

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): November 15, 2023



**i3 Verticals, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

001-38532  
(Commission  
File Number)

82-4052852  
(I.R.S. Employer  
Identification No.)

40 Burton Hills Blvd., Suite 415  
Nashville, TN  
(Address of principal executive offices)

37215  
(Zip Code)

(615) 465-4487  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class  
Class A Common Stock, \$0.0001 Par Value

Trading Symbol(s)  
IIIV

Name of each exchange on which registered  
Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

As provided in General Instruction B.2 of Form 8-K, the information contained in Items 2.02 and 7.01 of this Current Report on Form 8-K (including Exhibits 99.1 and 99.2 hereto) shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

**Item 2.02. Results of Operations and Financial Condition.**

On November 15, 2023, i3 Verticals, Inc. (the "Company") issued a press release announcing the results of its operations for the three months and year ended September 30, 2023. A copy of the press release is furnished as Exhibit 99.1 hereto and is hereby incorporated by reference into this Item 2.02.

**Item 7.01. Regulation FD Disclosure.**

The Company has also prepared a supplemental presentation (the "Supplemental Presentation") containing certain supplemental financial information for the three months and year ended September 30, 2023. A copy of the Supplemental Presentation is furnished as Exhibit 99.2 hereto and is hereby incorporated by reference into this Item 7.01. A copy of the Supplemental Presentation is also available on the Investors section of the Company's website.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

Exhibit No.	Description
<a href="#">99.1</a>	<a href="#">Press release issued by i3 Verticals, Inc. on November 15, 2023</a>
<a href="#">99.2</a>	<a href="#">Supplemental Presentation</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**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 hereunto duly authorized.

Date: November 15, 2023

**i3 VERTICALS, INC.**

By: /s/ Clay Whitson  
Name: Clay Whitson  
Title: Chief Financial Officer



**i3 VERTICALS REPORTS FOURTH QUARTER AND FULL FISCAL YEAR 2023 FINANCIAL RESULTS**  
**Introduces 2024 Outlook**

**NASHVILLE, Tenn.** (November 15, 2023) – i3 Verticals, Inc. (Nasdaq: IIVV) (“i3 Verticals” or the “Company”) today reported its financial results for the fiscal fourth quarter and year ended September 30, 2023.

**Highlights for the fiscal fourth quarter and full fiscal year of 2023 vs. 2022**

- Fourth quarter revenue was \$96.4 million, an increase of 13.1% over the prior year’s fourth quarter; full year revenue was \$370.2 million, an increase of 16.5% over the prior year.
- Fourth quarter net income was \$3.4 million, compared to a net loss of \$4.4 million in the prior year’s fourth quarter. Net loss for the year ended September 30, 2023, was \$2.7 million, compared to a net loss of \$23.2 million for the year ended September 30, 2022.
- Fourth quarter net income attributable to i3 Verticals, Inc. was \$4.5 million; full year net loss attributable to i3 Verticals, Inc. was \$0.8 million.
- Fourth quarter adjusted EBITDA<sup>1</sup> was \$26.8 million, an increase of 23.2% over the prior year’s fourth quarter. Adjusted EBITDA<sup>1</sup> for the year ended September 30, 2023, was \$100.4 million, an increase of 26.2% over the prior year.
- Adjusted EBITDA<sup>1</sup> as a percentage of revenue was 27.1% for the year ended September 30, 2023, compared to 25.0% for the year ended September 30, 2022.
- Fourth quarter diluted net income per share available to Class A common stock was \$0.11, compared to a net loss per share of \$0.15 in the prior year’s fourth quarter; full year diluted net loss per share available to Class A common stock was \$0.07, compared to a net loss per share of \$0.77 in the prior year.
- For the fourth quarter and year ended September 30, 2023, pro forma adjusted diluted earnings per share<sup>1</sup>, which gives pro forma effect to the Company’s tax rate, was \$0.40 and \$1.52, respectively, compared to \$0.39 and \$1.48 for the fourth quarter and year ended September 30, 2022, respectively.
- Annualized Recurring Revenue (“ARR”)<sup>2</sup> for the fourth quarter of 2023 and 2022 was \$312.9 million and \$281.2 million, respectively, representing a period-to-period growth rate of 11.3%.
- Software and related services revenue<sup>3</sup> as a percentage of total revenue was 50% and 49% for the years ended September 30, 2023 and 2022, respectively. Payments revenue<sup>4</sup> as a percentage of total revenue was 45% and 45% for the years ended September 30, 2023 and 2022, respectively.
- As of September 30, 2023, our consolidated interest coverage ratio was 4.39x and our total leverage ratio was 3.77x. These ratios are defined in the Company’s 2023 Credit Agreement.

1. Represents a non-GAAP financial measure. For additional information (including reconciliation information), see the attached schedules to this release.  
2. Annualized Recurring Revenue (ARR) is the annualized revenue derived from software-as-a-service (“SaaS”) arrangements, transaction-based software-revenue, software maintenance, recurring software-based services, payments revenue and other recurring revenue sources within the quarter. This excludes contracts that are not recurring or are one-time in nature. The Company focuses on ARR because it helps i3 Verticals to assess the health and trajectory of the business. ARR does not have a standardized definition and is therefore unlikely to be comparable to similarly titled measures presented by other companies. It should be reviewed independently of revenue and it is not a forecast. Additionally, ARR does not take into account seasonality. The active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by our customers.  
3. Software and related services revenue includes the sale of subscriptions, recurring services, ongoing support, licenses, and installation and implementation services specific to software.  
4. Payments revenue includes merchant processing, PCI and annual fees, residual, gateway and ACH revenue.

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Greg Daily, Chairman and CEO of i3 Verticals, commented, "We are pleased to report an excellent finish to fiscal 2023. For three straight years we have set a new record for revenue and adjusted EBITDA every single quarter. At the same time, the mix and quality of our business has continued to improve. For example, in this 2023 fiscal fourth quarter software-as-a-service revenue grew 23% and overall margins expanded by over 200 basis points year over year. We are pleased with our performance in fiscal 2023 which we believe will carry over into fiscal 2024.

"Our total leverage as of September 30, 2023, is back below 3.8x adjusted EBITDA. We have been very disciplined in our growth and acquisition strategy, and I am excited about our ability to capitalize on future opportunities.

"Finally, I want to congratulate Eric Willis and Crystal Bell on their promotions to President - Healthcare and President – Enterprise Solutions, respectively. We continue to benefit from phenomenal talent that has been developed within our Company and added through our acquisitions, and we are excited about how Eric and Crystal will continue to transform our business."

#### 2024 Outlook

The Company's practice is to provide annual guidance, excluding the impact of future acquisitions and transaction-related costs.

The Company is providing the following outlook for the fiscal year ending September 30, 2024:

(in thousands, except share and per share amounts)

	Outlook Range		
	Fiscal year ending September 30, 2024		
Revenue	\$	385,000 -	\$ 410,000
Adjusted EBITDA (non-GAAP)	\$	109,000 -	\$ 119,000
Depreciation and internally developed software amortization	\$	11,000 -	\$ 13,000
Cash interest expense	\$	22,000 -	\$ 25,000
Proforma adjusted diluted earnings per share <sup>(1)</sup> (non-GAAP)	\$	1.60 -	\$ 1.78

1. Assumes an effective pro forma tax rate of 25.0% (non-GAAP).

With respect to the "2024 Outlook" above, reconciliation of adjusted EBITDA, pro forma adjusted diluted earnings per share and adjusted diluted earnings per share guidance to the closest corresponding GAAP measure on a forward-looking basis is not available without unreasonable efforts. This inability results from the inherent difficulty in forecasting generally and quantifying certain projected amounts that are necessary for such reconciliations. In particular, sufficient information is not available to calculate certain adjustments required for such reconciliations, including changes in the fair value of contingent consideration, income tax expense of i3 Verticals, Inc. and equity-based compensation expense. The Company expects these adjustments may potentially have a significant impact on future GAAP financial results.

#### Conference Call

The Company will host a conference call on Thursday, November 16, 2023, at 8:30 a.m. ET, to discuss financial results and operations. To listen to the call live via telephone, participants should dial (844) 887-9399 approximately 10 minutes prior to the start of the call. A telephonic replay will be available from 11:30 a.m. ET on November 16, 2023, through November 27, 2023, by dialing (877) 344-7529 and entering Confirmation Code 7272540.

To listen to the call live via webcast, participants should visit the "Investors" section of the Company's website, [www.i3verticals.com](http://www.i3verticals.com), and go to the "Events" page approximately 10 minutes prior to the start of the call. The online replay will be available on this page of the Company's website beginning shortly after the conclusion of the call and will remain available for 30 days.

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### **Non-GAAP Measures**

This press release contains information prepared in conformity with GAAP as well as non-GAAP information. It is management's intent to provide non-GAAP financial information to enhance understanding of the Company's consolidated financial information as prepared in accordance with GAAP. This non-GAAP information should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure and the most directly comparable GAAP financial measure are presented for historical periods so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies.

Additional information about non-GAAP financial measures, including, but not limited to, pro forma adjusted net income, adjusted EBITDA and pro forma adjusted diluted EPS, and a reconciliation of those measures to the most directly comparable GAAP measures is included in the financial schedules of this release.

### **About i3 Verticals**

The Company delivers seamless integrated software and services to customers in strategic vertical markets. Building on its sophisticated and diverse platform of software and services solutions, the Company creates and acquires software products to serve the specific needs of public and private organizations in its strategic verticals, including its Public Sector (including Education) and Healthcare verticals.

### **Forward-Looking Statements**

This release contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact or relating to present facts or current conditions included in this release are forward-looking statements, including any statements regarding the Company's fiscal 2024 financial outlook and statements of a general economic or industry specific nature. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, guidance, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "could have," "exceed," "significantly," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

The forward-looking statements contained in this release are based on assumptions that we have made in light of the Company's industry experience and its perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you review and consider information presented herein, you should understand that these statements are not guarantees of future performance or results. They depend upon future events and are subject to risks, uncertainties (many of which are beyond the Company's control) and assumptions. Factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include, among other things: future economic and geopolitical conditions, including the impact of inflation and rising interest rates, competition in our industry and our ability to compete effectively, regulatory developments, the successful integration of acquired businesses, and future decisions made by us and our competitors. All of these factors are difficult or impossible to predict accurately and many of them are beyond our control. For a further list and description of these and other important risks and uncertainties that may affect our future operations, see Part I, Item 1A - Risk Factors in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which we may update in Part II, Item 1A - Risk Factors in Quarterly Reports on Form 10-Q we have filed or will file hereafter.

Any forward-looking statement made by us in this release speaks only as of the date of this release and we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

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**Contact:**

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**i3 Verticals, Inc. Consolidated Statements of Operations**  
(\$ in thousands, except share and per share amounts)

	Three months ended September 30,			Year ended September 30,		
	2023	2022	% Change	2023	2022	% Change
	(unaudited)	(unaudited)		(unaudited)		
Revenue	\$ 96,407	\$ 85,250	13%	\$ 370,239	\$ 317,862	16%
Operating expenses						
Other costs of services	21,021	20,477	3%	80,552	73,367	10%
Selling general and administrative	56,103	50,912	10%	219,736	193,790	13%
Depreciation and amortization	9,612	7,601	26%	36,461	29,424	24%
Change in fair value of contingent consideration	876	(959)	(191)%	10,781	23,725	(55)%
Total operating expenses	87,612	78,031	12%	347,530	320,306	8%
Income (loss) from operations	8,795	7,219	n/m	22,709	(2,444)	n/m
Other expenses						
Interest expense, net	6,714	4,477	50%	25,128	14,775	70%
Other expense	1,731	991	75%	1,436	991	45%
Total other expenses	8,445	5,468	54%	26,564	15,766	68%
Income before income taxes	350	1,751	(80)%	(3,855)	(18,210)	(79)%
(Benefit from) provision for income taxes	(3,099)	6,161	n/m	(1,203)	5,007	n/m
Net income (loss)	3,449	(4,410)	(178)%	(2,652)	(23,217)	(89)%
Net loss attributable to non-controlling interest	(1,099)	(937)	17%	(1,841)	(6,115)	(70)%
Net income (loss) attributable to i3 Verticals	\$ 4,548	\$ (3,473)	(231)%	\$ (811)	\$ (17,102)	(95)%
Net income (loss) per share available to Class A common stock:						
Basic	\$ 0.20	\$ (0.15)		\$ (0.04)	\$ (0.77)	
Diluted	\$ 0.11	\$ (0.15)		\$ (0.07)	\$ (0.77)	
Weighted average shares of Class A common stock outstanding:						
Basic	23,236,620	22,645,755		23,137,586	22,249,656	
Diluted	34,011,302	22,645,755		33,246,833	22,249,656	

n/m = not meaningful

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**i3 Verticals, Inc. Segment Summary**  
(Unaudited)  
(\$ in thousands)

	For the Three Months Ended September 30, 2023			
	Software and Services	Merchant Services	Other	Total
Revenue	\$ 60,056	\$ 36,374	\$ (23)	\$ 96,407
Income (loss) from operations	\$ 13,329	\$ 8,456	\$ (12,990)	\$ 8,795
Payment volume <sup>(1)</sup>	\$ 735,980	\$ 5,563,071	\$ —	\$ 6,299,051
	For the Year Ended September 30, 2023			
	Software and Services	Merchant Services	Other	Total
Revenue	\$ 232,967	\$ 137,342	\$ (70)	\$ 370,239
Income (loss) from operations	\$ 45,712	\$ 29,130	\$ (52,133)	\$ 22,709
Payment volume <sup>(1)</sup>	\$ 2,743,549	\$ 21,686,690	\$ —	\$ 24,430,239
	For the Three Months Ended September 30, 2022			
	Software and Services	Merchant Services	Other	Total
Revenue	\$ 51,827	\$ 33,410	\$ 13	\$ 85,250
Income (loss) from operations	\$ 12,923	\$ 6,746	\$ (12,450)	\$ 7,219
Payment volume <sup>(1)</sup>	\$ 604,592	\$ 5,470,056	\$ —	\$ 6,074,648
	For the Year Ended September 30, 2022			
	Software and Services	Merchant Services	Other	Total
Revenue	\$ 193,402	\$ 124,481	\$ (21)	\$ 317,862
Income (loss) from operations	\$ 20,003	\$ 24,595	\$ (47,042)	\$ (2,444)
Payment volume <sup>(1)</sup>	\$ 2,148,795	\$ 20,488,530	\$ —	\$ 22,637,325

1. Payment volume is the net dollar value of both 1) Visa, Mastercard and other payment network transactions processed by the Company's customers and settled to customers by us and 2) ACH transactions processed by the Company's customers and settled to customers by the Company.

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**i3 Verticals, Inc. Consolidated Balance Sheets**  
(\$ in thousands, except share and per share amounts)

	September 30, 2023	September 30, 2022
	(unaudited)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,112	\$ 3,490
Accounts receivable, net	65,110	53,334
Settlement assets	4,873	7,540
Prepaid expenses and other current assets	12,449	19,445
<b>Total current assets</b>	<b>85,544</b>	<b>83,809</b>
Property and equipment, net	12,308	5,670
Restricted cash	4,415	12,735
Capitalized software, net	62,577	52,341
Goodwill	409,563	353,639
Intangible assets, net	226,952	195,919
Deferred tax asset	52,514	43,458
Operating lease right-of-use assets	13,922	17,678
Other assets	13,698	5,063
<b>Total assets</b>	<b>\$ 881,493</b>	<b>\$ 770,312</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	11,064	9,342
Accrued expenses and other current liabilities	37,740	57,833
Settlement obligations	4,873	7,540
Deferred revenue	35,275	31,975
Current portion of operating lease liabilities	4,509	4,568
<b>Total current liabilities</b>	<b>93,461</b>	<b>111,258</b>
Long-term debt, less current portion and debt issuance costs, net	385,081	287,020
Long-term tax receivable agreement obligations	40,079	40,812
Operating lease liabilities, less current portion	10,433	13,994
Other long-term liabilities	24,143	9,540
<b>Total liabilities</b>	<b>553,197</b>	<b>462,624</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Preferred stock, par value \$0.0001 per share, 10,000,000 shares authorized; 0 shares issued and outstanding as of September 30, 2023 and 2022	—	—
Class A common stock, par value \$0.0001 per share, 150,000,000 shares authorized; 23,253,272 and 22,986,448 shares issued and outstanding as of September 30, 2023 and 2022, respectively	2	2
Class B common stock, par value \$0.0001 per share, 40,000,000 shares authorized; 10,093,394 and 10,118,142 shares issued and outstanding as of September 30, 2023 and 2022, respectively	1	1
Additional paid-in-capital	249,688	241,958
Accumulated deficit	(12,944)	(23,582)
<b>Total stockholders' equity</b>	<b>236,747</b>	<b>218,379</b>
Non-controlling interest	91,549	89,309
<b>Total equity</b>	<b>328,296</b>	<b>307,688</b>
<b>Total liabilities and equity</b>	<b>\$ 881,493</b>	<b>\$ 770,312</b>

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**i3 Verticals, Inc. Consolidated Cash Flow Data**  
(\$ in thousands)

	Year ended September 30,	
	2023	2022
	(unaudited)	
Net cash provided by operating activities	\$ 34,503	\$ 45,846
Net cash used in investing activities	\$ (121,520)	\$ (113,045)
Net cash provided by financing activities	\$ 75,652	\$ 73,033

**Reconciliation of GAAP to Non-GAAP Financial Measures**

The Company believes that the non-GAAP financial measures presented by the Company provide useful information to investors in understanding and evaluating the Company's ongoing operating results. Accordingly, the Company includes such non-GAAP financial measures when reporting its financial results to shareholders and potential investors in order to provide them with an additional tool to evaluate the Company's ongoing business operations. The Company believes that these non-GAAP financial measures are representative of comparative financial performance that reflects the economic substance of the Company's current and ongoing business operations.

Although these non-GAAP financial measures assist in measuring the Company's operating results and assessing its financial performance, they are not necessarily comparable to similarly titled measures of other companies due to potential inconsistencies in the method of calculation. The Company believes that the disclosure of these non-GAAP financial measures provides investors with important key financial performance indicators that are utilized by management to assess the Company's operating results, evaluate the business and make operational decisions on a prospective, going-forward basis. Hence, management provides disclosure of these non-GAAP financial measures to give shareholders and potential investors an opportunity to see the Company as viewed by management, to assess the Company with some of the same tools that management utilizes internally and to be able to compare such information with prior periods. The Company believes that disclosure of these non-GAAP financial measures provides investors with additional information to help them better understand its financial statements just as management utilizes these non-GAAP financial measures to better understand the business, manage budgets and allocate resources.

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**i3 Verticals, Inc. Reconciliation of GAAP Net Income to Non-GAAP Pro Forma Adjusted Net Income and Non-GAAP Adjusted EBITDA**  
(Unaudited)  
(\$ in thousands)

	Three months ended September 30,		Year ended September 30,	
	2023	2022	2023	2022
<b>Net income (loss) attributable to i3 Verticals, Inc.</b>	<b>\$ 4,548</b>	<b>\$ (3,473)</b>	<b>\$ (811)</b>	<b>\$ (17,102)</b>
Net loss attributable to non-controlling interest	(1,099)	(937)	(1,841)	(6,115)
<b>Non-GAAP Adjustments:</b>				
Provision for income taxes	(3,099)	6,161	(1,203)	5,007
Financing-related expenses <sup>(1)</sup>	—	—	8	13
Non-cash change in fair value of contingent consideration <sup>(2)</sup>	876	(959)	10,781	23,725
Equity-based compensation <sup>(3)</sup>	7,032	6,550	27,878	26,230
Acquisition-related expenses <sup>(4)</sup>	29	1,071	1,132	2,088
Acquisition intangible amortization <sup>(5)</sup>	7,132	6,155	28,142	24,129
Non-cash interest expense <sup>(6)</sup>	405	1,483	1,717	5,795
Other taxes <sup>(7)</sup>	433	257	1,394	508
Other expenses (income) related to adjustments of liabilities under tax receivable agreement <sup>(8)</sup>	(929)	991	(929)	991
Write down of intangible asset <sup>(9)</sup>	2,660	—	2,660	—
Gain on investment <sup>(10)</sup>	—	—	(295)	—
<b>Non-GAAP pro forma adjusted income before taxes<sup>(11)</sup></b>	<b>17,988</b>	<b>17,299</b>	<b>68,633</b>	<b>65,269</b>
Pro forma taxes at effective tax rate <sup>(12)</sup>	(4,497)	(4,325)	(17,158)	(16,317)
<b>Pro forma adjusted net income<sup>(13)</sup></b>	<b>\$ 13,491</b>	<b>\$ 12,974</b>	<b>\$ 51,475</b>	<b>\$ 48,952</b>
Cash interest expense, net <sup>(14)</sup>	6,309	2,994	23,411	8,980
Pro forma taxes at effective tax rate <sup>(12)</sup>	4,497	4,325	17,158	16,317
Depreciation and internally developed software amortization <sup>(15)</sup>	2,480	1,446	8,319	5,295
<b>Adjusted EBITDA<sup>(11)</sup></b>	<b>\$ 26,777</b>	<b>\$ 21,739</b>	<b>\$ 100,363</b>	<b>\$ 79,544</b>

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1. Financing-related expenses includes expenses directly related to certain transactions as part of financing transactions.
2. Non-cash change in fair value of contingent consideration reflects the changes in management's estimates of future cash consideration to be paid in connection with prior acquisitions from the amount estimated as of the later of the most recent balance sheet date forming the beginning of the income statement period or the original estimates made at the closing of the applicable acquisition.
3. Equity-based compensation expense related to stock options and restricted stock units issued under the Company's 2018 Equity Incentive Plan and 2020 Acquisition Equity Incentive Plan.
4. Acquisition-related expenses are the professional service and related costs directly related to the Company's acquisitions and are not part of its core performance.
5. Acquisition intangible amortization reflects amortization of intangible assets and software acquired through business combinations, acquired customer portfolios, acquired referral agreements and related asset acquisitions.
6. Non-cash interest expense reflects amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
7. Other taxes consist of franchise taxes, commercial activity taxes, reserves for ongoing tax audit matters, the employer portion of payroll taxes related to stock option exercises and other non-income based taxes. Taxes related to salaries are not included.
8. Under our Tax Receivable Agreement we have a liability equal to 85% of certain deferred tax assets resulting from an increase in the tax basis of our investment in i3 Verticals, LLC. Other expenses related to adjustments of liabilities under our Tax Receivable Agreement relate to the remeasurement of the underlying deferred tax asset for changes in estimated income tax rates.
9. Write down of intangible asset is related to the write down of an internal use software project.
10. Gain on investment, which the Company recognizes in other income, reflects contingent consideration received for an investment that was sold in a prior year for the year ended September 30, 2023.
11. Represents a non-GAAP financial measure.
12. Pro forma corporate income tax expense is based on Non-GAAP adjusted income before taxes and is calculated using tax rates of 25.0% for 2023 and 2022, based on blended federal and state tax rates.
13. Pro forma adjusted net income represents a non-GAAP financial measure, and assumes that all net income during the period is available to the holders of the Company's Class A common stock.
14. Cash interest expense, net represents all interest expense net of interest income recorded on the Company's statement of operations other than non-cash interest expense, which represents amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
15. Depreciation and internally developed software amortization reflects depreciation on the Company's property, plant and equipment, net, and amortization expense on its internally developed capitalized software.

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**i3 Verticals, Inc. GAAP Diluted EPS and Non-GAAP Pro Forma Adjusted Diluted EPS**

(Unaudited)

(\$ in thousands, except share and per share amounts)

	Three months ended September 30,		Year ended September 30,	
	2023	2022	2023	2022
Diluted net income (loss) available to Class A common stock per share	\$ 0.11	\$ (0.15)	\$ (0.07)	\$ (0.77)
Pro forma adjusted diluted earnings per share <sup>(1)</sup>	\$ 0.40	\$ 0.39	\$ 1.52	\$ 1.48
Pro forma adjusted net income <sup>(2)</sup>	\$ 13,491	\$ 12,974	\$ 51,475	\$ 48,952
Pro forma weighted average shares of adjusted diluted Class A common stock outstanding <sup>(3)</sup>	34,011,302	33,618,854	33,970,731	33,100,182

1. Pro forma adjusted diluted earnings per share is calculated using pro forma adjusted net income and the pro forma weighted average shares of adjusted diluted Class A common stock outstanding.
2. Pro forma adjusted net income assumes that all net income during the period is available to the holders of the Company's Class A common stock. Further, pro forma adjusted diluted earnings per share assumes that all Common Units in i3 Verticals, LLC and the associated non-voting Class B common stock were exchanged for Class A common stock at the beginning of the period on a one-for-one basis.
3. Pro forma weighted average shares of adjusted diluted Class A common stock outstanding include 10,099,678 and 10,109,247 weighted average outstanding shares of Class A common stock issuable upon the exchange of Common Units in i3 Verticals, LLC and 675,004 and 723,898 shares resulting from estimated stock option exercises and restricted stock units vesting as calculated by the treasury stock method for the three months and year ended September 30, 2023, respectively. Pro forma weighted average shares of adjusted diluted Class A common stock outstanding include 10,118,142 and 10,170,668 outstanding shares of Class A common stock issuable upon the exchange of Common Units in i3 Verticals, LLC and 854,957 and 679,858 shares resulting from estimated stock option exercises and restricted stock units vesting as calculated by the treasury stock method for the three months and year ended September 30, 2022, respectively.

-END-

# Q4

FISCAL YEAR 2023

## Supplemental Information



# Revenue Composition

(\$ in thousands)	Quarter Ended							
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
<b>Software and related service revenue</b>								
SaaS <sup>(1)</sup>	\$ 10,864	\$ 10,170	\$ 9,901	\$ 9,230	\$ 8,833	\$ 8,450	\$ 7,899	\$ 6,310
Transaction-based <sup>(2)</sup>	3,827	3,461	3,319	3,331	3,137	3,253	2,642	2,325
Maintenance <sup>(3)</sup>	7,986	8,478	8,140	7,417	5,600	5,720	5,672	5,897
Recurring software services <sup>(4)</sup>	10,966	11,804	11,266	10,164	10,945	10,768	11,107	10,311
Professional services <sup>(5)</sup>	11,443	10,600	11,202	9,775	8,492	8,743	8,251	9,386
Software licenses	3,256	2,755	3,479	1,197	3,485	2,072	3,401	2,109
<b>Total</b>	<b>\$ 48,342</b>	<b>\$ 47,268</b>	<b>\$ 47,307</b>	<b>\$ 41,114</b>	<b>\$ 40,492</b>	<b>\$ 39,006</b>	<b>\$ 38,972</b>	<b>\$ 36,338</b>
Year-over-year growth	19%	21%	21%	13%				
<b>Payments revenue</b>	<b>\$ 42,601</b>	<b>\$ 41,990</b>	<b>\$ 41,909</b>	<b>\$ 40,354</b>	<b>\$ 39,775</b>	<b>\$ 36,683</b>	<b>\$ 34,528</b>	<b>\$ 33,466</b>
Year-over-year growth	7%	14%	21%	21%				
<b>Other revenue</b>								
Recurring <sup>(6)</sup>	\$ 1,992	\$ 1,956	\$ 1,880	\$ 2,045	\$ 2,001	\$ 1,792	\$ 1,780	\$ 1,802
Other	3,472	2,717	2,776	2,516	2,982	3,072	2,840	2,333
<b>Total</b>	<b>\$ 5,464</b>	<b>\$ 4,673</b>	<b>\$ 4,656</b>	<b>\$ 4,561</b>	<b>\$ 4,983</b>	<b>\$ 4,864</b>	<b>\$ 4,620</b>	<b>\$ 4,135</b>
Year-over-year growth	10%	(4)%	1%	10%				
<b>Total revenue</b>	<b>\$ 96,407</b>	<b>\$ 93,931</b>	<b>\$ 93,872</b>	<b>\$ 86,029</b>	<b>\$ 85,250</b>	<b>\$ 80,553</b>	<b>\$ 78,120</b>	<b>\$ 73,939</b>
<b>Recurring revenue<sup>(7)</sup></b>	<b>\$ 78,236</b>	<b>\$ 77,859</b>	<b>\$ 76,415</b>	<b>\$ 72,541</b>	<b>\$ 70,291</b>	<b>\$ 66,666</b>	<b>\$ 63,628</b>	<b>\$ 60,111</b>
<b>Annualized Recurring Revenue "ARR"<sup>(8)</sup></b>								
Software and related service revenue	\$ 134,572	\$ 135,652	\$ 130,504	\$ 120,568	\$ 114,060	\$ 112,764	\$ 109,280	\$ 99,372
Payments revenue	170,404	167,960	167,636	161,416	159,100	146,732	138,112	133,864
Other revenue	7,968	7,824	7,520	8,180	8,004	7,168	7,120	7,208
<b>Total ARR</b>	<b>\$ 312,944</b>	<b>\$ 311,436</b>	<b>\$ 305,660</b>	<b>\$ 290,164</b>	<b>\$ 281,164</b>	<b>\$ 266,664</b>	<b>\$ 254,512</b>	<b>\$ 240,444</b>
Year-over-year growth	11%	17%	20%	21%				

See footnotes continued on the next slide.



## Annualized Recurring Revenue (“ARR”)

- 1.) SaaS revenue is earned when we provide, as a service to our customers over time, the right to access our software, generally hosted in a cloud environment.
- 2.) Transaction-based software revenue is earned when we provide services through our software and charge a per-transaction fee. For example, when we provide electronic filing services for courts and charge fees per filing, or when we stand-ready to process and bill utility customers and charge the utility a fee per bill electronically presented.
- 3.) Software maintenance revenue is earned when, following the implementation of our software systems, we provide ongoing software support services to assist our customers in operating the systems and to periodically update the software.
- 4.) Recurring software services are earned when we provide long-term, usually evergreen, contracted services to our customers through our software. The services provided, such as healthcare revenue cycle management, or automated collections management, are integrated into one of our software solutions.
- 5.) Professional services are earned when we provide customized services to our customers who utilize our software products. Many of our customers contract with us for installation, configuration, training, and data conversion projects, which do not necessarily recur, and as such are excluded from our calculation of ARR.
- 6.) Recurring other revenue primarily consists of recurring long-term contracts that are not specific to software, such as hardware maintenance plans or field service plans.
- 7.) Recurring revenue consists of software-as-a-service (“SaaS”) arrangements, transaction-based software-revenue, software maintenance revenue, recurring software-based services, payments revenue and other recurring revenue sources. This excludes contracts that are not recurring or are one-time in nature.
- 8.) Annualized Recurring Revenue (ARR) is the quarterly recurring revenue multiplied by 4. The Company focuses on ARR because it helps to assess the health and trajectory of the business. ARR does not have a standardized definition and is therefore unlikely to be comparable to similarly titled measures presented by other companies. It should be reviewed independently of revenue and it is not a forecast. It does not contemplate seasonality. The active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by the Company’s customers.

## Q4 Fiscal 2023 GAAP Measures

The following is our Income (loss) from operations for the three and twelve months ended September 30, 2023 and 2022 calculated in accordance with GAAP. The presentation also includes references to non-GAAP financial measures presented by the Company. The Company believes that the non-GAAP financial measures presented by the Company provide useful information to investors in understanding and evaluating the Company's ongoing operating results. Accordingly, the Company includes such non-GAAP financial measures when reporting its financial results to shareholders and potential investors in order to provide them with an additional tool to evaluate the Company's ongoing business operations. The Company believes that these non-GAAP financial measures are representative of comparative financial performance that reflects the economic substance of the Company's current and ongoing business operations.

Although these non-GAAP financial measures assist in measuring the Company's operating results and assessing its financial performance, they are not necessarily comparable to similarly titled measures of other companies due to potential inconsistencies in the method of calculation. The Company believes that the disclosure of these non-GAAP financial measures provides investors with important key financial performance indicators that are utilized by management to assess the Company's operating results, evaluate the business and make operational decisions on a prospective, going-forward basis. Hence, management provides disclosure of these non-GAAP financial measures to give shareholders and potential investors an opportunity to see the Company as viewed by management, to assess the Company with some of the same tools that management utilizes internally and to be able to compare such information with prior periods. The Company believes that disclosure of these non-GAAP financial measures provides investors with additional information to help them better understand its financial statements just as management utilizes these non-GAAP financial measures to better understand the business, manage budgets and allocate resources.

(\$ in thousands)	Three months ended September 30, 2023				Three months ended September 30, 2022			
	Software and Services	Merchant Services	Other	Total	Software and Services	Merchant Services	Other	Total
Income (loss) from operations	\$ 13,329	\$ 8,456	\$ (12,990)	\$ 8,795	\$ 12,923	\$ 6,746	\$ (12,450)	\$ 7,219

(\$ in thousands)	Year ended September 30, 2023				Year ended September 30, 2022			
	Software and Services	Merchant Services	Other	Total	Software and Services	Merchant Services	Other	Total
Income (loss) from operations	\$ 45,712	\$ 29,130	\$ (52,133)	\$ 22,709	\$ 20,003	\$ 24,595	\$ (47,042)	\$ (2,444)

## Q4 Fiscal 2023 Segment Performance<sup>(1)</sup>

(\$ in thousands)	Three months ended September 30,		Period over period growth
	2023	2022	
<b>Revenue</b>			
Software and Services	\$ 60,056	\$ 51,827	16%
Merchant Services	36,374	33,410	9%
Other	(23)	13	(277)%
<b>Total</b>	<b>\$ 96,407</b>	<b>\$ 85,250</b>	<b>13%</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>			
Software and Services	\$ 21,225	\$ 17,099	24%
Merchant Services	10,756	9,122	18%
Other	(5,204)	(4,482)	(16)%
<b>Total</b>	<b>\$ 26,777</b>	<b>\$ 21,739</b>	<b>23%</b>
<b>Volume</b>			
Software and Services	\$ 735,980	\$ 604,592	22%
Merchant Services	5,563,071	5,470,056	2%
<b>Total</b>	<b>\$ 6,299,051</b>	<b>\$ 6,074,648</b>	<b>4%</b>

- 1.) i3 Verticals has two segments, "Software and Services" and "Merchant Services." i3 Verticals also has an "Other" category, which includes corporate overhead.  
 2.) Adjusted EBITDA is a non-GAAP financial measure. Refer to the following slides for the reconciliation of non-GAAP financial measures.

## Q4 Fiscal 2023 Segment Performance<sup>(1)</sup>

(\$ in thousands)	Years ended September 30,		Period over period growth
	2023	2022	
<b>Revenue</b>			
Software and Services	\$ 232,967	\$ 193,402	20%
Merchant Services	137,342	124,481	10%
Other	(70)	(21)	nm
<b>Total</b>	<b>\$ 370,239</b>	<b>\$ 317,862</b>	<b>16%</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>			
Software and Services	\$ 83,001	\$ 62,691	32%
Merchant Services	38,933	34,651	12%
Other	(21,571)	(17,798)	(21)%
<b>Total</b>	<b>\$ 100,363</b>	<b>\$ 79,544</b>	<b>26%</b>
<b>Volume</b>			
Software and Services	\$ 2,743,549	\$ 2,148,795	28%
Merchant Services	21,686,690	20,488,530	6%
<b>Total</b>	<b>\$ 24,430,239</b>	<b>\$ 22,637,325</b>	<b>8%</b>

- 1.) i3 Verticals has two segments, "Software and Services" and "Merchant Services." i3 Verticals also has an "Other" category, which includes corporate overhead.  
 2.) Adjusted EBITDA is a non-GAAP financial measure. Refer to the following slides for the reconciliation of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures

The reconciliation of our income (loss) from operations to non-GAAP pro forma adjusted net income and non-GAAP adjusted EBITDA is as follows:

(\$ in thousands)	Three months ended September 30, 2023				Three months ended September 30, 2022			
	Software and Services	Merchant Services	Other	Total	Software and Services	Merchant Services	Other	Total
Income (loss) from operations	\$ 13,329	\$ 8,456	\$ (12,990)	\$ 8,795	\$ 12,923	\$ 6,746	\$ (12,450)	\$ 7,219
Interest expense, net	—	—	6,714	6,714	—	—	4,477	4,477
Other expense (income)	—	2,660	(929)	1,731	—	—	991	991
Provision for income taxes	63	—	(3,162)	(3,099)	—	—	6,161	6,161
Net income (loss)	13,266	5,796	(15,613)	3,449	12,923	6,746	(24,079)	(4,410)
Non-GAAP Adjustments:								
Provision for income taxes	63	—	(3,162)	(3,099)	—	—	6,161	6,161
Non-cash change in fair value of contingent consideration <sup>(1)</sup>	876	—	—	876	(979)	20	—	(959)
Equity-based compensation <sup>(2)</sup>	—	—	7,032	7,032	—	—	6,550	6,550
Acquisition-related expenses <sup>(3)</sup>	—	—	29	29	—	—	1,071	1,071
Acquisition intangible amortization <sup>(4)</sup>	5,032	1,942	158	7,132	4,099	2,056	—	6,155
Non-cash interest expense <sup>(5)</sup>	—	—	405	405	—	—	1,483	1,483
Other taxes <sup>(6)</sup>	44	(2)	391	433	10	11	236	257
Other expenses related to adjustments of liabilities under Tax Receivable Agreement <sup>(7)</sup>	—	—	(929)	(929)	—	—	991	991
Write down of intangible asset <sup>(8)</sup>	—	2,660	—	2,660	—	—	—	—
Non-GAAP adjusted income (loss) before taxes	19,281	10,396	(11,689)	17,988	16,053	8,833	(7,587)	17,299
Pro forma taxes at effective tax rate <sup>(9)</sup>	(4,820)	(2,599)	2,922	(4,497)	(4,013)	(2,208)	1,896	(4,325)
Pro forma adjusted net income (loss) <sup>(10)</sup>	14,461	7,797	(8,767)	13,491	12,040	6,625	(5,691)	12,974
Plus:								
Cash interest expense, net <sup>(11)</sup>	—	—	6,309	6,309	—	—	2,994	2,994
Pro forma taxes at effective tax rate <sup>(9)</sup>	4,820	2,599	(2,922)	4,497	4,013	2,208	(1,896)	4,325
Depreciation and internally developed software amortization <sup>(12)</sup>	1,944	360	176	2,480	1,046	289	111	1,446
<b>Adjusted EBITDA</b>	<b>\$ 21,225</b>	<b>\$ 10,756</b>	<b>\$ (5,204)</b>	<b>\$ 26,777</b>	<b>\$ 17,099</b>	<b>\$ 9,122</b>	<b>\$ (4,482)</b>	<b>\$ 21,739</b>

See footnotes continued on the next slide.

## Reconciliation of Non-GAAP Financial Measures

- 1.) Non-cash change in fair value of contingent consideration reflects the changes in management's estimates of future cash consideration to be paid in connection with prior acquisitions from the amount estimated as of the later of the most recent balance sheet date forming the beginning of the income statement period or the original estimates made at the closing of the applicable acquisition.
- 2.) Equity-based compensation expense related to stock options and restricted stock units issued under the Company's 2018 Equity Incentive Plan and 2020 Acquisition Equity Incentive Plan.
- 3.) Acquisition-related expenses are the professional service and related costs directly related to our acquisitions and are not part of our core performance.
- 4.) Acquisition intangible amortization reflects amortization of intangible assets and software acquired through business combinations, acquired customer portfolios, acquired referral agreements and related asset acquisitions.
- 5.) Non-cash interest expense reflects amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
- 6.) Other taxes consist of franchise taxes, commercial activity taxes, the employer portion of payroll taxes related to stock option exercises and other non-income based taxes. Taxes related to salaries are not included.
- 7.) Under our Tax Receivable Agreement we have a liability equal to 85% of certain deferred tax assets resulting from an increase in the tax basis of our investment in i3 Verticals, LLC. Other expenses related to adjustments of liabilities under our Tax Receivable Agreement relate to the remeasurement of the underlying deferred tax asset for changes in estimated income tax rates.
- 8.) Write down of intangible asset is related to the write down of an internal use software project.
- 9.) Pro forma corporate income tax expense is based on Non-GAAP adjusted income before taxes and is calculated using a tax rate of 25.0% for both 2023 and 2022, based on blended federal and state tax rates.
- 10.) Pro forma adjusted net income represents a non-GAAP financial measure, and assumes that all net income during the period is available to the holders of the Company's Class A common stock.
- 11.) Cash interest expense, net represents all interest expense net of interest income recorded on the Company's statement of operations other than non-cash interest expense, which represents amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
- 12.) Depreciation and internally developed software amortization reflects depreciation on the Company's property, plant and equipment, net, and amortization expense on its internally developed capitalized software.

## Reconciliation of Non-GAAP Financial Measures

The reconciliation of our income (loss) from operations to non-GAAP pro forma adjusted net income and non-GAAP adjusted EBITDA is as follows:

(\$ in thousands)	Year ended September 30, 2023				Year ended September 30, 2022			
	Software and Services	Merchant Services	Other	Total	Software and Services	Merchant Services	Other	Total
Income (loss) from operations	\$ 45,712	\$ 29,130	\$ (52,133)	\$ 22,709	\$ 20,003	\$ 24,595	\$ (47,042)	\$ (2,444)
Interest expense, net	—	—	25,128	25,128	—	—	14,775	14,775
Other expense (income)	—	2,660	(1,224)	1,436	—	—	—	991
Provision for income taxes	82	—	(1,285)	(1,203)	—	—	5,007	5,007
Net income (loss)	45,630	26,470	(74,752)	(2,652)	20,003	24,595	(67,815)	(23,217)
Non-GAAP Adjustments:								
Provision for income taxes	82	—	(1,285)	(1,203)	—	—	5,007	5,007
Financing-related expenses <sup>(1)</sup>	—	—	8	8	—	—	—	13
Non-cash change in fair value of contingent consideration <sup>(2)</sup>	10,768	13	—	10,781	23,205	520	—	23,725
Equity-based compensation <sup>(3)</sup>	—	—	27,878	27,878	—	—	26,230	26,230
Acquisition-related expenses <sup>(4)</sup>	—	—	1,132	1,132	—	—	—	2,088
Acquisition intangible amortization <sup>(5)</sup>	20,051	7,933	158	28,142	15,796	8,333	—	24,129
Non-cash interest expense <sup>(6)</sup>	—	—	1,717	1,717	—	—	—	5,795
Other taxes <sup>(7)</sup>	108	494	792	1,394	55	27	426	508
Other expenses related to adjustments of liabilities under Tax Receivable Agreement <sup>(8)</sup>	—	—	(929)	(929)	—	—	991	991
Write down of intangible asset <sup>(9)</sup>	—	2,660	—	2,660	—	—	—	—
Net gain on sale of investments <sup>(10)</sup>	—	—	(295)	(295)	—	—	—	—
Non-GAAP adjusted income (loss) before taxes	76,639	37,570	(45,576)	68,633	59,059	33,475	(27,265)	65,269
Pro forma taxes at effective tax rate <sup>(11)</sup>	(19,160)	(9,393)	11,395	(17,158)	(14,765)	(8,369)	6,816	(16,318)
Pro forma adjusted net income (loss) <sup>(12)</sup>	57,479	28,177	(34,181)	51,475	44,294	25,106	(20,449)	48,951
Plus:								
Cash interest expense, net <sup>(13)</sup>	—	—	23,411	23,411	—	—	8,980	8,980
Pro forma taxes at effective tax rate <sup>(11)</sup>	19,160	9,393	(11,395)	17,158	14,765	8,369	(6,816)	16,318
Depreciation and internally developed software amortization <sup>(14)</sup>	6,362	1,363	594	8,319	3,632	1,176	487	5,295
<b>Adjusted EBITDA</b>	<b>\$ 83,001</b>	<b>\$ 38,933</b>	<b>\$ (21,571)</b>	<b>\$ 100,363</b>	<b>\$ 62,691</b>	<b>\$ 34,651</b>	<b>\$ (17,798)</b>	<b>\$ 79,544</b>

See footnotes continued on the next slide.

## Reconciliation of Non-GAAP Financial Measures

- 1.) Financing-related expenses includes expenses directly related to certain transactions as part of financing transactions.
- 2.) Non-cash change in fair value of contingent consideration reflects the changes in management's estimates of future cash consideration to be paid in connection with prior acquisitions from the amount estimated as of the later of the most recent balance sheet date forming the beginning of the income statement period or the original estimates made at the closing of the applicable acquisition.
- 3.) Equity-based compensation expense related to stock options and restricted stock units issued under the Company's 2018 Equity Incentive Plan and 2020 Acquisition Equity Incentive Plan.
- 4.) Acquisition-related expenses are the professional service and related costs directly related to our acquisitions and are not part of our core performance.
- 5.) Acquisition intangible amortization reflects amortization of intangible assets and software acquired through business combinations, acquired customer portfolios, acquired referral agreements and related asset acquisitions.
- 6.) Non-cash interest expense reflects amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
- 7.) Other taxes consist of franchise taxes, commercial activity taxes, reserves for ongoing tax audit matters, the employer portion of payroll taxes related to stock option exercises and other non-income based taxes. Taxes related to salaries are not included.
- 8.) Under our Tax Receivable Agreement we have a liability equal to 85% of certain deferred tax assets resulting from an increase in the tax basis of our investment in 13 Verticals, LLC. Other expenses related to adjustments of liabilities under our Tax Receivable Agreement relate to the remeasurement of the underlying deferred tax asset for changes in estimated income tax rates.
- 9.) Write down of intangible asset is related to the write down of an internal use software project.
- 10.) Gain on investment, which the Company recognizes in other income, reflects contingent consideration received for an investment that was sold in a prior year for the year ended September 30, 2023.
- 11.) Pro forma corporate income tax expense is based on Non-GAAP adjusted income before taxes and is calculated using a tax rate of 25.0% for both 2023 and 2022, based on blended federal and state tax rates.
- 12.) Pro forma adjusted net income represents a non-GAAP financial measure, and assumes that all net income during the period is available to the holders of the Company's Class A common stock.
- 13.) Cash interest expense, net represents all interest expense net of interest income recorded on the Company's statement of operations other than non-cash interest expense, which represents amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
- 14.) Depreciation and internally developed software amortization reflects depreciation on the Company's property, plant and equipment, net, and amortization expense on its internally developed capitalized software.



## Reconciliation Between GAAP Debt and Covenant Debt

The reconciliation of our GAAP Long-term debt, before issuance costs, and the debt balance used in our Total Leverage Ratio is as follows:

(\$ in millions)		As of September 30, 2023	
Revolving lines of credit to banks under the Senior Secured Credit Facility	\$		272.5
Exchangeable Notes			117.0
Less: Cash and Cash Equivalents			(3.1)
<b>Total long-term debt for use in our Total Leverage Ratio</b>	<b>\$</b>		<b>386.4</b>

