Dear Partners,

I recently completed my first year as CEO of PAR and thought it would be helpful to write a letter laying out the foundation for the decisions we've made as a Company this year and outline the path we're moving towards.

A little over a year ago, we were in a very different place. Our access to capital was limited, we lacked rigor around capital allocation decisions, badly needed a strategic focus, were under shareholder scrutiny, and were dealing with investigations for potential issues of our past. Our management team, while committed and hardworking, lacked an aligned strategic plan. We struggled to make the sharp right and left turns we needed, and instead chose a safe path with little conviction.

Since that time, we have gone through a deep restructuring, divested an asset, acquired two businesses, completed two large fund raises, rebuilt the management team and, most importantly, emphatically drove our culture in a new direction. We did this all while adding significant resources to our product and pushing a culture of transparency and accountability with our customers.

Much of our journey this first year has been to align all PAR stakeholders to drive toward a common and ambitious set of goals. To be clear, our goal is to become the world's largest restaurant technology business. With the COVID-19 outbreak, this goal is even more important as the restaurant industry employs 10% of the American workforce. Every additional dollar of revenue or operational efficiency we drive for restaurants, benefits our customers' wallets and puts lifeblood into the U.S. economy.

Our team, capital, and focus are all aligned to becoming a software led organization. Even with the challenges we currently face with the rest of the global restaurant community, we remain focused on our strategy and ultimate objective. Our brand promise is to **deliver the solutions that connect people to the restaurants, meals and moments they love.** Today our customers, the global restaurant community, are on the front lines of this battle, trying to feed a community who is frightened, uncertain and looking for comfort. Our customers are delivering the food and moments our society desperately needs to keep moving forward. We at PAR want to hold true to our promise and be a partner in delivering those meals.

As restaurants brace for slowing traffic, we are finding creative ways to support our customers with new products as we adjust to our new reality. We expect off-premise dining, online ordering and delivery to become mandates. Restaurants need to find ways to serve customers in this new environment, while managing labor cost and their own supply chains. We are proactively working to enable quick deployment of digital and off-premise ordering solutions and initiating aggressive programs to offset the financial constraints our customers are feeling.

The impact of COVID-19 on our customers and our business is unprecedented and we are not without effect; however, we believe PAR is well suited to grow during this uncertain time. Our cash position is strong, and our customers include large enterprise restaurants who we believe will be able to sustain during this time. More importantly though, the COVID-19 crisis has accelerated the dramatic need for digital investment by restaurants. The crisis has shown how powerful mobility,

delivery, and online ordering are for restaurants and highlights so much of what PAR can offer its customers.

Software – what, why and how

It is no longer contrarian to believe that software is an attractive business, but to succeed as an operator or investor in the space, one must take a different path. To explain our approach, it's principally important to understand the evolution of the software business model.

The first generation of modern software was sold via perpetual licenses and delivered "on premise". Customers would pay a large upfront fee to "purchase" a version of a software product and then pay an annual maintenance fee for support and standard fixes. At some undefined time in the future, customers would be pushed to upgrade to a new version of the software (i.e., a new license fee). The software license business generated enormous amounts of cash upfront making the business model capital efficient as bookings scaled, and their maintenance streams were very durable, often due to the complexity and specificity of the product. These products were deployed "on premise" meaning the software was run locally (i.e. in the store/office) making them even harder to remove. Once the products were installed, their proprietors had little incentive to innovate, provide high quality support or be partners with their customers. Once a customer was stuck, they were truly stuck. Customers were beholden to vendors, which inevitably led to many unhappy customers 5 years down the road.

A generation later, software moved to the cloud and was offered as "Software as a Service" where clients receive a continuously updated and maintained product in return for a recurring subscription fee. The subscription fee covers the right to use the product and receive updates, maintenance and support. This business model, while far less cash generative upfront, creates a far more visible and regular stream of revenue, higher gross margins (given mass, remotely delivered updates and maintenance) and increased operating leverage. The limited early cash attracted the now booming, software venture capital ecosystem to fund the early innovation. Investors understood that a dollar in the cloud was often worth many multiples more than a dollar of license fee and while these businesses lost large sums of money up front, underneath every dollar of recurring revenue at maturity was likely 20 to 40 cents of free cashflow. More important than the dollars and cents was the alignment created between vendor and customer. The vendor had to spend the capex to build the product, get it up and running, maintain it at high quality of service levels. If the vendor failed to make these investments and provide these services, any customer could simply stop paying the monthly fee.

Much of the SaaS evolution was driven by the emergence of cloud computing. Services moving to the cloud were able to leverage the best of breed infrastructure (read: scaled architecture and processes of industry giants). This allowed for massive growth in innovation as costs to launch a product declined and the ability to build software become modular. The cloud also allowed for interoperability as products became API enabled and data became ubiquitous. The combination of this affect led to an explosion of products now dominating our day-to-day workflow.

Today, we at PAR believe we are moving towards the next evolution– *software as a platform*. A world where the best software products enable customers to innovate by leveraging the building blocks developed by others (i.e., tools or collections of tools from different providers). The best products

will be modular, allowing users to use collections of existing protocols or APIs to build a customized service for their business. Every building block added to the platform, makes the platform inherently more valuable. This model moves another step away from the perpetual license model – it's the difference between extracting value vs. adding value. Platforms encourage data sharing, movement of protocols, and leveraging the building blocks of the modern-day software supply chain. They are definitionally not closed***. I believe PAR will be the software platform for the restaurant of tomorrow. The idea of being a point of sale application will become a vestige of the past.***

Inorganic vs Organic Growth

M&A is a large part of our capital allocation strategy. That said, we maintain an incredibly high bar before pulling the proverbial trigger. Our first lens when assessing potential M&A are four conditions:

1. Does adding the new business enhance the experience and value received by our customers?
2. Does the new business integrate into our existing applications?
3. Can PAR create more value for this business by improving sales efficiency, realizing cost savings, enhancing R&D or leveraging our infrastructure?
4. Does this product have strong unit economics in both up and down markets?

If the business passes this high-level filter than we look to see if the product being delivered has the ability to achieve significant long-term retention dynamics by building a raving fan base amongst its customers. We believe that high customer satisfaction creates revenue durability and opens the door for cross-selling, price increases, and high value product engagement. Great customer satisfaction thereby means strong unit economics in both up and down times and pushes our Company into markets where more capital can be deployed.

We believe another simple maxim: software is not software is not software.

Standard software valuation metrics serve as good benchmarks; however, they serve best as just benchmarks. We do not use plug-and-play models, we treat each acquisition as an opportunity to learn by understanding the next layer of product feature engagement, retention by customer type, and quality of upselling. As an example, we recently passed on an acquisition with "net retention of over 100%". A high-flying product with well-known backers. In this case, the retention was very high, but with the wrong customers. Upselling mediocre add-ons to the weakest part of the customer base and bundling reseller partners as customers, are surefire ways to boost net retention *while* churning the highest quality customers. Not all software is made equal and not all value dispersed equally. Not all retention is equal, not all churn is alike.

Finally, we believe in the importance of steady state economics in software.

The world is flooded with the belief that it is cheaper to build software now, than at any other moment in time as the cost per dollar of compute has come down. It is a misguided belief. Every time software has gotten cheaper builders take advantage of this cost by building bigger and more robust systems than we economically could develop in the past, thereby leveraging more compute. Add the cost of servicing a more technology-enabled and demanding customer and the elevated software margins of yesterday no longer exist. It is one of the most misunderstood equations in our industry. ***Software***

margins, like all other products, will decline over time. While investors and competitors pursue growth at all cost, we stay firmly rooted in the reality that the winners of tomorrow will be those who focus on high-quality products, in a cost-effective manner while delivering a scalable service model.

The final debate in M&A at PAR comes from our inherent belief that if a business is scaling quickly, the highest return on capital is most often internal operations. The challenge is understanding when and where to allocate resources internally. Growing businesses are flooded with opportunities to grow products, build products, or expand into new markets. Most opportunities are not worth the distraction; however great companies can prioritize projects, resources, and risk weight the likelihood of success. While the calculation around internal use of capital can be hard, we find that internal capital allocation decisions often carry the day vs the inorganic opportunities. Therefore, at PAR, our decision to pursue M&A is done only on the assumption that the return on capital and distraction far exceed the potential of our own internal reinvestment.

Management and Culture

Looking at our technology peers, we see cultures that are defined by office setting, employee perks, and hiring one age group. While free food, a trendy downtown office, and frequent social events improve the experience for a team, we believe that company culture should be equally rooted in rigor and tangible values. Leave the cold brew coffee on tap, we will take a culture of intensity, speed, and accountability.

There is no greater influence a CEO can have on a business than molding a company's culture. Culture can and should get better every year. At PAR we believe in tirelessly defending and constantly growing, a value-based culture.

During new managements' tenure we have instilled a culture that values acting with speed and accountability. Tangibly, we have limited meeting sizes, culled decision-by-democracy, cancelled unproductive recurring meetings, elevated the presence of our product team and mandated action. Setting the tone on the small things helps make the big things move faster. In addition, we have pushed a culture of empathy for our customers by providing radical transparency. An empathetic team will always remember the customer, the employee behind the customer and the end customer being served.

Culture is hard to measure and doesn't pay off in the short run, so to hold ourselves true to these stated virtues, we set up a compensation system that holds us to these values (think putting our money where our mouth is). Every manager at PAR is set up to annual metrics tied to an underlying strategic plan. Our strategic plan encompasses our leadership principles, measurable goals, return on investment capital and our cultural progress. These goals are visible to all. We believe deeply in our long-term plan and we find that holding ourselves responsible through a set of metrics is the best self-correcting mechanism for self-accountability. At the end of the year, we then look to significantly reward those who hit their goals, as a tool to excite those with ambition and commitment, while discouraging those who fear intensity and accountability.

These metrics act as broad guiderails in a decentralized management structure. We trust our managers and teams operate independently but in collaborative concert with one another towards achieving PAR's strategic plan. Our goal is to hire the best people we can find, give them the responsibility and

authority they deserve and let them make the decision on how best to execute. I do not believe in micromanaging decisions, and I've always found that those who enjoy creativity and success thrive in these sorts of environments. It encourages those who look to succeed and own and helps kick out those who are renters of the workplace. It encourages innovation and collaboration to find a solution versus throwing your hands up at a wall. It finds those who intrinsically love and embrace their work versus those driven by external motivations. It builds an environment where thinking for yourself is prized and political maneuvering is nonexistent.

In closing

So much of success is driven by being in the right market at the right time, we believe we've focused PAR into the right market. Said differently, our focus towards restaurant software at PAR is choosing to fish in a very shallow pond with a very large net. While we believe Brink POS is a special product, there is an industry tidal wave of fish flowing right into our little pond.

At PAR we like to think the sum of every decision we make is the return on our capital. Every dollar spent and every minute used is earmarked to a future return, using a very high cost of capital. Our business is immature; however, we have an enormous market in front of us and a product with ample opportunity to expand. While M&A has done us well and we will continue to seek opportunities there, **our primary focus is building a rigorous and measurable management system that we can layer capital allocation on top of**. This system will ensure our ability to build repeatable playbooks that reinforce a culture that builds and manages great software products.

With gratitude,

Savneet

Chief Executive Officer and President, PAR Technology Corporation

This letter contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, Section 27A of the Securities Act of 1933, as amended, 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, including expectations regarding anticipated financial performance, customer and product opportunities, and assumptions as to future events. 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 forward-looking statements contained in this letter. Factors that could cause actual results to differ materially from those expressed in or implied by forward-looking statements contained in this letter are described in PAR Technology Corporation's filings with the Securities and Exchange Commission. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities law.