - under one year	Non-current - over one year
Restaurant	6,199	2,668
Government	585	—
TOTAL	6,784	2,668

Most performance obligations over one year are related to service and support contracts, which we expect to fulfill approximately 70 percent within the next twelve months and all within 60 months.

During the three month period ended March 31, 2018, we recognized revenue of \$5.7 million that was included in contract liabilities at the beginning of the period.

Disaggregated Revenue

We disaggregate revenue from contracts from customers by major product group for each of the segments as we believe it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Disaggregation of revenue for the three months ended March 31, 2018 is as follows (in thousands):

	Three months ended March 31, 2018		
	Restaurant/Retail - Point in Time	Restaurant/Retail - Over Time	Government - Over Time
Restaurant	32,164	5,857	
Grocery	753	746	
Mission Systems	—		8,334
ISR Solutions	—		7,807
TOTAL	32,917	6,603	16,141

Practical Expedients and Exemptions

We generally expense sales commissions when incurred because the amortization period would have been less than one year or total amount of commissions immaterial. We record these costs within selling, general and administrative expenses.

We have elected to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the entity from a customer (for example, sales, use, value added, and some excise taxes).

Note 3 — Divestiture and Discontinued Operations

On November 4, 2015, the Company sold substantially all of the assets of its hotel/spa technology business operated by PAR Springer-Miller Systems, Inc., Springer-Miller International, LLC, and Springer-Miller Canada, ULC (collectively, “PSMS”) pursuant to an asset purchase agreement (the “PSMS APA”) dated on even date therewith among PSMS and Gary Jonas Computing Ltd., SMS Software Holdings LLC, and Jonas Computing (UK) Ltd. (the “Purchasers”). Accordingly, the results of operations of PSMS have been classified as discontinued operations in the Consolidated Statements of Operations (unaudited) and Consolidated Statements of Cash Flows (unaudited) in accordance with Accounting Standards Codification (“ASC”) ASC 205-20 (Presentation of Financial Statements – Discontinued Operations). Additionally, the assets and associated liabilities have been classified as discontinued operations in the Consolidated Balance Sheets (unaudited). Total consideration to be received from the sale is \$16.6 million in cash (the “Base Purchase Price”), with \$12.1 million paid at the closing of the asset sale and up to \$4.5 million payable 18 months following the closing (the “Holdback Amount”). On May 5, 2017, the Company received payment of \$4.2 million of the Holdback Amount, the unpaid balance is reflective of a negative purchase price adjustment based on the net tangible asset calculation provided under the PSMS APA. In addition to the Base Purchase Price, contingent consideration of up to \$1.5 million (the “Earn-Out”) could be received by the Company based on the achievement of certain agreed-upon revenue and earnings targets for calendar years 2017, 2018 and 2019 (up to \$500,000 per calendar year), subject to setoff for PSMS and ParTech, Inc. indemnification obligations thereunder and unresolved claims. The Company received no Earn-Out payment for calendar year 2017 and, as of March 31, 2018, the Company did not record any amount associated with calendar years 2018 and 2019, as the Company does not believe achievement of the related revenue and earnings targets is probable.

As of March 31, 2018 and December 31, 2017, the Company did not have any assets or liabilities from discontinued operations.

Summarized financial operating results for the Company's discontinued operations is as follows (in thousands):

	Three Months Ended March 31,	
	2018	2017
Operations		
Total revenues	\$ —	\$ —
Income from discontinued operations before income taxes	\$ —	\$ 284
Provision for income taxes	—	(101)
Income from discontinued operations, net of taxes	\$ —	\$ 183

During the three months ended March 31, 2017, the Company recognized income on discontinued operations of \$0.2 million (net of tax) mainly due to an increase of the note receivable. The increase of the note receivable is reflected in the Company's earnings for 2017 and was received by the Company on May 5, 2017. No amount was recorded for the three months ended March 31, 2018.

Note 4 — Accounts Receivable

The Company's accounts receivable, net consists of (in thousands):

	March 31, 2018	December 31, 2017
Government segment:		
Billed	\$ 10,442	\$ 9,028
Advanced billings	(1,310)	(1,977)
	<u>9,132</u>	<u>7,051</u>
Restaurant/Retail segment:	26,779	23,026
Accounts receivable - net	<u>\$ 35,911</u>	<u>\$ 30,077</u>

At March 31, 2018 and December 31, 2017, the Company had recorded allowances for doubtful accounts of \$1.0 million and \$0.9 million, respectively, against Restaurant/Retail segment accounts receivable.

Note 5 — Inventories

Inventories are primarily used in the manufacture, maintenance and service of Restaurant/Retail segment products. The components of inventories, net, consist of the following (in thousands):

	March 31, 2018	December 31, 2017
Finished goods	\$ 10,129	\$ 9,535
Work in process	649	766
Component parts	5,772	5,480
Service parts	5,844	5,965
	<u>\$ 22,394</u>	<u>\$ 21,746</u>

At March 31, 2018 and December 31, 2017, the Company had recorded inventory reserves of \$10.7 million and \$10.0 million, respectively, against Restaurant/Retail segment inventories, which relates primarily to service parts.

Note 6 — Identifiable Intangible Assets and Goodwill

Identifiable intangible assets represent intangible assets acquired by the Company in connection with its acquisition of Brink Software Inc. in 2014 ("Brink Acquisition") and software development costs. The Company capitalizes certain software development costs for software used in its Restaurant/Retail segment. Software development costs incurred prior to establishing technological feasibility are charged to operations and included in research and development costs. The technological feasibility of a software product is established when the Company has completed all planning, designing, coding, and testing activities that are necessary to establish that the product meets its design specifications, including functionality, features, and technical performance requirements. Software development costs incurred after establishing technological feasibility for software sold as a perpetual license, as defined within ASC 985-20 (Software – Costs of Software to be sold, Leased, or Marketed) are capitalized and amortized on a product-by-product basis when the product is available for general release to customers. Software development is also capitalized in accordance with ASC 350-40, "Intangibles - Goodwill and Other - Internal - Use Software," and is amortized over the expected benefit period, which generally ranges from three to seven years. Software development costs capitalized within continuing operations during the three months ended March 31, 2018 and March 31, 2017 were \$1.1 million and \$1.0 million, respectively.

Annual amortization, charged to cost of sales is computed using the greater of (a) the straight-line method over the remaining estimated economic life of the product, generally three to seven years or (b) the ratio that current gross revenues for the product bear to the total of current and anticipated future gross revenues for the product. Amortization of capitalized software development costs from continuing operations for the three months ended March 31, 2018 and 2017 were \$0.8 million and \$0.3 million, respectively.

Amortization of intangible assets acquired in the Brink Acquisition amounted to \$0.2 million for both of the three month periods ended March 31, 2018 and 2017.

The components of identifiable intangible assets, excluding discontinued operations, are (in thousands):

	March 31, 2018	December 31, 2017	Estimated Useful Life
Acquired and internally developed software costs	\$ 20,772	\$ 19,670	3 - 7 years
Customer relationships	160	160	7 years
Non-competition agreements	30	30	1 year
	<u>20,962</u>	<u>19,860</u>	
Less accumulated amortization	(8,944)	(8,190)	
	<u>\$ 12,018</u>	<u>\$ 11,670</u>	
Trademarks, trade names (non-amortizable)	400	400	N/A
	<u>\$ 12,418</u>	<u>\$ 12,070</u>	

The expected future amortization of intangible assets, assuming straight-line amortization of capitalized software development costs and acquisition related intangibles, is as follows (in thousands):

2018	\$ 2,927
2019	2,453
2020	1,953
2021	1,574
2022	533
Thereafter	2,578
Total	<u>\$ 12,018</u>

The Company tests goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment. The Company operates in two reportable business segments, Restaurant/Retail and Government. Goodwill

impairment testing is performed at the reporting unit level. Goodwill is assigned to a specific reporting unit at the date the goodwill is initially recorded. Once goodwill has been assigned to a specific reporting unit, it no longer retains its association with a particular acquisition, and all of the activities within a reporting unit, whether acquired or organically grown, are available to support the value of the goodwill. The amount of goodwill carried by the Restaurant/Retail and Government reporting units is \$10.3 million and \$0.8 million, respectively, at March 31, 2018 and December 31, 2017.

Note 7 — Stock Based Compensation

The Company applies the fair value recognition provisions of ASC Topic 718. The Company recorded stock based compensation of \$0.2 million for both of the three month periods ended March 31, 2018 and March 31, 2017. The amount recorded for the three months ended March 31, 2018 and March 31, 2017 was net of benefits of zero and \$13,000, respectively, as a result of forfeitures of unvested stock awards prior to completion of the requisite service period and/or failure to achieve performance criteria. At March 31, 2018, the aggregate unrecognized compensation expense related to unvested equity awards was \$1.0 million (net of estimated forfeitures), which is expected to be recognized as compensation expense in fiscal years 2018 through 2020.

For the three month periods ended March 31, 2018 and 2017, the Company recognized compensation expense related to performance awards based on its estimate of the probability of achievement in accordance with ASC Topic 718.

Note 8 — Net income per share

Earnings per share are calculated in accordance with ASC Topic 260, which specifies the computation, presentation and disclosure requirements for earnings per share (EPS). It requires the presentation of basic and diluted EPS. Basic EPS excludes all dilution and is based upon the weighted average number of shares of common stock outstanding during the period. Diluted EPS reflects the potential dilution that would occur if convertible securities or other contracts to issue common stock were exercised. For the three months ended March 31, 2018 and March 31, 2017, there were no anti-dilutive stock options outstanding.

The following is a reconciliation of the weighted average of shares of common stock outstanding for the basic and diluted EPS computations (in thousands, except per share data):

	Three Months Ended March 31,	
	2018	2017
Net income from continuing operations	\$ 68	\$ 1,264
Basic:		
Shares outstanding at beginning of period	15,949	15,771
Weighted average shares (repurchased)/issued during the period, net	(1)	10
Weighted average common shares, basic	15,948	15,781
Net income from continuing operations per common share, basic	\$ 0.00	\$ 0.08
Diluted:		
Weighted average common shares, basic	15,948	15,781
Dilutive impact of stock options and restricted stock awards	338	197
Weighted average common shares, diluted	16,286	15,978
Net income from continuing operations per common share, diluted	\$ 0.00	\$ 0.08

Note 9 - Income Taxes

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Cuts and Jobs Act ("Tax Act"). SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which accounting under Accounting Standards Codification 740, *Income Taxes* ("ASC 740") is complete. To the extent a company's accounting for certain income tax effects of the Tax Act is incomplete, but the company is able to determine a reasonable estimate, the company must record a provisional estimate in its financial statements. If a company cannot determine a provisional estimate, it

should continue to apply ASC 740 on the basis of the provision of the tax laws that were in effect immediately before the enactment of the Tax Act. While we are able to make reasonable estimates of the impact of the reduction in the corporate tax rate and the deemed repatriation transition tax, the final impact of the Tax Act may differ from our estimates due to, among other things, changes in our interpretations and assumptions, additional guidance that may be issued by the I.R.S., and actions we may take. We are continuing to gather additional information to determine the final impact.

Note 10 — Contingencies

The Company is subject to legal proceedings, which arise in the ordinary course of business. Additionally, U.S. Government contract costs are subject to periodic audit and adjustment. In the fourth quarter of 2016, the Company voluntarily notified the SEC and the U.S. Department of Justice ("DOJ") that our Audit Committee was overseeing an internal investigation conducted by outside counsel into certain activities at our China and Singapore offices to determine whether the activities were improper and in violation of the U.S. Foreign Corrupt Practices Act ("FCPA") and other applicable laws and certain company policies. On May 1, 2017, the Company received a subpoena from the SEC for documents relating to the internal investigation. During the three months ended March 31, 2018, we recorded \$0.3 million of expenses relating to the internal investigation, including expenses of outside legal counsel and forensic accountants, compared to \$1.0 million for the three months ended March 31, 2017. We are currently unable to predict what actions the SEC, the DOJ, or other governmental agencies (including foreign governmental agencies) might take, or what the likely outcome of any such actions might be, or estimate the range of reasonably possible fines or penalties, which may be material. The SEC, DOJ, and other governmental authorities have a broad range of civil and criminal sanctions, and the imposition of sanctions, fines or remedial measures could have a material adverse effect on the Company's business, prospects, reputation, financial condition, liquidity, results of operations or cash flows.

Note 11 — Segment and Related Information

The Company operates in two distinct reportable segments, Restaurant/Retail and Government. The Company's chief operating decision maker is the Company's Chief Executive Officer. The Restaurant/Retail segment offers point-of-sale ("POS"), food safety and management technology solutions to restaurants and retail, including in the fast casual, quick serve and table service restaurant categories, and specialty retail outlets. This segment also offers customer support including field service, installation, and twenty-four-hour telephone support and depot repair. The Government segment performs complex technical studies, analysis, and experiments, develops innovative solutions, and provides on-site engineering in support of advanced defense, security, and aerospace systems. This segment also provides expert on-site services for operating and maintaining U.S. Government-owned communication assets.

Information noted as "Other" primarily relates to the Company's corporate, home office operations.

Information as to the Company's segments is set forth below, excluding discontinued operations (in thousands).

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Restaurant/Retail	\$ 39,520	\$ 51,549
Government	16,141	14,316
Total	<u>\$ 55,661</u>	<u>\$ 65,865</u>
Operating (loss) income:		
Restaurant/Retail	\$ (608)	\$ 2,362
Government	1,266	1,511
Other	(520)	(1,632)
	<u>138</u>	<u>2,241</u>
Other income (expense), net	49	(248)
Interest expense, net	(41)	(32)
Income before provision for income taxes	<u>\$ 146</u>	<u>\$ 1,961</u>
Depreciation, amortization and accretion:		
Restaurant/Retail	\$ 908	\$ 774
Government	5	7
Other	149	117
Total	<u>\$ 1,062</u>	<u>\$ 898</u>
Capital expenditures including software costs:		
Restaurant/Retail	\$ 1,139	\$ 1,075
Government	—	—
Other	531	2,275
Total	<u>\$ 1,670</u>	<u>\$ 3,350</u>
Revenues by country:		
United States	\$ 52,678	\$ 61,567
Other Countries	2,983	4,298
Total	<u>\$ 55,661</u>	<u>\$ 65,865</u>

The following table represents identifiable assets by reporting segment, excluding discontinued operations (in thousands).

	March 31, 2018	December 31, 2017
Restaurant/Retail	\$ 81,436	\$ 74,257
Government	11,120	8,714
Other	29,584	31,653
Total	<u>\$ 122,140</u>	<u>\$ 114,624</u>

The following table represents assets by country based on the location of the assets, excluding discontinued operations (in thousands).

	March 31, 2018	December 31, 2017
United States	\$ 107,532	\$ 99,284
Other Countries	14,608	15,340
Total	\$ 122,140	\$ 114,624

The following table represents goodwill by reporting unit, excluding discontinued operations (in thousands).

	March 31, 2018	December 31, 2017
Restaurant/Retail	\$ 10,315	\$ 10,315
Government	736	736
Total	\$ 11,051	\$ 11,051

Customers comprising 10% or more of the Company's total revenues, excluding discontinued operations, are summarized as follows:

	Three Months Ended March 31,	
	2018	2017
Restaurant/Retail segment:		
McDonald's Corporation	27%	44%
Yum! Brands, Inc.	11%	12%
Government segment:		
U.S. Department of Defense	29%	22%
All Others	33%	22%
	100%	100%

No other customer within All Others represented more than 10% of the Company's total revenue for the three months ended March 31, 2018 and 2017.

Note 12 — Fair Value of Financial Instruments

The Company's financial instruments have been recorded at fair value using available market information and valuation techniques. The fair value hierarchy is based upon three levels of input, which are:

Level 1 - quoted prices in active markets for identical assets or liabilities (observable)

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable market data for essentially the full term of the asset or liability (observable)

Level 3 - unobservable inputs that are supported by little or no market activity, but are significant to determining the fair value of the asset or liability (unobservable)

The Company's financial instruments primarily consist of cash and cash equivalents, trade receivables, trade payables, debt instruments and deferred compensation assets and liabilities. The carrying amounts of cash and cash equivalents, trade receivables and trade payables as of March 31, 2018 and December 31, 2017 were considered representative of their fair values. The estimated fair value of the Company's long-term debt and line of credit on March 31, 2018 and December 31, 2017 was based on variable and fixed interest rates on such respective dates and approximates their respective carrying values at March 31, 2018 and December 31, 2017.

The deferred compensation assets and liabilities primarily relate to the Company's deferred compensation plan, which allows for pre-tax salary deferrals for certain key employees. Changes in the fair value of the deferred compensation liabilities are derived using quoted prices in active markets of the asset selections made by the participants. The deferred compensation liabilities are classified within Level 2, the fair value classification as defined under FASB ASC 820, "Fair Value Measurements", because their

inputs are derived principally from observable market data by correlation to the hypothetical investments. The Company holds insurance investments to partially offset the Company's liabilities under its deferred compensation plan, which are recorded at fair value each period using the cash surrender value of the insurance investments.

The amounts owed to employees participating in the Deferred Compensation Plan at March 31, 2018 was \$3.6 million compared to \$3.9 million at December 31, 2017 and is included in other long-term liabilities on the consolidated balance sheets.

Under the stock purchase agreement governing the Brink Acquisition, in the event certain defined revenues are determined to have been achieved in 2015, 2016, 2017 and 2018 ("contingent consideration period"), the Company is obligated to pay additional purchase price consideration ("Brink Earn Out"). The fair value of the Brink Earn Out was estimated using a discounted cash flow method, with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement as defined in ASC 820, Fair Value Measurements and Disclosures. The significant inputs in the Level 3 measurement not supported by market activity included the Company's probability assessments of expected future cash flows related to the Company's acquisition of Brink Software Inc. during the contingent consideration period, appropriately discounted considering the uncertainties associated with the obligation. Any change in the fair value adjustment is recorded in the earnings of that contingent consideration period. Changes in the fair value of the Brink Earn Out may result from changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations. Significant increases or decreases in the inputs noted above in isolation would result in a significantly lower or higher fair value measurements.

The following table presents a summary of changes in fair value of the Company's Level 3 assets and liabilities that are measured at fair value on a recurring basis, and are recorded as a component of other long-term liabilities on the consolidated balance sheet (in thousands):

	Level 3 Inputs Liabilities
Balance at December 31, 2017	\$ 3,000
New level 3 liability	—
Total gains (losses) reported in earnings	—
Transfers into or out of Level 3	—
Balance at March 31, 2018	<u>\$ 3,000</u>

Note 13 — Related Party Transactions

The Company leased its corporate wellness facility to related parties at a rate of \$9,775 per month. The Company received complimentary memberships to this facility which were provided to local employees. Expenses incurred by the Company relating to the facility amounted to \$55,000 and \$63,000 during the three months ended March 31, 2018 and 2017, respectively. The Company recognized rental income of \$29,325 for both of the three month periods ended March 31, 2018 and 2017. The rent receivable at March 31, 2018 and December 31, 2017 was zero and \$59,000, respectively. This arrangement between the Company and the related party terminated on April 30, 2018.

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

When used in this Quarterly Report on Form 10-Q (“Quarterly Report”), the terms “PAR”, “Company,” “we,” “us” and “our” mean PAR Technology Corporation and its consolidated subsidiaries, unless the context indicates otherwise. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited interim Consolidated Financial Statements and the Notes thereto included under Part I, Item 1 of this Quarterly Report. See also, “Forward-Looking Statements” below.

Forward-Looking Statements

This Quarterly Report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical in nature, but rather are predictive of our future operations, financial condition, business strategies and prospects. Forward-looking statements are generally identified by words such as “anticipate”, “believe,” “belief,” “continue,” “could”, “expect,” “estimate,” “intend,” “may,” “opportunity,” “plan,” “should,” “will,” “would,” “will likely result,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those expressed in, or implied by, the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: delays in new product development and/or product introduction; changes in customer base and product and service demands; risks associated with the internal investigation into conduct at our China and Singapore offices, including sanctions and fines that may be imposed by the U.S. Department of Justice or the Securities and Exchange Commission (“SEC”); and the other risk factors discussed in our most recent Annual Report on Form 10-K and other filings with the SEC. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities law.

Overview

Our management technology solutions for the Restaurant/Retail segment features cloud and on-premise software applications, hardware platforms, and related installation, technical, and maintenance support services tailored for the needs of restaurants and retailers. Our Government segment provides technical expertise in contract development of advanced systems and software solutions for the U.S. Department of Defense and other federal agencies, as well as management technology and communications support services to the U.S. Department of Defense.

Our products sold in the Restaurant/Retail segment are utilized in a wide range of applications by customers worldwide. We face competition across all categories in the Restaurant/Retail segment in which we compete based on product design, innovative features and functionality, quality and reliability, price, customer service, and delivery capability. Our strategy is to provide complete integrated management technology solutions, supported by industry leading customer service. Our research and development efforts are focused on timely identifying changes in customer needs and/or relevant technologies, to rapidly and effectively develop innovative new products and enhancements to our existing products that meet and exceed customer requirements.

Our strategy is to expand our Restaurant/Retail business by continuing to invest in our existing products - Brink POS and SureCheck - including the development of enhancements to our existing software applications and hardware platforms and the development of new and innovative cloud based software applications. To support the growth of our products, we continue to expand our direct sales force and third-party channel partners.

Currently, PAR’s primary market is the quick serve restaurant category and hardware sales to tier 1 customers in that category. Consistent with our strategy to expand our product offerings beyond the restaurant/retail markets, we continue to focus on growing and expanding our software offerings, including our cloud software as a service (SaaS) and related hardware and support services. As we implement our strategies, we continuously monitor the trends in the markets within which we currently operate and the markets in which we intend to operate.

The strategy for our PAR Government segment is to build on our sustained outstanding performance of existing service contracts, coupled with investments in enhanced business development capabilities. We believe we are well positioned to realize continued renewals of expiring contracts and extensions of existing contracts, and secure service and solution contracts in expanded areas within the U.S. Department of Defense and other federal agencies. We believe our highly relevant technical competencies, intellectual property, and investments in new technologies provide opportunities to offer systems integration, products, and highly-specialized service solutions to the U.S. Department of Defense and other federal agencies. The general uncertainty in U.S. defense

total workforce policies (military, civilian, and contract), procurement cycles, and spending levels for the next several years are factors we monitor as we develop and implement our business strategy for the PAR Government segment.

Internal Investigation Update

During the three months ended March 31, 2018, we recorded \$0.3 million of expenses relating to our Audit Committee's internal investigation into conduct at our China and Singapore offices, including expenses of outside legal counsel and forensic accountants compared to \$1.0 million for the three months ended March 31, 2017. See note 10 to the unaudited interim consolidated financial statements for additional information concerning expenses of the internal investigation.

Results of Operations —

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

We reported revenues of \$55.7 million for the quarter ended March 31, 2018, a decrease of 15.5% from \$65.9 million reported for the quarter ended March 31, 2017. Our net income from continuing operations was \$0.1 million or \$0.00 per diluted share for the first quarter of 2018 versus net income of \$1.3 million or \$0.08 per diluted share for the same period in 2017.

Product revenues were \$26.3 million for the quarter ended March 31, 2018, a decrease of 29.2% from \$37.2 million recorded for the same period in 2017, primarily due to the timing and lapping of major hardware project installations with a tier 1 customer in the first quarter of 2017.

Service revenues were \$13.2 million for the quarter ended March 31, 2018, a decrease of 8.0% from \$14.3 million reported for the same period in 2017, primarily due to a decrease in hardware support services and hardware installations, partially offset by an increase in deployments of our Brink POS software.

Contract revenues were \$16.1 million for the quarter ended March 31, 2018, an increase of 12.7% from \$14.3 million reported for the same period in 2017. The increase reflects growth associated with both Mission Systems (“MS”) and Intelligence, Surveillance, and Reconnaissance (“ISR”) lines of business.

Product margins for the quarter ended March 31, 2018 were 26.2%, compared to 25.9% for the same period in 2017. Product margins for the quarter improved slightly due to favorable product mix.

Service margins for the quarter ended March 31, 2018 were 27.7%, compared to 27.0% recorded for the same period in 2017. Service margins for the quarter ended March 31, 2018 increased due to better product mix driven by SaaS.

Contract margins for the quarter ended March 31, 2018 were 8.1%, compared to 11.0% for the same period in 2017. Lower margins vs prior year due to less profitability in ISR contract and favorable MS contracts closed-out in 2017 replaced by new and rebid contracts at lower margins.

Selling, general and administrative (SG&A) expenses for the quarter ended March 31, 2018 were \$8.6 million, a decrease of 10.5% compared to the \$9.6 million for the quarter ended March 31, 2017. The decrease is primarily due to a reduction in costs associated with the internal investigation into conduct at our China and Singapore offices and savings in personnel costs. SG&A expenses associated with the internal investigation for the quarter ended March 31, 2018 were \$0.3 million as compared to \$1.0 million for the quarter ended March 31, 2017.

Research and development (R&D) expenses were \$2.9 million for the quarter ended March 31, 2018, a decrease of 3.8% from \$3.0 million for the same period in 2017. While we increased our spending in software development this year, the total expense is lower due to a lower amount of hardware development costs in the three months ended March 31, 2018.

During each of the quarters ended March 31, 2018 and March 31, 2017, we recorded \$0.2 million of amortization expense associated with identifiable intangible assets acquired in the Brink Acquisition.

Other income (expense), net, was \$49,000 for the quarter ended March 31, 2018, compared to other expense, net of \$248,000 for the same period in 2017. Other income/expense primarily includes, fair market value fluctuations of our deferred compensation plan, rental income, and foreign currency fair value adjustments.

Interest expense, net, was interest expense of \$41,000 for the quarter ended March 31, 2018 compared to \$32,000 for quarter ended March 31, 2017 due to increased borrowings on the line of credit under our Credit Facility.

Liquidity and Capital Resources

Our primary sources of liquidity have been cash flow from operations and borrowings under our Credit Facility with JP Morgan Chase Bank, N.A. Cash used in operating activities from continuing operations was \$2.5 million for the three months ended March 31, 2018, compared to cash used in operating activities from continuing operations of \$1.2 million for the same period in 2017. This increase in cash used in operating activities was primarily driven by a decrease in net income offset by a decrease in net working capital requirements.

Cash used in investing activities from continuing operations was \$1.7 million for the three months ended March 31, 2018 versus \$3.4 million for the three months ended March 31, 2017. In the three months ended March 31, 2018, our capital expenditures of \$0.6 million were primarily related to the implementation of our enterprise resource planning system and capital improvements made to our owned and leased properties compared to \$2.3 million in the three months ended March 31, 2017. We capitalized \$1.1 million in costs associated with investments in our Restaurant/Retail segment software platforms during the three months ended March 31, 2018 compared to \$1.0 million for the three months ended March 31, 2017.

Cash provided by financing activities from continuing operations was \$3.0 million for the three months ended March 31, 2018 versus cash provided by financing activities of continuing operations of \$1.0 million for the three months ended March 31, 2017. This change was a result of borrowings on our line of credit under our Credit Facility.

On November 29, 2016, we, together with certain of our U.S. subsidiaries entered into a three-year credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan Chase"). The Credit Agreement provides for revolving loans in an aggregate principal amount of up to \$15.0 million, with availability thereunder equal to the lesser of (i) \$15.0 million and (ii) a borrowing base (equal to the sum of 80% eligible accounts, 50% eligible raw materials inventory and 35% eligible finished goods inventory, with no more than 50% of total eligible inventory included in the borrowing base), less the aggregate principal amount outstanding (the "Credit Facility"). Interest accrues on outstanding principal balances at an applicable rate per annum determined, as of the end of each fiscal quarter, by reference to the CBFR Spread or the Eurodollar Spread based on the Company's consolidated indebtedness ratio as at the determination date. The Credit Agreement contains customary affirmative and negative covenants, including covenants that restrict the ability of the Company and its subsidiaries to incur additional indebtedness, incur or permit to exist liens on assets, make investments, loans, advances, guarantees and acquisitions, consolidate or merge, pay dividends and make distributions, and financial covenants, requiring that the Company's consolidated indebtedness ratio not exceed 3.0 to 1.0 and, a fixed charge coverage ratio of not less than 1.25 to 1.0 for each fiscal quarter. In August 2017, we entered into an Omnibus Amendment Number 1 to Loan Documents with JPMorgan Chase to provide the Company with more flexibility in its use of its assets and a waiver of any default relating to the location of certain collateral. On March 14, 2018, JPMorgan Chase granted the Company a limited waiver of event of default under the Credit Agreement necessitated by the Company's failure to maintain the required minimum fixed charge coverage ratio for the quarter ended December 31, 2017; and, for the quarter ended March 31, 2018, JPMorgan Chase granted the Company a limited waiver of events of default as a result of the Company's failure to maintain a consolidated indebtedness ratio of not greater than 3.0 to 1.0 and to maintain the required minimum fixed charge coverage ratio; this waiver, dated May 8, 2018 is effective through June 8, 2018 (any extension will be at JPMorgan Chase's sole discretion), at which date it is expected that the Company will have refinanced the Credit Facility, which we believe the Company can do, as we are currently negotiating and documenting a new credit facility with terms we believe are more aligned with the Company's operations and strategies.

On March 31, 2018, the applicable rate under the Credit Facility was 3.25% plus the CBFR Spread or LIBOR plus the Eurodollar Spread based on the Company's consolidated indebtedness ratio. There was a \$4.0 million outstanding balance and up to \$11.0 million available under the Credit Facility as of March 31, 2018.

In addition to the Credit Facility, the Company has a mortgage loan, collateralized by certain real estate, with a balance of \$0.3 million and \$0.4 million as of March 31, 2018 and 2017, respectively. This loan matures on November 1, 2019. The Company's interest rate is fixed at 4.00% through the maturity date of the loan. The annual loan payment including interest through November 1, 2019 totals \$0.3 million.

We currently have the intent and we believe we will refinance the Credit Facility. We expect our operating cash flows and availability under the Credit Facility and, subsequently, the expected new credit facility, will be sufficient to meet our operating needs for the next 12 months. Our actual cash needs will depend on many factors, including our rate of revenue growth, including growth of our SaaS revenues, the timing and extent of spending to support our product development efforts, the timing of introductions of new products and enhancements to existing products, market acceptance of our products, and potential fines and penalties that, while currently inestimable, could be material (see Item 1A – "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for further discussion about the potential adverse effect of such fines and penalties on our

business). While it is our expectation that our actual credit availability will be determined under a new credit facility, there can be no assurances that we will be able to consummate a refinancing of the Credit Facility prior to expiration of the JPMorgan Chase waiver, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and liquidity.

Critical Accounting Policies and Estimates

Our unaudited interim consolidated financial statements are based on the application of U.S. generally accepted accounting principles ("GAAP"). GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently applied. Valuations based on estimates are reviewed for reasonableness and adequacy on a consistent basis. Primary areas where financial information is subject to the use of estimates, assumptions and the application of judgment include revenue recognition, accounts receivable, inventories, accounting for business combinations, contingent consideration, equity compensation, goodwill and intangible assets, and taxes. Our critical accounting policies have not changed materially from the discussion of those policies included under "Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2017 except as it relates to revenue recognition as a result of the adoption of ASC 606 as disclosed in Note 2 of the unaudited interim consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, "*Leases (Topic 842)*", impacting the accounting for leases intending to increase transparency and comparability of organizations by requiring balance sheet presentation of leased assets and increased financial statement disclosure of leasing arrangements. The revised standard will require entities to recognize a liability for its lease obligations and a corresponding asset representing the right to use the underlying asset over the lease term. Lease obligations are to be measured at the present value of lease payments and accounted for using the effective interest method. The accounting for the leased asset will differ slightly depending on whether the agreement is deemed to be a financing or operating lease. For finance leases, the leased asset is depreciated on a straight-line basis and recorded separately from the interest expense in the income statement resulting in higher expense in the earlier part of the lease term. For operating leases, the depreciation and interest expense components are combined, recognized evenly over the term of the lease, and presented as a reduction to operating income. The ASU requires that assets and liabilities be presented or disclosed separately and classified appropriately as current and noncurrent. The ASU further requires additional disclosure of certain qualitative and quantitative information related to lease agreements. The new standard is effective for the Company beginning in the first quarter of 2019. We are currently evaluating the impact of this standard on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, "*Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment.*" ASU 2017-04 eliminates Step 2 from the goodwill impairment test which required entities to compute the implied fair value of goodwill. Under ASU 2017-04, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 will be effective for us on January 1, 2020, with earlier adoption permitted; it is not expected to have a material impact on the Company's Consolidated Financial Statements.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*", codified as ASC Topic 606. The FASB issued amendments to ASC Topic 606 during 2016. The guidance required additional disclosures regarding the nature, amount, timing and uncertainty of revenue and related cash flows arising from contracts with customers. This guidance became effective for annual and interim reporting periods beginning after December 15, 2017 and allows for either full retrospective adoption or modified retrospective adoption.

The Company adopted ASU 2014-09 effective January 1, 2018 using the modified retrospective method. Under that method, we applied the standard to all contracts existing as of January 1, 2018. There was no impact to the Company's retained earnings for the quarter ended March 31, 2018 as a result of the adoption of ASC 606.

The Company assessed its control framework as a result of adopting the new standard and notes minimal changes to its systems and other control processes.

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-15, "*Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments.*" ASU 2016-15 is intended to reduce diversity in practice in how

eight particular transactions are classified in the statement of cash flows. ASU 2016-15 became effective for interim and annual reporting periods beginning after December 15, 2017. Entities are required to apply the guidance retrospectively; however, if it is impracticable to apply the guidance retrospectively for an issue, the amendments related to that issue are applied prospectively. As this guidance only affects the classification within the statement of cash flows, ASU 2016-15 did not have a material impact on the Company's unaudited consolidated financial statements.

In May 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-09, "*Compensation - Stock Compensation (Topic 718) - Scope of Modification Accounting*." ASU 2017-09 clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. Under ASU 2017-09, an entity does not apply modification accounting to a share-based payment award if all of the following are the same immediately before and after the change: (i) the award's fair value, (ii) the award's vesting conditions and (iii) the award's classification as an equity or liability instrument. ASU 2017-09 became effective for us on January 1, 2018 and did not have a material impact on the Company's unaudited consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Required.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) as of March 31, 2018. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2018.

Changes in Internal Controls Over Financial Reporting.

There were no changes in internal control over financial reporting during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

The information in Note 10 – Contingencies, to the unaudited interim consolidated financial statements is responsive to this Item and is incorporated by reference herein.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC on March 16, 2018, which could adversely affect our business, financial condition, results of operations, cash flows, and liquidity. As disclosed above under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources", our current lender, JPMorgan Chase, granted the Company a limited waiver of events of default under our Credit Agreement; the waiver is effective through June 8, 2018 (any extension will be at JPMorgan Chase's sole discretion), at which date it is expected that the Company will have refinanced the Credit Facility. While we are optimistic that we will refinance the Credit Facility, there can be no assurance that we will be successful in refinancing our Credit Facility in a timely manner on terms

acceptable to us, or at all, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and liquidity.

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

Under our equity incentive plans, employees may elect to have us withhold shares to satisfy minimum statutory federal, state and local tax withholding obligations arising from the vesting of their restricted stock. When we withhold these shares, we are required to remit to the appropriate taxing authorities the market price of the shares withheld, which could be deemed a purchase of shares by us on the date of withholding. For the three months ended March 31, 2018, 1,419 shares were purchased at an average price of \$11.25 per share.

Item 5. Other Information

(i) Waiver of Events of Default.

On May 8, 2018, JPMorgan Chase Bank, N.A. granted the Company a limited waiver of its failure to meet the required consolidated indebtedness ratio and fixed charge coverage ratio for the fiscal quarter ended March 31, 2018, which constitute events of default under the Credit Agreement. The preceding description of the waiver is subject to, and qualified in its entirety by reference to, the waiver, which is attached as Exhibit 10.1 to this Quarterly Report and is incorporated herein by reference.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by reference into this Quarterly Report on Form 10-Q		Date Filed or Furnished
		Form	Exhibit No.	
10.1	Waiver dated May 8, 2018 among PAR Technology Corporation, ParTech, Inc., Ausable Solutions, Inc., PAR Government Systems Corporation, Rome Research Corporation, Brink Software, Inc. and JPMorgan Chase Bank, N.A.			Filed herewith
10.2††	Restricted Stock Award Agreement, dated March 20, 2018 between PAR Technology Corporation and Donald H. Foley			Filed herewith
10.3††	Employment Offer Letter, dated April 11, 2018, between Donald H. Foley and PAR Technology Corporation			Filed herewith
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended			Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended			Filed herewith
32.1	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350			Furnished herewith
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350			Furnished herewith
101.INS	XBRL Instance Document			Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document			Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document			Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			Filed herewith

†† Indicates management contract or compensatory plan or arrangement.

SIGNATURES

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

PAR TECHNOLOGY CORPORATION
(Registrant)

Date: May 10, 2018

/s/ Bryan A. Menar

Bryan A. Menar

Chief Financial and Accounting Officer

(Principal Financial Officer)

WAIVER

This Waiver, dated as of May 8, 2018 (“Waiver”), is by and among PAR TECHNOLOGY CORPORATION (the “Borrower”), and PARTECH, INC. (“Partech”), PAR GOVERNMENT SYSTEMS CORPORATION (“PAR Government”), ROME RESEARCH CORPORATION (“Rome Research”), AUsABLE SOLUTIONS, INC. (“Ausable”), and BRINK SOFTWARE, INC. (“Brink”, and together with the Borrower, Partech, PAR Government, Rome Research, and Ausable, the “Loan Parties”), and JPMORGAN CHASE BANK, N.A. (“Lender”).

RECITALS

A. The Loan Parties and Lender are parties to a Credit Agreement dated as of November 29, 2016 (as it may be amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) (capitalized terms used in this Waiver which are not otherwise defined shall have the meanings given to those terms in the Credit Agreement.)

B. Section 6.12(a) of the Credit Agreement requires Borrower to maintain a Consolidated Indebtedness Ratio of no less than 3.0 to 1.0 measured at the end of each fiscal quarter. Borrower did not meet the required Consolidated Indebtedness Ratio for the quarter ended March 31, 2018, in violation of Section 6.12(a) of the Credit Agreement.

C. Section 6.12(b) of the Credit Agreement requires Borrower to maintain a Fixed Charge Coverage Ratio of no less than 1.25 to 1.0 for the quarter ending March 31, 2017 and each quarter thereafter (to be tested without regard to the level of Borrower’s Consolidated Indebtedness). Borrower did not meet the required Fixed Charge Coverage Ratio for the quarter ended March 31, 2018, in violation of Section 6.12(b) of the Credit Agreement.

D. Borrower has requested Lender to waive the Events of Default created by the failure to comply with Sections 6.12(a) and 6.12(b) of the Credit Agreement as of March 31, 2018. Lender is willing to waive such Event of Default upon the terms and conditions set forth in this Waiver.

NOW, THEREFORE, in consideration of the promises and the mutual agreements contained herein, and in reliance upon the representations and warranties contained in the Loan Documents and subject to the terms and conditions herein set forth, the parties agree to the following:

1. Waiver. Subject to the terms hereof, Lender waives the Events of Default arising out of Borrower’s failure to comply with Sections 6.12(a) and 6.12(b) of the Credit Agreement for the fiscal quarter ended March 31, 2018. The waiver set forth herein shall be effective only for the specific violations listed herein and only through June 8, 2018. Lender shall have no obligation to extend the waiver set forth herein past June 8, 2018 or to grant any waiver of the same or any other violation of the Credit Agreement thereafter. Furthermore, except as specifically set forth herein, nothing contained in this letter nor any communications between Lender and Borrower or any other Loan Party shall be deemed to constitute a waiver of nor shall

waive any other violations that may exist, any violations or other defaults that may arise after the date specified above, or any of Lender's rights or remedies provided in the Credit Agreement, the other documents related thereto, or applicable law. All such rights and remedies are hereby expressly reserved by Lender and remain in full force and effect.

2. Representations and Warranties. Borrower represents and warrants to Lender that the following statements are true, correct and complete:

(a) Based on preliminary financial statements provided by Borrower to Lender, Borrower's Consolidated Indebtedness Ratio for the quarter ended March 31, 2018, calculated in the manner required by Section 6.12(a) of the Credit Agreement, was as set forth in the Preliminary Covenant Calculation Certificate received April 27, 2018.

(b) Based on preliminary financial statements provided by Borrower to Lender, Borrower's Fixed Charge Coverage Ratio for the quarter ended March 31, 2018, calculated in the manner required by Section 6.12(b) of the Credit Agreement, was as set forth in the Preliminary Covenant Calculation Certificate received April 27, 2018.

(c) Each of the representations and warranties made by the Loan Parties in the Loan Documents is true and correct on and as of the date of this Waiver.

(d) After giving effect to this Waiver, no Default or Event of Default has occurred and is continuing.

(e) Borrower has no defense, offset or counterclaim of any kind or nature against Lender with respect to the Obligations or any of the Loan Documents to which it is a party.

3. Waiver Fee. In consideration of Lender's waiver of the default set forth herein, Borrower shall pay a waiver fee to Lender in the amount of Five Thousand and 00/100 Dollars (\$5,000.00) ("Waiver Fee") and hereby authorizes Lender to pay the Waiver Fee by charging Borrower's account with Lender.

4. Reaffirmation. Except as waived hereby, all of the terms, covenants, and conditions of the Loan Documents are ratified, reaffirmed, and confirmed by the Loan Parties and each of the Loan Parties acknowledges that the Loan Documents to which it is a party remain in full force and effect in accordance with its terms.

5. Counterparts. This Waiver may be executed in any number of counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this Waiver by facsimile transmission or scanned and electronically mailed shall be effective as delivery of a manually executed counterpart.

6. Governing Law. This Waiver shall be governed by the laws of the State of New York (without regard to its conflicts of law provisions).

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be duly executed by their respective authorized officers as of the day and year first above written.

Loan Parties:

PAR TECHNOLOGY CORPORATION

By: [Signature]
Name: Bryan Menar
Title: CFO

PARTECH, INC.

By: [Signature]
Name: Bryan Menar
Title: Treasurer

PAR GOVERNMENT SYSTEMS CORPORATION

By: [Signature]
Name: Matthew R. Cicchini
Title: President

ROME RESEARCH CORPORATION

By: [Signature]
Name: Matthew R. Cicchini
Title: President

AUSABLE SOLUTIONS, INC

By: [Signature]
Name: Bryan Menar
Title: Treasurer

BRINK SOFTWARE, INC

By: [Signature]
Name: Bryan Menar
Title: Treasurer

Lender:

JPMORGAN CHASE BANK

By: _____
Name: Jean Lamardo
Title: Senior Underwriter

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be duly executed by their respective authorized officers as of the day and year first above written.

Loan Parties:

PAR TECHNOLOGY CORPORATION

By: _____
Name: _____
Title: _____

PARTECH, INC.

By: _____
Name: _____
Title: _____

PAR GOVERNMENT SYSTEMS CORPORATION

By: _____
Name: _____
Title: _____

ROME RESEARCH CORPORATION

By: _____
Name: _____
Title: _____

AUSABLE SOLUTIONS, INC.

By: _____
Name: _____
Title: _____

BRINK SOFTWARE, INC.

By: _____
Name: _____
Title: _____

Lender:

JPMORGAN CHASE BANK, N.A.

By: Jean Lamardo
Name: Jean Lamardo
Title: Senior Underwriter

April 10, 2018

Mr. Donald H. Foley
10919 Martingale Court
Potomac , Maryland 20854

Re: Offer of Employment ("Offer Letter")

Dear Don,

We are pleased to extend you an offer to continue to serve as Chief Executive Officer ("CEO") and President of PAR Technology Corporation (the "Company"), reporting directly to the Company's Board of Directors ("Board").

Your principal office will be located in Potomac, Maryland, with such additional travel as may be reasonably required from time to time to properly fulfill your employment duties and responsibilities. As CEO and President of the Company you will perform those duties and shall have such authority, duties, and responsibilities normally consistent and incident to the offices of CEO and President, and you shall perform such additional duties and shall have such additional authority and responsibilities as the Board may prescribe .

You will devote all of your business time, energy, business judgment, knowledge and skill and your best efforts to the performance of your duties with the Company, provided that the foregoing shall not prevent you from (a) continuing to serve on the boards of directors of Thomas Somerville Co., Government Secure Solutions GCI (GSSC), Inc., and T.S. Realty Co. and, with the prior written approval of the Board, serving on the boards of directors (and board committees) of non-profit organizations and other for profit companies, (b) participating in charitable, civic, educational, professional, community or industry affairs, and (c) managing your passive personal investments , so long as, in the reasonable discretion and good faith of the Board, such activities, individually or in the aggregate, do not interfere or conflict with your duties and responsibilities to the Company or create a potential business or fiduciary conflict.

Your initial base salary will be \$18,211.54 bi-weekly, equivalent to an annualized base salary of \$473,500, paid in accordance with the Company's regular payroll practices, for your full-time efforts, of at least 40 hours per week. Your base salary will be subject to annual review by the Board (or Committee thereof) and may be adjusted from time to time in the Board's (or Committee's) sole discretion.

You will be eligible to participate in the PAR Technology Corporation Incentive Compensation Plan as in effect from time to time for certain officers and employees of the Company and its subsidiaries:

(a) Short-Term Incentive ("STI"). For each Company fiscal year ending during your employment, you will have the opportunity to earn, on an annual basis, a cash bonus subject to the achievement of Company performance goals ("STI") for the applicable fiscal year, as established by the Board (or Committee thereof). Your annual STI bonus target for any fiscal year performance is 75% of your then base salary earned in such fiscal year; provided the performance goals established by the Board are met or exceeded. Annual STI bonus targets for subsequent fiscal years are subject to approval and adjustment by the Board. Any annual STI bonus earned will be paid in the fiscal year immediately following the fiscal year to which such annual STI bonus relates at the same time annual STI bonuses are paid to other senior executives of the Company. You must remain

continuously employed with the Company through the date of the bonus payment for a fiscal year ended to receive such payment for that fiscal year; provided, in the event your employment is terminated by you for "good reason" (as described herein, including the Company's right to cure) or the Company terminates your employment for reasons other than (i) "for cause" (as defined in the PAR Technology Corporation 2015 Equity Incentive Plan (the "Plan")) or (ii) on account of a breach by you of the terms and conditions of this Offer Letter (including the terms of the Non-Disclosure; Non-Solicitation Agreement, attached to this Offer Letter as Appendix A, and which forms a part of this offer (the "NDA")), you will be paid your annual STI bonus earned but unpaid with respect to the fiscal year ending or preceding the date of termination; such annual STI bonus to be paid at the same time annual bonuses are paid to other senior executives of the Company. All STI bonus payments, if any, are subject to the approval of the Board (or Committee therefor).

For purposes of this Offer Letter, "good reason" means any of the following, which is not cured by the Company within 30 days following written notification from you to the Company as required below: (i) the required relocation of your primary work location (Potomac, Maryland); (ii) the diminution (other than temporarily while physically or mentally incapacitated or as required by applicable law) in your title, duties, authorities or responsibilities, excluding immaterial diminutions not taken in bad faith; or (iii) the Company's breach of its material obligations to you under this Offer Letter. You will provide the Company with a written notice detailing the specific circumstances alleged to constitute good reason within 30 days after you first know, or with the exercise of reasonable diligence would know, of the occurrence of such circumstances, and must actually terminate employment within 30 days following the expiration of the Company's cure period as set forth above if the Company has failed to substantially cure the alleged breach. Otherwise, any claim of such circumstances as "good reason" shall be deemed irrevocably waived by you.

(4) Long-Term Incentive ("LTI"). Subject to the approval of the Board (or Committee thereof), you will receive a grant of restricted shares of the Company's common stock ("Restricted Stock"), or a non-qualified stock option to purchase shares of the Company's common stock ("NQ-Stock Option"), or a combination of Restricted Stock and a NQ-Stock Option, in such numbers, combinations, and allocation as shall equal a total of \$172,500 of the grant date fair market value ("FMV") of the Company's common stock ("LTI Award"). Your LTI Award will be made to you at the same time and on comparable terms as LTI awards are made to other eligible senior executives of the Company, pursuant to the Plan, subject to the terms and conditions of the Company's standard forms of restricted stock and/or non-qualified stock option award agreements then in effect, and at the fair market value of the Company's common stock on the date of grant.

Subject to satisfaction of any applicable eligibility requirements, you will continue to be eligible to participate in any employee benefit plan that the Company has adopted or may adopt, maintain, or contribute to for the benefit of its executive officers, which includes health insurance, LTD/ADD/life insurance, and 401 (k). You will be reimbursed for travel and other expenses in accordance with the Company's reimbursement policy. You will be entitled to four (4) weeks of paid vacation per calendar year (accruing at the rate of 13.33 hours per month), five (5) days of personal time off (PTO) annually, as pro-rated for partial years, and seven (7) paid holidays, all in accordance with the Company's vacation and PTO policies. Unused vacation days and PTO cannot be carried over to succeeding years. The Company reserves the right to amend, modify or terminate any of its benefit plans, policies, or programs at any time and for any reason.

All forms of compensation paid to you as an employee shall be less all withholdings and deductions as required by law. All awards of equity shall be subject to the approval of the Board (or Committee thereof).

Your employment will be at will, and this Offer Letter does not represent any guarantee of employment for any period. If you wish to resign from your employment with the Company, we request not less than 90 days' written notice.

The validity, interpretation, construction and performance of this offer letter, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed, and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

The NDA (your delivery of an executed copy thereof being a requirement of this Offer) shall supersede and replace in its entirety the Non-Disclosure; Non-Solicitation Agreement dated April 12, 2017. This Offer Letter and those documents expressly referred to herein (including the NDA) embody the complete agreement and understanding between you and the Company with respect to the subject matter herein and supersede and preempt any prior understandings, agreements (including your offer letter dated April 12, 2017), or representations by and between you and the Company, written or oral, which may have related to the subject matter hereof in any way.

If you agree with the terms and conditions of this Offer, please evidence your agreement by signing the enclosed copy of this Offer Letter in the space indicated and return it to me, together with a fully executed NOA. Your signature will acknowledge that you have read and understand and agree to the terms and conditions of this Offer Letter.

Your service as CEO and President of the Company under the terms of this Offer Letter shall commence April 12, 2018.

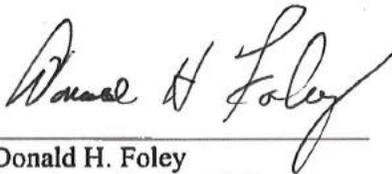
Feel free to contact me if you have questions or if you need any additional information.

Sincerely,



Cathy A. King,
Vice President, General Counsel, Corporate
Secretary

Accepted and Agreed to:



Donald H. Foley
Dated: April 11, 2018

**PAR Technology Corporation
2015 Equity Incentive Plan**

GRANT NOTICE- RESTRICTED STOCK AWARD

PAR Technology Corporation (the "Company"). hereby grants as of the Grant Date to the Participant the number of restricted shares (the "Restricted Stock") of the Company's common stock, par value \$0.02 (the "Common Stock") specified below (the "Award"). The Award is granted pursuant to the PAR Technology Corporation 2015 Equity Incentive Plan (the "Plan") and is subject to the terms and conditions of this Grant Notice, the Restricted Stock Award Agreement attached to this Grant Notice as Appendix A (the "Award Agreement"), and the Plan (each as amended from time to time). The Plan is incorporated into and forms a part of this Grant Notice and the Option Award Agreement. In the event of any conflict between the Grant Notice or the Award Agreement on the one hand and the Plan on the other hand, the terms of the Plan shall control.

Name of the Participant:	Donald H. Foley
Grant Date:	March 20, 2018
Number of shares of Restricted Stock:	3,671
Vesting Schedule:	The shares of Restricted Stock shall vest in accordance with the following schedule, subject to the Participant's continued employment or service with the Company or any of its subsidiaries or affiliates through the applicable Vesting Date: 100% vest on April 11, 2018.
Change of Control (as defined in the Plan):	As an exception to the Vesting Schedule, as of the effective date of a Change of Control all unvested shares of Restricted Stock as of such date shall vest.
Death:	As an exception to the Vesting Schedule, in the event the Participant's employment or service with the Company or any of its subsidiaries or affiliates is terminated due to the Participant's death, all unvested shares of Restricted Stock shall immediately vest.

By execution of this Grant Notice, the Participant acknowledges that he or she has received and read the Award Agreement, the Plan, and this Grant Notice, and agrees to be bound by the terms and conditions of the Plan, the Award Agreement, and this Grant Notice. The Participant further acknowledges and agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan, this Grant Notice, or the Award Agreement.

PAR Technology Corporation

By

Title:

CFO

Donald N. Foley
Participant Signature

Appendix A

PAR Technology Corporation
2015 Equity Incentive Plan

RESTRICTED STOCK AWARD AGREEMENT

This Restricted Stock Award Agreement applies to the Award of Restricted Stock evidenced by the Grant Notice to which this Award Agreement is attached, is incorporated into and forms a part thereof. Capitalized terms not specifically defined in this Award Agreement shall have the meanings specified in the Plan and the Grant Notice.

1. Award of Restricted Stock.

(a) Award. PAR Technology Corporation (the "Company") has granted to the Participant an Award of that number of shares of Restricted Stock (the "Shares") specified in the Grant Notice.

(b) Vesting Schedule. After the Grant Date, subject to termination or acceleration as provided in the Grant Notice, the Plan and this Award Agreement, the Shares shall vest in accordance with the Vesting Schedule set forth in the Grant Notice. There shall be no proportionate or partial vesting in the periods prior to the applicable Vesting Date and all vesting shall occur only on the appropriate Vesting Date if the Participant is then employed or providing services to the Company or to any of its subsidiaries or affiliates ("Affiliate" means collectively, the Company's subsidiaries and affiliates). Shares of Restricted Stock that have vested are referred to herein as "vested Shares." Shares of Restricted Stock that are not vested and remain subject to the Restrictions set forth and defined in Section 2(a) and Section 2(c) are referred to herein as "unvested Shares."

(c) Book Entry Form; Certificates. At the sole discretion of the Committee, the Shares will be issued in either: (i) uncertificated form, with the Shares recorded in the name of the Participant in the books and records of the Company's transfer agent with such notations regarding the Restrictions and vesting requirements as the Committee shall deem appropriate, and upon vesting and satisfaction of the conditions set forth in Section 2(d), the Company shall remove such notations on any such vested Shares in accordance with Section 1(e); or (ii) certificated form pursuant to the terms of Section 1(d) and Section 1(e).

(d) Escrow. The Secretary of the Company or such other escrow holder as the Committee may appoint shall retain physical custody of any certificates representing the Shares until the Restrictions lapse and the Shares become vested Shares; in such event, the Participant shall not retain physical custody of any certificates representing unvested Shares issued to the Participant. The Participant, by acceptance of the Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as the Participant's attorney(s)-in-fact to affect any transfer of unvested forfeited Shares to the Company as may be required pursuant to the Plan or this Award Agreement and to execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

(e) Removal of Notations; Delivery of Certificates Upon Vesting. As soon as administratively practicable after vesting of any of the Shares pursuant to Section 1(b), the Company shall, as applicable, either remove the notations on the vested Shares issued in book entry form or deliver to the Participant a certificate or certificates evidencing the number of vested Shares (or, in either case, such lesser number of Shares as may be permitted pursuant to Section 8 of the Plan). The vested Shares so delivered shall no longer be subject to the Restrictions.

2. Restrictions.

(a) Forfeiture. Notwithstanding anything to the contrary herein or in the Plan, and unless otherwise set forth in the Grant Notice, in the event the Participant's employment or service is terminated for any reason, each unvested Share shall be automatically forfeited as of the effective date of such termination without payment of any consideration by the Company. For purposes of this Award Agreement, "Restrictions" shall mean the restrictions on sale or other transfer set forth in Section 2(c) and the exposure to forfeiture set forth in this Section 2(a).

(b) Lapse of Restrictions. The Restrictions shall lapse as to the Shares on each applicable Vesting Date.

(c) Unvested Shares Not Transferable. Except as otherwise expressly permitted in Section 7.a. of the Plan, until the Restrictions lapse (and the Shares become "vested Shares"), the Shares (including any shares of Common Stock of the Company received by the Participant with respect to the Shares as a result of stock dividends, stock splits or any other form of recapitalization) may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, by operation of law or otherwise (each of the forgoing individually or collectively, a "Transfer").

(d) Tax Withholding. As set forth in Section 8 of the Plan, the Company shall have the authority and the right to withhold or to require Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state, and local taxes required by law to be withheld with respect to any taxable event arising in connection with the Award. The Company shall not be obligated to deliver any new certificate representing vested Shares to Participant or enter such vested Shares in book entry form until the Participant shall have paid or otherwise made arrangements satisfactory to the Committee to pay all applicable federal, state, and local withholding taxes attributable to the taxable income of the Participant resulting from the vesting of the Award.

3. Rights as Stockholder; Dividends. The Participant shall have all voting rights as a stockholder of the Company with respect to the Shares as of the Grant Date. Notwithstanding the preceding sentence, the Participant shall be entitled to receive payment of any dividends declared and paid by the Company on its Common Stock on and after the Grant Date; provided that such dividends shall not be payable to the Participant with respect to any Shares unless and until the Restricted Stock with respect to which such dividends are payable become vested Shares (it being understood that no dividends will be paid with respect to Shares of Restricted Stock that do not vest).

4. General Provisions.

(a) Section 83(b) Election. The Participant acknowledges that the Company has advised the Participant of the possibility of making an election under Section 83(b) of the Code with respect to the Award of the Shares and has recommended that the Participant consult a qualified tax advisor regarding the desirability of making such an election in light of the Participant's individual circumstances. If the Participant makes an election under Section 83(b) of the Code (see Exhibit A), the Participant hereby agrees to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

(b) Successors and Assigns. The Company may assign any of its rights under this Award Agreement to single or multiple assignees, and this Award Agreement shall inure to the benefit of the successors and assigns of the Company.

(c) No Rights to Continued Employment or Service or to Award. Nothing in the Plan or in this Award Agreement shall confer on the Participant any right to employment or continued service with the Company, or interfere in any way with the right of the Company to terminate or change the terms of the Participant's employment or service at any time.

(d) Market "Stand-Off" Agreement. In the event the Company proposes to offer for sale to the public any of its equity securities and the Participant is requested by the Company and any underwriter engaged by the Company in connection with such offering to sign an agreement restricting the sale or other transfer of the Shares or other securities of the Company, then the Participant will promptly sign such agreement and will not sell or otherwise transfer, whether in privately negotiated transactions or to the public in open market transactions or otherwise, any Shares or other securities of the Company held by the Participant during such period as is determined by the Company and the underwriter, not to exceed 180 days following the closing of the offering, plus such additional period of time as may be required to comply with Marketplace Rule 2711 of the National Association of Securities Dealers, Inc. or similar rules thereto (such period, the "Lock-Up Period"). Such agreement shall be in writing and in form and substance reasonably satisfactory to the Company and such underwriter and pursuant to customary and prevailing terms and conditions. Notwithstanding whether the Participant has signed such an agreement, the Company may impose stop-transfer instructions with respect to the Shares or other securities of the Company subject to the foregoing restrictions until the end of the Lock-Up Period. The market "stand-off" agreement established pursuant to this Section 8(d) shall survive termination or expiration of this Award Agreement.

(e) Claw-Back of Performance Vesting Shares. The Shares which are subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and claw-back as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

(f) Injurious Conduct. If the Participant shall engage in Injurious Conduct as described in this Section 4(f), each unvested Share shall be automatically forfeited and the Award shall terminate as of such date and, the Committee may, in its sole discretion, require the Participant to return to the Company any vested Shares. If any vested Shares have been disposed of by the Participant, then the Company may require the Participant to pay to the Company the gross pre-tax proceeds received by the Participant on such disposition. For purposes of this Award Agreement, "Injurious Conduct" means: (i) "for Cause" conduct; and (ii) during the Participant's employment or service with the Company or an Affiliate and thereafter, the Participant breaches any written confidentiality, non-solicitation or non-competition covenant with the Company or an Affiliate.

(g) Governing Law and Construction. This Award Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions.

(h) Spousal Consent. The Participant's spouse has signed the Consent of Spouse attached to this Award Agreement as Exhibit B.

(i) Notices. Any notice to be given under the terms of this Award Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 4(h), either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed to have been adequately given if delivered in person or if given by certified mail

(return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

(j) Severability. Wherever possible, each provision of this Award Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision hereof shall be prohibited by or invalid under any such law, that provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or nullifying the remainder of that provision or any other provisions of this Award Agreement.

EXHIBIT A
83(b) Election Form

No

The undersigned Taxpayer hereby elects under Section 83(b) of the Internal Revenue Code of 1986, as amended, and Section 1.83-2(a) of the Income Tax Regulations, to include in his/her gross income the excess of the Fair Market Value of the property described below over the amount paid therefor by the Taxpayer. In compliance with Reg. § 1.83-2(e) the Taxpayer provides the following information:

1. The Taxpayer's name, address and taxpayer identification number are as follows:
Name:
Address:
Taxpayer identification number:
2. The property with respect to which this election is being made is: _____ shares of common stock of PAR Technology Corporation, a Delaware corporation (the "Company"), \$0.02 par value per share (the "Shares").
3. The date of the transfer of the Shares is _____, 20___. This election is made for the taxable year of the Taxpayer ending December 31, 20_____.
4. The nature of the restrictions to which the Shares are subject is as follows: The Shares may be forfeited if Taxpayer's continuous service with the Company terminates.
5. The Fair Market Value of such Shares at the time of transfer to the Taxpayer, determined without regard to any lapse restrictions as defined in Reg. § 1.83-3(i), is _____ per share.
6. The amount paid for the Shares is \$0 per share.
7. A copy of this election has been furnished by personal delivery to the Company.

The date of this election is ___, 20__.

Taxpayer

EXHIBIT B

Spousal Consent

I, Jay M Foley, spouse of Donald H Foley, have read and approve the Grant Notice and Restricted Stock Award Agreement (collectively, the "Agreement") to which this Consent of Spouse is attached.

In consideration of PAR Technology Corporation's issuance to my spouse of the shares of Restricted Stock set forth in the Agreement, I hereby appoint my spouse, as my attorney-in-fact in respect to the exercise of any rights under the Agreement and I agree to be bound by the provisions of the Agreement insofar as I may have any rights in said Agreement or in any of the shares of Restricted Stock or Common Stock of PAR Technology Corporation issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Agreement.

Capitalized terms not specifically defined in this Agreement shall have the meanings specified in the Plan, the Restricted Stock Award Agreement, and the Grant Notice.

Date: 3-25-2018

Jay M. Foley
Signature of Spouse

EXHIBIT 31.1

I, Donald H. Foley, certify that:

1. I have reviewed this report on Form 10-Q of PAR Technology 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(s) 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(s) 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.

May 10, 2018

/s/ Donald H. Foley

Donald H. Foley

Chief Executive Officer &
President

(Principal Executive Officer)

EXHIBIT 31.2

I, Bryan A. Menar, certify that:

1. I have reviewed this report on Form 10-Q of PAR Technology 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(s) 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(s) 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.

May 10, 2018

/s/ Bryan A. Menar

Bryan A. Menar

Chief Financial and Accounting Officer

(Principal Financial Officer)

EXHIBIT 32.1
Certification of Principal Executive Officer
pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended,
and 18 U.S.C. Section 1350

In connection with the Quarterly Report of PAR Technology Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Donald H. Foley, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, that, to my knowledge:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

May 10, 2018

/s/ Donald H. Foley

Donald H. Foley

Chief Executive Officer & President
(Principal Executive Officer)

EXHIBIT 32.2
Certification of Principal Financial Officer
pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended,
and 18 U.S.C. Section 1350

In connection with the Quarterly Report of PAR Technology Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Bryan A. Menar, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, that, to my knowledge:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

May 10, 2018

/s/ Bryan A. Menar

Bryan A. Menar
Chief Financial and Accounting Officer
(Principal Financial Officer)