

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

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 19, 2024



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.

Explanatory Note

This Current Report on Form 8-K/A (this "Form 8-K/A") amends the Current Report on Form 8-K of i3 Verticals, Inc. (the "Company") originally furnished by the Company to the Securities and Exchange Commission on November 19, 2024 (the "Initial Form 8-K"). The sole purpose for filing this Form 8-K/A is to correct certain information contained in Exhibit 99.1 and Exhibit 99.2 to the Initial 8-K related to the Company's financial statements, as described below.

Item 2.02. Results of Operations and Financial Condition.

On November 19, 2024, the Company filed the Initial Form 8-K with a press release announcing its earnings for the three months and year ended September 30, 2024 (the "Original Earnings Release"). The Company is filing an amendment to the Initial Form 8-K to correct an error in the allocation of net income attributable to non-controlling interests between continuing operations and discontinued operations for the three months and years ended September 30, 2024 and 2023, which was identified by management while conducting final procedures in connection with the preparation of the Company's audited financial statements for the year ended September 30, 2024. This error impacted the total amount of net income (loss) from contributing operations attributable to i3 Verticals, Inc. and the total amount of net income (loss) from discontinued operations attributable to i3 Verticals, Inc., respectively, for the three months and years ended September 30, 2024 and 2023, as well as the total basic and diluted earnings per share attributable to Class A common stockholders for continuing operations and discontinued operations, respectively, for these periods. Except for the figures described above or as otherwise noted in this Form 8-K/A, there were no changes to the Original Earnings Release.

A copy of the corrected consolidated statement of operations that had previously been included in the Original Earnings Release which now reflects these corrections is set forth below (with the original reported items struck and the corrected items in bold type):

* * *

i3 Verticals, Inc. Consolidated Statements of Operations

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

| | Three months ended September 30, | | Year ended September 30, | |
|---|----------------------------------|------------|--------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue | \$ 60,864 | \$ 58,584 | \$ 229,923 | \$ 226,722 |
| Operating expenses | | | | |
| Other costs of services | 5,033 | 4,083 | 18,573 | 15,355 |
| Selling, general and administrative | 44,842 | 45,221 | 176,390 | 177,731 |
| Depreciation and amortization | 7,580 | 7,149 | 28,796 | 26,438 |
| Change in fair value of contingent consideration | (145) | 876 | (690) | 10,767 |
| Total operating expenses | 57,310 | 57,329 | 223,069 | 230,291 |
| Income (loss) from operations | 3,554 | 1,255 | 6,854 | (3,569) |
| Other expenses | | | | |
| Interest expense, net | 6,956 | 6,714 | 29,263 | 25,128 |
| Other income | (1,245) | (929) | (3,395) | (1,224) |
| Total other expenses | 5,711 | 5,785 | 25,868 | 23,904 |
| Loss before income taxes | (2,157) | (4,530) | (19,014) | (27,473) |
| Benefit from income taxes | (9,175) | (3,288) | (5,668) | (3,788) |
| Net income (loss) from continuing operations | 7,018 | (1,242) | (13,346) | (23,685) |
| Income from discontinued operations, net of income taxes | 171,526 | 4,691 | 188,476 | 21,033 |
| Net income (loss) | 178,544 | 3,449 | 175,130 | (2,652) |
| Net income (loss) from continuing operations attributable to non-controlling interest | 689 | (1,811) | (4,424) | (7,863) |
| Net income from discontinued operations attributable to non-controlling interest | 59,945 | 712 | 66,213 | 6,022 |
| Net income (loss) attributable to non-controlling interest | 60,634 | (1,099) | 61,789 | (1,841) |
| Net income (loss) from continuing operations attributable to i3 Verticals, Inc. | 6,329 | 569 | (8,922) | (15,822) |
| Net income from discontinued operations attributable to i3 Verticals, Inc. | 111,581 | 3,979 | 122,263 | 15,011 |
| Net income (loss) attributable to i3 Verticals | \$ 117,910 | \$ 4,548 | \$ 113,341 | \$ (811) |
| Net income (loss) per share attributable to Class A common stockholders from continuing operations: | | | | |
| Basic | \$0.27 | \$0.02 | \$(0.38) | \$(0.68) |
| Diluted | \$0.20 | \$(0.02) | \$(0.38) | \$(0.67) |
| Net income per share attributable to Class A common stockholders from discontinued operations: | | | | |
| Basic | \$4.72 | \$0.17 | \$5.22 | \$0.65 |
| Diluted | \$4.60 | \$0.13 | \$5.09 | \$0.58 |
| Weighted average shares of Class A common stock outstanding: | | | | |
| Basic, for continuing operations | 23,657,149 | 23,236,620 | 23,419,421 | 23,137,586 |
| Diluted, for continuing operations | 34,169,684 | 34,011,302 | 33,419,421 | 23,137,586 |
| Basic, for discontinued operations | 24,169,684 | 23,236,620 | 23,419,421 | 23,137,586 |
| Diluted, for discontinued operations | 34,169,684 | 34,011,302 | 33,879,163 | 33,970,731 |

A copy of the full corrected earnings release is attached to this Form 8-K/A as Exhibit 99.1, which supersedes the Original Earnings Release attached as Exhibit 99.1 to the Initial Form 8-K in its entirety.

A supplemental presentation (the "Original Supplemental Presentation") providing certain supplemental financial information for the years ended September 30, 2024 and 2023 and interim periods therein was furnished as Exhibit 99.2 to the Initial Form 8-K. As a result of the error described above, the amount of total net income (loss) from continuing operations attributable to i3 Verticals, Inc. and attributable to non-controlling interests (both for our Other segment and on a consolidated basis), respectively, were not correct for the years ended September 30, 2024 and 2023, and interim periods therein as included on slides 8, 10, 12, 14 and 16 of the Original Supplemental Presentation. Except as otherwise noted in this Form 8-K/A, there were no changes to the Original Supplemental Presentation. A copy of the corrected Supplemental Presentation is attached to this Form 8-K/A as Exhibit 99.2 hereto, which supersedes the Original Supplemental Presentation attached as Exhibit 99.2 to the Initial Form 8-K in its entirety.

As provided in General Instruction B.2 of Form 8-K, the information contained in this Current Report on Form 8-K (including Exhibit 99.1 and Exhibit 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 9.01. Financial Statements and Exhibits.

(d) Exhibits:

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|---|
| 99.1 | Corrected version of Press release originally issued by i3 Verticals, Inc. on November 19, 2024 |
| 99.2 | Corrected version of Supplemental Presentation originally issued by i3 Verticals, Inc. on November 19, 2024 |
| 104 | Cover Page Interactive Date 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 25, 2024

i3 VERTICALS, INC.

By: /s/ Geoff Smith
Name: Geoff Smith
Title: Chief Financial Officer



Explanatory Note:

i3 Verticals, Inc. (the "Company") is updating the press release issued by the Company on November 19, 2024, as reflected below to correct an error in the allocation of net income attributable to non-controlling interests between continuing operations and discontinued operations for the three months and years ended September 30, 2024 and 2023, which was identified by management while conducting final procedures in connection with the preparation of the Company's audited financial statements for the year ended September 30, 2024. This error impacted the total amount of net income (loss) from contributing operations attributable to i3 Verticals, Inc. and the total amount of net income (loss) from discontinued operations attributable to i3 Verticals, Inc., respectively, for the three months and years ended September 30, 2024 and 2023, as well as the total basic and diluted earnings per share attributable to Class A common stockholders for continuing operations and discontinued operations, respectively, for these periods. For additional information, see the Current Report on Form 8-K/A furnished by the Company on November 25, 2024.

The updated release reads:

i3 VERTICALS REPORTS FOURTH QUARTER AND FULL FISCAL YEAR 2024 FINANCIAL RESULTS
Company Reaffirms 2025 Outlook

NASHVILLE, Tenn. (November 19, 2024) – i3 Verticals, Inc. (Nasdaq: IIIV) ("i3 Verticals" or the "Company") today reported its financial results for the fiscal fourth quarter and year ended September 30, 2024.

Highlights from continuing operations¹ for the fiscal fourth quarter and full fiscal year of 2024 vs. 2023

- Fourth quarter revenue from continuing operations was \$60.9 million, an increase of 3.9% over the prior year's fourth quarter; full year revenue from continuing operations was \$229.9 million, an increase of 1.4% over the prior year.
- Fourth quarter net income from continuing operations was \$7.0 million, compared to a net loss from continuing operations of \$1.2 million in the prior year's fourth quarter. Net loss from continuing operations for the year ended September 30, 2024, was \$13.3 million, compared to a net loss from continuing operations of \$23.7 million for the year ended September 30, 2023.
- Fourth quarter net income from continuing operations attributable to i3 Verticals, Inc. was \$6.3 million, compared to net income from continuing operations attributable to i3 Verticals, Inc. of \$0.6 million in the prior year's quarter; full year net loss from continuing operations attributable to i3 Verticals, Inc. was \$8.9 million, compared to a net loss from continuing operations attributable to i3 Verticals, Inc. of \$15.8 million for the year ended September 30, 2023.
- Fourth quarter adjusted EBITDA from continuing operations² was \$16.2 million, an increase of 3.5% over the prior year's fourth quarter. Adjusted EBITDA from continuing operations² for the year ended September 30, 2024, was \$58.3 million, a decrease of 1.8% over the prior year.
- Adjusted EBITDA from continuing operations² as a percentage of revenue was 26.7% for the three months ended September 30, 2024, compared to 26.8% for the three months ended September 30, 2023, respectively. Adjusted EBITDA from continuing operations² as a percentage of revenue was 25.4% for the year ended September 30, 2024, compared to 26.2% for the year ended September 30, 2023.
- Fourth quarter diluted net income per share attributable to Class A common stock from continuing operations was \$0.20, compared to a diluted net loss per share of \$0.02 in the prior year's fourth quarter; full year diluted net loss per share attributable to Class A common stock from continuing operations was \$0.38, compared to a diluted net loss per share of \$0.68 in the prior year.

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- For the fourth quarter and year ended September 30, 2024, pro forma adjusted diluted earnings per share from continuing operations², which gives pro forma effect to the Company's tax rate, was \$0.15 and \$0.46, respectively, compared to \$0.16 and \$0.65 for the fourth quarter and year ended September 30, 2023, respectively.
 - Diluted net income per share attributable to Class A common stock from continuing operations and pro forma adjusted diluted earnings per share from continuing operations both exclude discontinued operations but include the consolidated cash interest expense. Cash interest expense for the three months and year ended September 30, 2024, was \$6.7 million and \$28.1 million, respectively. The Company's pro forma weighted average shares of adjusted diluted Class A common stock outstanding for the three months and year ended September 30, 2024, was 34,169,684 and 33,879,163, respectively. The fully diluted per share impact, adjusted for pro forma income tax expense at 25%, of cash interest expense for the three months and year ended September 30, 2024, was \$0.15 and \$0.62, respectively.
- Annualized Recurring Revenue ("ARR")³ from continuing operations for the fourth quarter of 2024 and 2023 was \$188.2 million and \$175.1 million, respectively, representing a period-to-period growth rate of 7.5%.

See footnotes on the following page.

1. As a result of the sale of the Company's merchant services business, which was completed on September 20, 2024, the historical results of i3 Verticals' merchant services business have been reflected in discontinued operations in the consolidated statement of operations included in this earnings release, and continuing operations reflect the Company's remaining operations after giving effect to such classification. Prior period results have been recast to reflect this presentation.
2. Represents a non-GAAP financial measure. For additional information (including reconciliation information), see the attached schedules to this release.
3. 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.

Greg Daily, Chairman and Chief Executive Officer of i3 Verticals, commented, "We are pleased to report our earnings for the fourth quarter of fiscal 2024. Our results for the year reflect a culmination of what has been a significant transition for our business. We are now a streamlined and scaled vertical market software provider. We have also de-levered and are ready to capitalize on multiple growth opportunities in 2025.

"i3 Verticals has an excellent financial profile and we expect revenue growth and margin expansion to accelerate in the next fiscal year. We remain focused on growing recurring revenue, which improved by 7.5% this quarter. Looking ahead we expect to achieve high-single digits organic revenue growth in fiscal 2025 and increase our margins by more than 100 bps.

"Finally, I want to welcome Chad Fenner, our new Chief Product Officer. Chad has more than two decades of experience driving growth through product development and management. We are excited to have him on our team to help us bring the best possible products to market."

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2025 Outlook

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

The Company is providing the following outlook for the fiscal year ending September 30, 2025, which remains unchanged from the previous guidance included in the Company's earnings release issued on August 8, 2024:

(in thousands, except share and per share amounts)

| | Outlook Range | |
|---|---------------------------------------|------------|
| | Fiscal year ending September 30, 2025 | |
| Revenue | \$ 243,000 | \$ 263,000 |
| Adjusted EBITDA (non-GAAP) | \$ 63,000 | \$ 71,500 |
| Depreciation and internally developed software amortization | \$ 12,000 | \$ 14,000 |
| Cash interest expense | \$ 1,000 | \$ 2,000 |
| Pro forma adjusted diluted earnings per share ⁽¹⁾ (non-GAAP) | \$ 1.05 | \$ 1.25 |

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

With respect to the "2025 Outlook" above, reconciliations of adjusted EBITDA, pro forma adjusted diluted earnings per share and adjusted diluted earnings per share guidance to the most comparable GAAP measures on a forward-looking basis are 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 have a potentially significant impact on future GAAP financial results.

Change in Segments

As noted above, the Company completed the sale of its merchant services business on September 20, 2024. As a result, the historical results of the merchant services business have been reflected in discontinued operations in the Company's consolidated financial statements, and the Company no longer presents a merchant services segment. After giving effect to these developments, the Company has two reportable segments, Public Sector and Healthcare. See below under "i3 Verticals, Inc. Segment Summary" for financial information for our reportable segments for the periods presented.

Conference Call

The Company will host a conference call on Tuesday, November 19, 2024, 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 19, 2024, through November 26, 2024, by dialing (877) 344-7529 and entering Confirmation Code 4184020.

To listen to the call live via webcast, participants should visit the "Investors" section of the Company's website, 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 from continuing operations, adjusted EBITDA from continuing operations and pro forma adjusted diluted EPS from continuing operations, 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 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 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 2025 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: ongoing and future economic and geopolitical conditions, including the impact of inflation and elevated interest rates, competition in our industry and our ability to compete effectively, regulatory developments, the successful integration of acquired businesses, our ability to execute on our strategy and achieve our goals following the completion of the sale of our merchant services business, 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 have updated in Part II, Item 1A - Risk Factors in Quarterly Reports on Form 10-Q we have filed thereafter, and the risks and uncertainties identified in other filings filed with the Securities and Exchange Commission from time to time.

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:
Clay Whitson
Chief Strategy Officer
(888) 251-0987
investorrelations@i3verticals.com

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

| | Three months ended September 30, | | | Year ended September 30, | | |
|---|----------------------------------|------------|----------|--------------------------|------------|----------|
| | 2024 | 2023 | % Change | 2024 | 2023 | % Change |
| Revenue | \$ 60,864 | \$ 58,584 | 4% | \$ 229,923 | \$ 226,722 | 1% |
| Operating expenses | | | | | | |
| Other costs of services | 5,033 | 4,083 | 23% | 18,573 | 15,355 | 21% |
| Selling, general and administrative | 44,842 | 45,221 | (1)% | 176,390 | 177,731 | (1)% |
| Depreciation and amortization | 7,580 | 7,149 | 6% | 28,796 | 26,438 | 9% |
| Change in fair value of contingent consideration | (145) | 876 | n/m | (690) | 10,767 | n/m |
| Total operating expenses | 57,310 | 57,329 | —% | 223,069 | 230,291 | (3)% |
| Income (loss) from operations | 3,554 | 1,255 | n/m | 6,854 | (3,569) | n/m |
| Other expenses | | | | | | |
| Interest expense, net | 6,956 | 6,714 | 4% | 29,263 | 25,128 | 16% |
| Other income | (1,245) | (929) | n/m | (3,395) | (1,224) | n/m |
| Total other expenses | 5,711 | 5,785 | (1)% | 25,868 | 23,904 | 8% |
| Loss before income taxes | (2,157) | (4,530) | (52)% | (19,014) | (27,473) | (31)% |
| Benefit from income taxes | (9,175) | (3,288) | n/m | (5,668) | (3,788) | n/m |
| Net income (loss) from continuing operations | 7,018 | (1,242) | | (13,346) | (23,685) | |
| Income from discontinued operations, net of income taxes | 171,526 | 4,691 | | 188,476 | 21,033 | |
| Net income (loss) | 178,544 | 3,449 | n/m | 175,130 | (2,652) | n/m |
| Net income (loss) from continuing operations attributable to non-controlling interest | 689 | (1,811) | | (4,424) | (7,863) | |
| Net income from discontinued operations attributable to non-controlling interest | 59,945 | 712 | | 66,213 | 6,022 | |
| Net income (loss) attributable to non-controlling interest | 60,634 | (1,099) | n/m | 61,789 | (1,841) | n/m |
| Net income (loss) from continuing operations attributable to i3 Verticals, Inc. | 6,329 | 569 | | (8,922) | (15,822) | |
| Net income from discontinued operations attributable to i3 Verticals, Inc. | 111,581 | 3,979 | | 122,263 | 15,011 | |
| Net income (loss) attributable to i3 Verticals | \$ 117,910 | \$ 4,548 | n/m | \$ 113,341 | \$ (811) | n/m |
| Net income (loss) per share attributable to Class A common stockholders from continuing operations: | | | | | | |
| Basic | \$ 0.27 | \$ 0.02 | | \$ (0.38) | \$ (0.68) | |
| Diluted | \$ 0.20 | \$ (0.02) | | \$ (0.38) | \$ (0.68) | |
| Net income per share attributable to Class A common stockholders from discontinued operations: | | | | | | |
| Basic | \$ 4.72 | \$ 0.17 | | \$ 5.22 | \$ 0.65 | |
| Diluted | \$ 4.60 | \$ 0.13 | | \$ 5.09 | \$ 0.58 | |
| Weighted average shares of Class A common stock outstanding: | | | | | | |
| Basic, for continuing operations | 23,657,149 | 23,236,620 | | 23,419,421 | 23,137,586 | |
| Diluted, for continuing operations | 34,169,684 | 34,011,302 | | 23,419,421 | 23,137,586 | |
| Basic, for discontinued operations | 23,657,149 | 23,236,620 | | 23,419,421 | 23,137,586 | |
| Diluted, for discontinued operations | 34,169,684 | 34,011,302 | | 33,879,163 | 33,970,731 | |

n/m = not meaningful

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i3 Verticals, Inc. Segment Summary from Continuing Operations
(Unaudited)
(\$ in thousands)

| | For the Three Months Ended September 30, 2024 | | | |
|---|---|------------|-------------|-----------|
| | Public Sector | Healthcare | Other | Total |
| Revenue | \$ 49,603 | \$ 11,399 | \$ (138) | \$ 60,864 |
| Other costs of services | 4,370 | 799 | (136) | 5,033 |
| Recurring cash SG&A expenses ⁽¹⁾ | 25,034 | 8,441 | 6,123 | 39,598 |
| Adjusted EBITDA ⁽²⁾ | \$ 20,199 | \$ 2,159 | \$ (6,125) | \$ 16,233 |
| Adjusted EBITDA Margin ⁽²⁾ | 41 % | 19 % | n/m | 27 % |
| Income (loss) from operations | \$ 14,268 | \$ 1,172 | \$ (11,886) | \$ 3,554 |

| | For the Year Ended September 30, 2024 | | | |
|---|---------------------------------------|------------|-------------|------------|
| | Public Sector | Healthcare | Other | Total |
| Revenue | \$ 184,841 | \$ 45,566 | \$ (484) | \$ 229,923 |
| Other costs of services | 16,125 | 2,932 | (484) | 18,573 |
| Recurring cash SG&A expenses ⁽¹⁾ | 95,500 | 33,622 | 23,920 | 153,042 |
| Adjusted EBITDA ⁽²⁾ | \$ 73,216 | \$ 9,012 | \$ (23,920) | \$ 58,308 |
| Adjusted EBITDA Margin ⁽²⁾ | 40 % | 20 % | n/m | 25 % |
| Income (loss) from operations | \$ 49,712 | \$ 5,821 | \$ (48,679) | \$ 6,854 |

| | For the Three Months Ended September 30, 2023 | | | |
|---|---|------------|-------------|-----------|
| | Public Sector | Healthcare | Other | Total |
| Revenue | \$ 46,895 | \$ 11,714 | \$ (25) | \$ 58,584 |
| Other costs of services | 3,388 | 718 | (23) | 4,083 |
| Recurring cash SG&A expenses ⁽¹⁾ | 24,490 | 8,726 | 5,603 | 38,819 |
| Adjusted EBITDA ⁽²⁾ | \$ 19,017 | \$ 2,270 | \$ (5,605) | \$ 15,682 |
| Adjusted EBITDA Margin ⁽²⁾ | 41 % | 19 % | n/m | 27 % |
| Income (loss) from operations | \$ 12,182 | \$ 1,491 | \$ (12,418) | \$ 1,255 |

| | For the Year Ended September 30, 2023 | | | |
|---|---------------------------------------|------------|-------------|------------|
| | Public Sector | Healthcare | Other | Total |
| Revenue | \$ 182,214 | \$ 44,583 | \$ (75) | \$ 226,722 |
| Other costs of services | 13,326 | 2,103 | (74) | 15,355 |
| Recurring cash SG&A expenses ⁽¹⁾ | 95,397 | 33,242 | 23,329 | 151,968 |
| Adjusted EBITDA ⁽²⁾ | \$ 73,491 | \$ 9,238 | \$ (23,330) | \$ 59,399 |
| Adjusted EBITDA Margin ⁽²⁾ | 40 % | 21 % | n/m | 26 % |
| Income (loss) from operations | \$ 41,987 | \$ 4,770 | \$ (50,326) | \$ (3,569) |

1. Recurring cash SG&A expenses represents the following items; payroll, fringe, third-party labor, capitalized development, commissions, rent, travel & entertainment, office, connectivity, SaaS & hosting, tech services, professional services, advertising, and other operating expenses.
2. Adjusted EBITDA and Adjusted EBITDA margin as presented at a segment level are measures reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments, and these measures will be presented in our financial statement footnotes in accordance with ASC 280, beginning with the Company's annual report on Form 10-K to be filed for the fiscal year ending September 30, 2024. Adjusted EBITDA margin represents adjusted EBITDA as a percentage of revenue. Adjusted EBITDA and Adjusted EBITDA margin, as presented on a consolidated basis, are non-GAAP financial measures. For additional information regarding these non-GAAP financial measures, including reconciliations of consolidated Adjusted EBITDA to the most comparable GAAP measure, see below under "Reconciliation of GAAP to Non-GAAP Financial Measures."

-MORE-

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

| | September 30, 2024 | September 30, 2023 |
|--|-----------------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 86,541 | \$ 3,105 |
| Accounts receivable, net | 55,988 | 50,785 |
| Settlement assets | 632 | 4,873 |
| Prepaid expenses and other current assets | 10,232 | 9,512 |
| Current assets held for sale | — | 17,269 |
| Total current assets | 153,393 | 85,544 |
| Property and equipment, net | 8,677 | 10,059 |
| Restricted cash | 2,424 | 4,215 |
| Capitalized software, net | 58,592 | 58,057 |
| Goodwill | 280,678 | 267,983 |
| Intangible assets, net | 162,816 | 163,149 |
| Deferred tax asset | 48,445 | 52,514 |
| Operating lease right-of-use assets | 8,954 | 11,815 |
| Other assets ⁽¹⁾ | 6,696 | 11,727 |
| Long-term assets held for sale | — | 219,354 |
| Total assets | \$ 730,675 | \$ 884,417 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 5,370 | \$ 6,369 |
| Current portion of long-term debt | 26,223 | — |
| Accrued expenses and other current liabilities | 89,972 | 33,580 |
| Settlement obligations | 632 | 4,873 |
| Deferred revenue | 39,029 | 32,785 |
| Current portion of operating lease liabilities | 3,505 | 3,657 |
| Current liabilities held for sale | — | 12,197 |
| Total current liabilities | 164,731 | 93,461 |
| Long-term debt, less current portion and debt issuance costs, net ⁽¹⁾ | — | 388,005 |
| Long-term tax receivable agreement obligations | 29,347 | 40,079 |
| Operating lease liabilities, less current portion | 6,317 | 8,968 |
| Other long-term liabilities | 14,921 | 23,078 |
| Long-term liabilities held for sale | — | 2,530 |
| Total liabilities | 215,316 | 556,121 |
| Commitments and contingencies | | |
| Stockholders' equity | | |
| Preferred stock, par value \$0.0001 per share, 10,000,000 shares authorized; 0 shares issued and outstanding as of September 30, 2024 and 2023 | — | — |
| Class A common stock, par value \$0.0001 per share, 150,000,000 shares authorized; 23,882,035 and 23,253,272 shares issued and outstanding as of September 30, 2024 and 2023, respectively | 2 | 2 |
| Class B common stock, par value \$0.0001 per share, 40,000,000 shares authorized; 10,032,676 and 10,093,394 shares issued and outstanding as of September 30, 2024 and 2023, respectively | 1 | 1 |
| Additional paid-in-capital | 279,335 | 249,688 |
| Accumulated earnings (deficit) | 100,397 | (12,944) |
| Total stockholders' equity | 379,735 | 236,747 |
| Non-controlling interest | 135,624 | 91,549 |
| Total equity | 515,359 | 328,296 |
| Total liabilities and equity | \$ 730,675 | \$ 884,417 |

See footnotes on the following page.

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1. During the fourth quarter of 2024, the Company elected to change its presentation of debt issuance costs associated with the revolver pursuant to the 2023 Senior Secured Credit Facility to an asset rather than a reduction in the related liability as the previously drawn amounts on the 2023 Senior Secured Credit Facility were repaid upon the closing of the sale of the Merchant Services Business. As of September 30, 2023, \$2,924 was reclassified from a reduction in "Long-term debt, less current portion and debt issuance costs, net" to "Other assets" to conform to the current period presentation.

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

| | Year ended September 30, | |
|---|--------------------------|--------------|
| | 2024 | 2023 |
| Net cash provided by operating activities | \$ 48,409 | \$ 37,170 |
| Net cash provided by (used in) investing activities | \$ 396,150 | \$ (121,520) |
| Net cash (used in) provided by financing activities | \$ (367,362) | \$ 72,985 |

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Reconciliation of GAAP to Non-GAAP Financial Measures

The Company discloses adjusted EBITDA from continuing operations, pro forma adjusted net income from continuing operations and pro forma adjusted diluted EPS from continuing operations because the Company believes that these non-GAAP financial measures provide useful information to investors in understanding and evaluating the Company's ongoing operating results. Accordingly, the Company discloses these non-GAAP financial measures when reporting its financial results to stockholders 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 financial 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 financial results, evaluate the Company's business and make operational decisions on a prospective, going-forward basis. Hence, management provides disclosure of these non-GAAP financial measures to give stockholders 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 from Continuing Operations to Non-GAAP Pro Forma Adjusted Net Income from Continuing Operations and Non-GAAP Adjusted EBITDA from Continuing Operations

(Unaudited)
(\$ in thousands)

| | Three Months Ended September 30, | | Year Ended September 30, | |
|--|-------------------------------------|------------------|-----------------------------|--------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net income (loss) from continuing operations attributable to i3 Verticals, Inc. | \$ 6,329 | \$ 569 | \$ (8,922) | \$ (15,822) |
| Net income (loss) from continuing operations attributable to non-controlling interests | 689 | (1,811) | (4,424) | (7,863) |
| Net income (loss) from continuing operations | 7,018 | (1,242) | (13,346) | (23,685) |
| Non-GAAP Adjustments: | | | | |
| Benefit from income taxes | (9,175) | (3,288) | (5,668) | (3,788) |
| Non-cash change in fair value of contingent consideration ⁽¹⁾ | (145) | 876 | (690) | 10,767 |
| Equity-based compensation from continuing operations ⁽²⁾ | 3,367 | 5,939 | 18,178 | 23,723 |
| M&A-related expenses ⁽³⁾ | 272 | 28 | 3,161 | 1,140 |
| Acquisition intangible amortization ⁽⁴⁾ | 4,853 | 5,077 | 19,327 | 19,733 |
| Non-cash interest expense ⁽⁵⁾ | 278 | 405 | 1,175 | 1,717 |
| Other taxes ⁽⁶⁾ | 1,605 | 435 | 2,009 | 900 |
| Other income related to adjustments of liabilities under tax receivable agreement ⁽⁷⁾ | (1,245) | (929) | (1,245) | (929) |
| Net gain on exchangeable note repurchases and related transactions ⁽⁸⁾ | — | — | (2,257) | — |
| Gain on investment ⁽⁹⁾ | — | — | — | (295) |
| Loss on disposal of property and equipment ⁽¹⁰⁾ | — | — | 107 | — |
| Non-GAAP pro forma adjusted income before taxes from continuing operations⁽¹¹⁾ | 6,828 | 7,301 | 20,751 | 29,283 |
| Pro forma taxes at effective tax rate ⁽¹²⁾ | (1,707) | (1,824) | (5,188) | (7,320) |
| Pro forma adjusted net income from continuing operations⁽¹³⁾ | \$ 5,121 | \$ 5,477 | \$ 15,563 | \$ 21,963 |
| Cash interest expense, net ⁽¹⁴⁾ | 6,678 | 6,309 | 28,088 | 23,411 |
| Pro forma taxes at effective tax rate ⁽¹²⁾ | 1,707 | 1,824 | 5,188 | 7,320 |
| Depreciation and internally developed software amortization ⁽¹⁵⁾ | 2,727 | 2,072 | 9,469 | 6,705 |
| Adjusted EBITDA from continuing operations⁽¹¹⁾ | \$ 16,233 | \$ 15,682 | \$ 58,308 | \$ 59,399 |

See footnotes on the following page.

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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. M&A-related expenses are the professional service and related costs directly related to any merger, acquisition and disposition activity of the Company. M&A-related expenses also include financing costs related to the administration of the Company's exchangeable notes. The Company believes these expenses are not reflective of the underlying operational performance of the Company.
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, 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.
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. Net gain on exchangeable note repurchases and related transactions reflects the gain on repurchases of exchangeable notes and warrant unwinds, net of the loss on sale of bond hedge unwinds, which occurred during the year ended September 30, 2024.
9. Gain on investment, which the Company recognizes in other income, reflects contingent consideration received during the year ended September 30, 2023 for an investment that was sold in a prior year.
10. Loss on disposal of property and equipment is related to the sale of a building purchased through an acquisition.
11. Represents a non-GAAP financial measure.
12. Pro forma corporate income tax expense is based on Non-GAAP adjusted income before taxes from continuing operations and is calculated using tax rates of 25.0% for 2024 and 2023, based on blended federal and state tax rates.
13. Pro forma adjusted net income from continuing operations 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 from Continuing Operations and
Non-GAAP Pro Forma Adjusted Diluted EPS from Continuing Operations**
(Unaudited)

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

| | Three months ended September 30, | | Year ended September 30, | |
|---|----------------------------------|------------|--------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Diluted net income (loss) attributable to Class A common stock per share from continuing operations | \$ 0.20 | \$ (0.02) | \$ (0.38) | \$ (0.68) |
| Pro forma adjusted diluted earnings per share from continuing operations ⁽¹⁾⁽²⁾ | \$ 0.15 | \$ 0.16 | \$ 0.46 | \$ 0.65 |
| Pro forma adjusted net income from continuing operations ⁽²⁾ | \$ 5,121 | \$ 5,477 | \$ 15,563 | \$ 21,963 |
| Pro forma weighted average shares of adjusted diluted Class A common stock outstanding ⁽³⁾ | 34,169,684 | 34,011,302 | 33,879,163 | 33,970,731 |

1. Pro forma adjusted diluted earnings per share from continuing operations, a non-GAAP financial measure, is calculated using pro forma adjusted net income from continuing operations and the pro forma weighted average shares of adjusted diluted Class A common stock outstanding.
2. Pro forma adjusted net income from continuing operations, a non-GAAP financial measure, assumes that all net income from continuing operations during the period is available to the holders of the Company's Class A common stock. Further, pro forma adjusted diluted earnings per share from continuing operations 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 10,032,676 and 10,067,399 weighted average outstanding shares of Class A common stock issuable upon the exchange of Common Units in i3 Verticals, LLC and 479,859 and 392,343 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, 2024, respectively. Pro forma weighted average shares of adjusted diluted Class A common stock outstanding include 10,099,678 and 10,109,247 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.

-END-

Q4

FISCAL YEAR 2024

Supplemental
Information

Revenue Composition - Continuing Operations⁽¹⁾

| (\$ in thousands) | Quarter Ended | | | | | | | |
|---|--------------------|---------------|----------------|-------------------|--------------------|---------------|----------------|-------------------|
| | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 |
| Software and related service revenue | | | | | | | | |
| SaaS ⁽²⁾ | \$ 9,677 | \$ 8,834 | \$ 8,809 | \$ 8,742 | \$ 8,977 | \$ 8,523 | \$ 8,244 | \$ 7,713 |
| Transaction-based ⁽³⁾ | 4,121 | 3,928 | 3,538 | 3,651 | 3,706 | 3,291 | 3,174 | 3,150 |
| Maintenance ⁽⁴⁾ | 8,783 | 8,433 | 8,125 | 8,207 | 7,970 | 8,336 | 8,039 | 7,310 |
| Recurring software services ⁽⁵⁾ | 10,497 | 10,913 | 11,263 | 10,205 | 10,303 | 11,127 | 10,567 | 9,449 |
| Professional services ⁽⁶⁾ | 10,062 | 8,906 | 9,199 | 8,881 | 10,777 | 10,039 | 10,634 | 9,369 |
| Software licenses | 2,498 | 405 | 963 | 417 | 2,714 | 2,380 | 3,193 | 884 |
| Total | \$ 45,638 | \$ 41,419 | \$ 41,897 | \$ 40,103 | \$ 44,447 | \$ 43,696 | \$ 43,851 | \$ 37,875 |
| <i>Year-over-year growth</i> | 3% | (5)% | (4)% | 6% | | | | |
| Payments revenue | \$ 12,225 | \$ 11,867 | \$ 13,572 | \$ 12,677 | \$ 11,296 | \$ 10,895 | \$ 12,903 | \$ 11,522 |
| <i>Year-over-year growth</i> | 8% | 9% | 5% | 10% | | | | |
| Other revenue | | | | | | | | |
| Recurring ⁽⁷⁾ | \$ 1,738 | \$ 1,343 | \$ 1,405 | \$ 1,423 | \$ 1,526 | \$ 1,445 | \$ 1,363 | \$ 1,512 |
| Other | 1,263 | 1,408 | 1,093 | 852 | 1,315 | 1,224 | 1,050 | 803 |
| Total | \$ 3,001 | \$ 2,751 | \$ 2,498 | \$ 2,275 | \$ 2,841 | \$ 2,669 | \$ 2,413 | \$ 2,315 |
| <i>Year-over-year growth</i> | 6% | 3% | 4% | (2)% | | | | |
| Total revenue | \$ 60,864 | \$ 56,037 | \$ 57,967 | \$ 55,055 | \$ 58,584 | \$ 57,260 | \$ 59,167 | \$ 51,712 |
| Recurring revenue⁽⁸⁾ | \$ 47,040 | \$ 45,318 | \$ 46,712 | \$ 44,905 | \$ 43,778 | \$ 43,617 | \$ 44,290 | \$ 40,656 |
| Annualized Recurring Revenue "ARR"⁽⁹⁾ | | | | | | | | |
| Software and related service revenue | \$ 132,313 | \$ 128,432 | \$ 126,940 | \$ 123,220 | \$ 123,824 | \$ 125,108 | \$ 120,096 | \$ 110,488 |
| Payments revenue | 48,898 | 47,468 | 54,288 | 50,708 | 45,184 | 43,580 | 51,612 | 46,088 |
| Other revenue | 6,951 | 5,372 | 5,620 | 5,692 | 6,104 | 5,780 | 5,452 | 6,048 |
| Total ARR | \$ 188,162 | \$ 181,272 | \$ 186,848 | \$ 179,620 | \$ 175,112 | \$ 174,468 | \$ 177,160 | \$ 162,624 |
| <i>Year-over-year growth</i> | 7% | 4% | 5% | 10% | | | | |

See footnotes continued on the next slide.

Revenue Composition - Continuing Operations

- 1.) As a result of the sale of our merchant services business (the "Merchant Services Business") pursuant to the terms of the securities purchase agreement dated as of June 26, 2024 (the "Purchase Agreement"), entered into by us with Payroc, the historical results of our Merchant Services Business have been reflected in discontinued operations in the results of operations included in this supplemental information, and continuing operations reflect our remaining operations after giving effect to such classification. Prior period results have been recast to reflect this presentation. The sale was completed on September 20, 2024.
- 2.) 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.
- 3.) 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.
- 4.) 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.
- 5.) 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.
- 6.) 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.
- 7.) 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.
- 8.) 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.
- 9.) 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 2024 GAAP Measures

The following is our Income (loss) from continuing operations for the three and twelve months ended September 30, 2024 and 2023 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, 2024 | | | | Three months ended September 30, 2023 | | | |
|--|---------------------------------------|------------|-------------|----------|---------------------------------------|------------|-------------|----------|
| | Public Sector | Healthcare | Other | Total | Public Sector | Healthcare | Other | Total |
| Income (loss) from operations ⁽¹⁾ | \$ 14,268 | \$ 1,172 | \$ (11,886) | \$ 3,554 | \$ 12,182 | \$ 1,491 | \$ (12,418) | \$ 1,255 |

| (\$ in thousands) | Year Ended September 30, 2024 | | | | Year Ended September 30, 2023 | | | |
|--|-------------------------------|------------|-------------|----------|-------------------------------|------------|-------------|------------|
| | Public Sector | Healthcare | Other | Total | Public Sector | Healthcare | Other | Total |
| Income (loss) from operations ⁽¹⁾ | \$ 49,712 | \$ 5,821 | \$ (48,679) | \$ 6,854 | \$ 41,987 | \$ 4,770 | \$ (50,326) | \$ (3,569) |

1.) As a result of the sale of our Merchant Services Business pursuant to the Purchase Agreement, the historical results of the Merchant Services Business have been reflected as discontinued operations in the results of operations included in this supplemental information, and i3 Verticals, Inc. no longer presents a Merchant Services segment. i3 Verticals, Inc. now operates within two updated segments, "Public Sector" and "Healthcare". i3 Verticals also has an "Other" category, which includes corporate overhead, technology resources shared across segments and inter-segment eliminations.

Q4 Fiscal 2024 and 2023 Segment Performance⁽¹⁾

| (\$ in thousands) | Three Months Ended September 30, | | Period over period growth |
|---|----------------------------------|------------------|---------------------------|
| | 2024 | 2023 | |
| Revenue from continuing operations | | | |
| Public Sector | \$ 49,603 | \$ 46,895 | 6% |
| Healthcare | 11,400 | 11,714 | (3)% |
| Other | (139) | (25) | nm |
| Total revenue from continuing operations | \$ 60,864 | \$ 58,584 | 4% |
| Adjusted EBITDA from continuing operations⁽²⁾ | | | |
| Public Sector | \$ 20,199 | \$ 19,017 | 6% |
| Healthcare | 2,159 | 2,270 | (5)% |
| Other | (6,125) | (5,605) | (9)% |
| Total adjusted EBITDA from continuing operations | \$ 16,233 | \$ 15,682 | 4% |

- 1.) i3 Verticals has two segments, "Public Sector" and "Healthcare." i3 Verticals also has an "Other" category, which includes corporate overhead, technology resources shared across segments and inter-segment eliminations.
- 2.) Adjusted EBITDA, as presented at a segment level, is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments, and these measures will be presented in our financial statement footnotes in accordance with ASC 280, beginning with the Company's annual report on Form 10-K to be filed for the fiscal year ending September 30, 2024. Adjusted EBITDA, as presented on a consolidated basis, is a non-GAAP financial measure. Refer to the following slides for the reconciliation of non-GAAP financial measures.

YTD Fiscal 2024 and 2023 Segment Performance⁽¹⁾

| (\$ in thousands) | Years ended September 30, | | Period over period growth |
|---|---------------------------|-------------------|---------------------------|
| | 2024 | 2023 | |
| Revenue from continuing operations | | | |
| Public Sector | \$ 184,841 | \$ 182,214 | 1% |
| Healthcare | 45,566 | 44,583 | 2% |
| Other | (484) | (75) | n/m |
| Total revenue from continuing operations | \$ 229,923 | \$ 226,722 | 1% |
| Adjusted EBITDA from continuing operations⁽²⁾ | | | |
| Public Sector | \$ 73,216 | \$ 73,491 | —% |
| Healthcare | 9,012 | 9,238 | (2)% |
| Other | (23,920) | (23,330) | n/m |
| Total adjusted EBITDA from continuing operations | \$ 58,308 | \$ 59,399 | (2)% |

1.) i3 Verticals has two segments, "Public Sector" and "Healthcare." i3 Verticals also has an "Other" category, which includes corporate overhead, technology resources shared across segments and inter-segment eliminations.

2.) Adjusted EBITDA, as presented at a segment level, is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments, and these measures will be presented in our financial statement footnotes in accordance with ASC 280, beginning with the Company's annual report on Form 10-K to be filed for the fiscal year ending September 30, 2024. Adjusted EBITDA, as presented on a consolidated basis, is a non-GAAP financial measure. Refer to the following slides for the reconciliation of non-GAAP financial measures.

2024 and 2023 Segment Performance⁽¹⁾

| (\$ in thousands) | Three Months Ended December 31, 2023 | Three Months Ended March 31, 2024 | Three Months Ended June 30, 2024 | Three Months Ended September 30, 2024 |
|---|---|--------------------------------------|-------------------------------------|--|
| Revenue from continuing operations | | | | |
| Public Sector | \$ 43,498 | \$ 47,097 | \$ 44,643 | \$ 49,603 |
| Healthcare | 11,580 | 11,053 | 11,533 | 11,400 |
| Other | (24) | (182) | (139) | (139) |
| Total revenue from continuing operations | \$ 55,054 | \$ 57,968 | \$ 56,037 | \$ 60,864 |
| Adjusted EBITDA from continuing operations⁽²⁾ | | | | |
| Public Sector | \$ 17,359 | \$ 19,233 | \$ 16,423 | \$ 20,199 |
| Healthcare | 2,794 | 1,775 | 2,281 | 2,159 |
| Other | (6,165) | (5,794) | (5,829) | (6,125) |
| Total adjusted EBITDA from continuing operations | \$ 13,988 | \$ 15,214 | \$ 12,875 | \$ 16,233 |

| (\$ in thousands) | Three Months Ended December 31, 2022 | Three Months Ended March 31, 2023 | Three Months Ended June 30, 2023 | Three Months Ended September 30, 2023 |
|---|---|--------------------------------------|-------------------------------------|--|
| Revenue from continuing operations | | | | |
| Public Sector | \$ 41,308 | \$ 48,500 | \$ 45,511 | \$ 46,895 |
| Healthcare | 10,422 | 10,687 | 11,760 | 11,714 |
| Other | (18) | (20) | (12) | (25) |
| Total revenue from continuing operations | \$ 51,712 | \$ 59,167 | \$ 57,259 | \$ 58,584 |
| Adjusted EBITDA from continuing operations⁽²⁾ | | | | |
| Public Sector | \$ 16,195 | \$ 20,560 | \$ 17,718 | \$ 19,017 |
| Healthcare | 2,301 | 1,699 | 2,968 | 2,270 |
| Other | (4,827) | (6,707) | (6,190) | (5,605) |
| Total adjusted EBITDA from continuing operations | \$ 13,669 | \$ 15,552 | \$ 14,496 | \$ 15,682 |

- 1.) i3 Verticals has two segments, "Public Sector" and "Healthcare." i3 Verticals also has an "Other" category, which includes corporate overhead, technology resources shared across segments and inter-segment eliminations.
- 2.) Adjusted EBITDA, as presented at a segment level, is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments, and these measures will be presented in our financial statement footnotes in accordance with ASC 280, beginning with the Company's annual report on Form 10-K to be filed for the fiscal year ending September 30, 2024. Adjusted EBITDA, as presented on a consolidated basis, 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 continuing operations attributable to i3 Verticals Inc. to non-GAAP adjusted income (loss) before taxes from continuing operations, non-GAAP pro forma adjusted net income from continuing operations and non-GAAP adjusted EBITDA from continuing operations is as follows:

| (\$ in thousands) | Three months ended September 30, 2024 | | | | Three months ended September 30, 2023 | | | |
|--|---------------------------------------|-----------------|-------------------|------------------|---------------------------------------|-----------------|-------------------|------------------|
| | Public Sector | Healthcare | Other | Total | Public Sector | Healthcare | Other | Total |
| Net income (loss) from continuing operations attributable to i3 Verticals, Inc. ⁽¹⁾ | \$ 14,268 | \$ 1,172 | \$ (9,111) | \$ 6,329 | \$ 12,182 | \$ 1,491 | \$ (13,104) | \$ 569 |
| Net loss from continuing operations attributable to non-controlling interests ⁽¹⁾ | — | — | 689 | 689 | — | — | (1,811) | (1,811) |
| Net income (loss) from continuing operations | 14,268 | 1,172 | (8,422) | 7,018 | 12,182 | 1,491 | (14,915) | (1,242) |
| Non-GAAP Adjustments: | | | | | | | | |
| Benefit from income taxes | — | — | (9,175) | (9,175) | — | — | (3,288) | (3,288) |
| Non-cash change in fair value of contingent consideration ⁽²⁾ | (149) | 4 | — | (145) | 1,041 | (165) | — | 876 |
| Equity-based compensation ⁽³⁾ | — | — | 3,367 | 3,367 | — | — | 5,939 | 5,939 |
| M&A-related expenses ⁽⁴⁾ | — | — | 272 | 272 | — | — | 28 | 28 |
| Acquisition intangible amortization ⁽⁵⁾ | 4,044 | 809 | — | 4,853 | 4,101 | 818 | 158 | 5,077 |
| Non-cash interest expense ⁽⁶⁾ | — | — | 278 | 278 | — | — | 405 | 405 |
| Other taxes ⁽⁷⁾ | 4 | — | 1,601 | 1,605 | 8 | — | 427 | 435 |
| Other income related to adjustments of liabilities under Tax Receivable Agreement ⁽⁸⁾ | — | — | (1,245) | (1,245) | — | — | (929) | (929) |
| Non-GAAP adjusted income (loss) before taxes from continuing operations | 18,167 | 1,985 | (13,324) | 6,828 | 17,332 | 2,144 | (12,175) | 7,301 |
| Pro forma taxes at effective tax rate ⁽⁹⁾ | (4,542) | (496) | 3,331 | (1,707) | (4,333) | (536) | 3,045 | (1,824) |
| Pro forma adjusted net income (loss) from continuing operations ⁽¹⁰⁾ | 13,625 | 1,489 | (9,993) | 5,121 | 12,999 | 1,608 | (9,130) | 5,477 |
| Plus: | | | | | | | | |
| Cash interest expense, net ⁽¹¹⁾ | — | — | 6,678 | 6,678 | — | — | 6,309 | 6,309 |
| Pro forma taxes at effective tax rate ⁽⁹⁾ | 4,542 | 496 | (3,331) | 1,707 | 4,333 | 536 | (3,045) | 1,824 |
| Depreciation and internally developed software amortization ⁽¹²⁾ | 2,032 | 174 | 521 | 2,727 | 1,685 | 126 | 261 | 2,072 |
| Adjusted EBITDA from continuing operations⁽¹³⁾ | \$ 20,199 | \$ 2,159 | \$ (6,125) | \$ 16,233 | \$ 19,017 | \$ 2,270 | \$ (5,605) | \$ 15,682 |

See footnotes continued on the next slide.

Reconciliation of Non-GAAP Financial Measures

- 1.) As a result of the error described in our Form 8-K/A, the amount of total net income (loss) from continuing operations attributable to i3 Verticals, Inc. and attributable to non-controlling interests (both for our Other segment and on a consolidated basis), respectively, were not correct in the Original Supplemental Presentation for the three months ended September 30, 2024 and 2023, and have been corrected herein. Except as otherwise noted in this footnote, there were no changes to the Original Supplemental Presentation.
- 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.) M&A-related expenses are the professional service and related costs directly related to any merger, acquisition and disposition activity of the Company. M&A-related expenses also include financing costs related to the administration of the Company's exchangeable notes. The Company believes these expenses are not reflective of the underlying operational performance of the Company.
- 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, 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.) Pro forma corporate income tax expense is based on Non-GAAP adjusted income from continuing operations before taxes and is calculated using a tax rate of 25.0% for both 2024 and 2023, based on blended federal and state tax rates.
- 10.) Pro forma adjusted net income from continuing operations 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.
- 13.) Represents a non-GAAP financial measure.

Reconciliation of Non-GAAP Financial Measures

The reconciliation of our income (loss) from continuing operations attributable to i3 Verticals, Inc. to non-GAAP adjusted income (loss) before taxes from continuing operations, non-GAAP pro forma adjusted net income from continuing operations and non-GAAP adjusted EBITDA from continuing operations is as follows:

| (\$ in thousands) | Year Ended September 30, 2024 | | | | Year Ended September 30, 2023 | | | |
|--|-------------------------------|------------|-------------|------------|-------------------------------|------------|-------------|-------------|
| | Public Sector | Healthcare | Other | Total | Public Sector | Healthcare | Other | Total |
| Net income (loss) from continuing operations attributable to i3 Verticals, Inc. ⁽¹⁾ | \$ 49,587 | \$ 5,820 | \$ (64,329) | \$ (8,922) | \$ 41,986 | \$ 4,770 | \$ (62,578) | \$ (15,822) |
| Net loss from continuing operations attributable to non-controlling interests ⁽¹⁾ | — | — | (4,424) | (4,424) | — | — | (7,863) | (7,863) |
| Net income (loss) from continuing operations | 49,587 | 5,820 | (68,753) | (13,346) | 41,986 | 4,770 | (70,441) | (23,685) |
| Non-GAAP Adjustments: | | | | | | | | |
| Benefit from income taxes | — | — | (5,668) | (5,668) | — | — | (3,788) | (3,788) |
| Non-cash change in fair value of contingent consideration ⁽²⁾ | 22 | (712) | — | (690) | 9,998 | 769 | — | 10,767 |
| Equity-based compensation ⁽³⁾ | — | — | 18,178 | 18,178 | — | — | 23,723 | 23,723 |
| M&A-related expenses ⁽⁴⁾ | — | — | 3,161 | 3,161 | — | — | 1,140 | 1,140 |
| Acquisition intangible amortization ⁽⁵⁾ | 16,079 | 3,248 | — | 19,327 | 16,301 | 3,274 | 158 | 19,733 |
| Non-cash interest expense ⁽⁶⁾ | — | — | 1,175 | 1,175 | — | — | 1,717 | 1,717 |
| Other taxes ⁽⁷⁾ | 27 | 33 | 1,949 | 2,009 | 70 | — | 830 | 900 |
| Other income related to adjustments of liabilities under Tax Receivable Agreement ⁽⁸⁾ | — | — | (1,245) | (1,245) | — | — | (929) | (929) |
| Net gain on exchangeable note repurchases and related transactions ⁽⁹⁾ | — | — | (2,257) | (2,257) | — | — | — | — |
| Net gain on sale of investments ⁽¹⁰⁾ | — | — | — | — | — | — | (295) | (295) |
| Loss (gain) on disposal of property and equipment ⁽¹¹⁾ | 118 | — | (11) | 107 | — | — | — | — |
| Non-GAAP adjusted income (loss) before taxes from continuing operations | 65,833 | 8,389 | (53,471) | 20,751 | 68,355 | 8,813 | (47,885) | 29,283 |
| Pro forma taxes at effective tax rate ⁽¹²⁾ | (16,458) | (2,097) | 13,367 | (5,188) | (17,089) | (2,203) | 11,972 | (7,320) |
| Pro forma adjusted net income (loss) from continuing operations ⁽¹³⁾ | 49,375 | 6,292 | (40,104) | 15,563 | 51,266 | 6,610 | (35,913) | 21,963 |
| Plus: | | | | | | | | |
| Cash interest expense, net ⁽¹⁴⁾ | 7 | 1 | 28,080 | 28,088 | — | — | 23,411 | 23,411 |
| Pro forma taxes at effective tax rate ⁽¹²⁾ | 16,458 | 2,097 | (13,367) | 5,188 | 17,089 | 2,203 | (11,972) | 7,320 |
| Depreciation and internally developed software amortization ⁽¹⁵⁾ | 7,376 | 622 | 1,471 | 9,469 | 5,135 | 425 | 1,145 | 6,705 |
| Adjusted EBITDA from continuing operations ⁽¹⁶⁾ | \$ 73,216 | \$ 9,012 | \$ (23,920) | \$ 58,308 | \$ 73,490 | \$ 9,238 | \$ (23,329) | \$ 59,399 |

See footnotes continued on the next slide.

Reconciliation of Non-GAAP Financial Measures

- 1.) As a result of the error described in our Form 8-K/A, the amount of total net income (loss) from continuing operations attributable to i3 Verticals, Inc. and attributable to non-controlling interests (both for our Other segment and on a consolidated basis), respectively, were not correct in the Original Supplemental Presentation for the years ended September 30, 2024 and 2023, and have been corrected herein. Except as otherwise noted in this footnote, there were no changes to the Original Supplemental Presentation.
- 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.) M&A-related expenses are the professional service and related costs directly related to any merger, acquisition and disposition activity of the Company. M&A-related expenses also include financing costs related to the administration of the Company's exchangeable notes. The Company believes these expenses are not reflective of the underlying operational performance of the Company.
- 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.) Net gain on exchangeable note repurchases and related transactions reflects the gain on repurchases of exchangeable notes and warrant unwinds, net of the loss on sale of bond hedge unwinds, which occurred during the year ended September 30, 2024.
- 10.) Gain on investment, which the Company recognizes in other income, reflects contingent consideration received during the year ended September 30, 2023, for an investment that was sold in a prior year.
- 11.) Loss on disposal of property and equipment is related to the sale of a building purchased through an acquisition.
- 12.) Pro forma corporate income tax expense is based on Non-GAAP adjusted income from continuing operations before taxes and is calculated using a tax rate of 25.0% for both 2024 and 2023, based on blended federal and state tax rates.
- 13.) Pro forma adjusted net income from continuing operations 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.
- 16.) Represents a non-GAAP financial measure.

Reconciliation of Non-GAAP Financial Measures

The reconciliation of our income (loss) from continuing operations attributable to i3 Verticals Inc. to non-GAAP adjusted income (loss) before taxes from continuing operations, non-GAAP pro forma adjusted net income from continuing operations and non-GAAP adjusted EBITDA from continuing operations is as follows:

| (\$ in thousands) | Three months ended June 30, 2024 | | | | Three months ended June 30, 2023 | | | |
|--|----------------------------------|-----------------|-------------------|------------------|----------------------------------|-----------------|-------------------|------------------|
| | Public Sector | Healthcare | Other | Total | Public Sector | Healthcare | Other | Total |
| Net income (loss) from continuing operations attributable to i3 Verticals, Inc. ⁽¹⁾ | \$ 10,593 | \$ 1,328 | \$ (22,577) | \$ (10,656) | \$ 6,938 | \$ 1,203 | \$ (16,181) | \$ (8,040) |
| Net loss from continuing operations attributable to non-controlling interests ⁽²⁾ | — | — | (3,190) | (3,190) | — | — | (2,878) | (2,878) |
| Net income (loss) from continuing operations | 10,593 | 1,328 | (25,767) | (13,846) | 6,938 | 1,203 | (19,059) | (10,918) |
| Non-GAAP Adjustments: | | | | | | | | |
| Provision for (benefit from) income taxes | — | — | 5,271 | 5,271 | — | — | (292) | (292) |
| Non-cash change in fair value of contingent consideration ⁽³⁾ | 1 | (19) | — | (18) | 5,345 | 838 | — | 6,183 |
| Equity-based compensation ⁽⁴⁾ | — | — | 4,432 | 4,432 | — | — | 6,124 | 6,124 |
| M&A-related expenses ⁽⁵⁾ | — | — | 1,931 | 1,931 | — | — | 26 | 26 |
| Acquisition intangible amortization ⁽⁵⁾ | 3,979 | 809 | — | 4,788 | 4,114 | 818 | — | 4,932 |
| Non-cash interest expense ⁽⁶⁾ | — | — | 221 | 221 | — | — | 582 | 582 |
| Other taxes ⁽⁷⁾ | (4) | 1 | 233 | 230 | 4 | — | 71 | 75 |
| Gain on investment ⁽⁸⁾ | — | — | — | — | — | — | (92) | (92) |
| Non-GAAP adjusted income (loss) before taxes from continuing operations | 14,569 | 2,119 | (13,679) | 3,009 | 16,401 | 2,859 | (12,640) | 6,620 |
| Pro forma taxes at effective tax rate ⁽⁹⁾ | (3,642) | (530) | 3,420 | (752) | (4,100) | (715) | 3,160 | (1,655) |
| Pro forma adjusted net income (loss) from continuing operations ⁽¹⁰⁾ | 10,927 | 1,589 | (10,259) | 2,257 | 12,301 | 2,144 | (9,480) | 4,965 |
| Plus: | | | | | | | | |
| Cash interest expense, net ⁽¹¹⁾ | — | — | 7,685 | 7,685 | — | — | 6,143 | 6,143 |
| Pro forma taxes at effective tax rate ⁽⁹⁾ | 3,642 | 530 | (3,420) | 752 | 4,100 | 715 | (3,160) | 1,655 |
| Depreciation and internally developed software amortization ⁽¹²⁾ | 1,854 | 162 | 165 | 2,181 | 1,317 | 109 | 307 | 1,733 |
| Adjusted EBITDA from continuing operations⁽¹³⁾ | \$ 16,423 | \$ 2,281 | \$ (5,829) | \$ 12,875 | \$ 17,718 | \$ 2,968 | \$ (6,190) | \$ 14,496 |

See footnotes continued on the next slide.

Reconciliation of Non-GAAP Financial Measures

- 1.) As a result of the error described in our Form 8-K/A, the amount of total net income (loss) from continuing operations attributable to i3 Verticals, Inc. and attributable to non-controlling interests (both for our Other segment and on a consolidated basis), respectively, were not correct in the Original Supplemental Presentation for the three months ended June 30, 2024 and 2023, and have been corrected herein. Except as otherwise noted in this footnote, there were no changes to the Original Supplemental Presentation.
- 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.) M&A-related expenses are the professional service and related costs directly related to any merger, acquisition and disposition activity of the Company. M&A-related expenses also include financing costs related to the administration of the Company's exchangeable notes. The Company believes these expenses are not reflective of the underlying operational performance of the Company.
- 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, 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.) Gain on investment reflects contingent consideration received for an investment that was sold in a prior year.
- 9.) Pro forma corporate income tax expense is based on Non-GAAP adjusted income from continuing operations before taxes and is calculated using a tax rate of 25.0% for both 2024 and 2023, based on blended federal and state tax rates.
- 10.) Pro forma adjusted net income from continuing operations 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.
- 13.) Represents a non-GAAP financial measure.

Reconciliation of Non-GAAP Financial Measures

The reconciliation of our income (loss) from continuing operations attributable to i3 Verticals Inc. to non-GAAP adjusted income (loss) before taxes from continuing operations, non-GAAP pro forma adjusted net income from continuing operations and non-GAAP adjusted EBITDA from continuing operations is as follows:

| (\$ in thousands) | Three months ended March 31, 2024 | | | | Three months ended March 31, 2023 | | | |
|--|-----------------------------------|------------|-------------|------------|-----------------------------------|------------|-------------|------------|
| | Public Sector | Healthcare | Other | Total | Public Sector | Healthcare | Other | Total |
| Net income (loss) from continuing operations attributable to i3 Verticals, Inc. ⁽¹⁾ | \$ 13,318 | \$ 1,160 | \$ (16,186) | \$ (1,708) | \$ 12,855 | \$ 912 | \$ (17,837) | \$ (4,070) |
| Net loss from continuing operations attributable to non-controlling interests ⁽²⁾ | — | — | (594) | (594) | — | — | (1,701) | (1,701) |
| Net income (loss) from continuing operations | 13,318 | 1,160 | (16,780) | (2,302) | 12,855 | 912 | (19,538) | (5,771) |
| Non-GAAP Adjustments: | | | | | | | | |
| Benefit from income taxes | — | — | (669) | (669) | — | — | (115) | (115) |
| Non-cash change in fair value of contingent consideration ⁽³⁾ | 88 | (378) | — | (290) | 2,400 | (121) | — | 2,279 |
| Equity-based compensation ⁽⁴⁾ | — | — | 5,022 | 5,022 | — | — | 5,804 | 5,804 |
| M&A-related expenses ⁽⁵⁾ | — | — | 714 | 714 | — | — | 357 | 357 |
| Acquisition intangible amortization ⁽⁵⁾ | 4,015 | 815 | — | 4,830 | 4,324 | 818 | — | 5,142 |
| Non-cash interest expense ⁽⁶⁾ | — | — | 262 | 262 | — | — | 368 | 368 |
| Other taxes ⁽⁷⁾ | (1) | 28 | 62 | 89 | 48 | — | 274 | 322 |
| Net gain on exchangeable note repurchases and related transactions ⁽⁸⁾ | — | — | (2,257) | (2,257) | — | — | — | — |
| Non-GAAP adjusted income (loss) before taxes from continuing operations | 17,420 | 1,625 | (13,646) | 5,399 | 19,627 | 1,609 | (12,850) | 8,386 |
| Pro forma taxes at effective tax rate ⁽⁹⁾ | (4,355) | (406) | 3,410 | (1,351) | (4,907) | (402) | 3,213 | (2,096) |
| Pro forma adjusted net income (loss) from continuing operations ⁽¹⁰⁾ | 13,065 | 1,219 | (10,236) | 4,048 | 14,720 | 1,207 | (9,637) | 6,290 |
| Plus: | | | | | | | | |
| Cash interest expense, net ⁽¹¹⁾ | — | — | 7,452 | 7,452 | — | — | 5,831 | 5,831 |
| Pro forma taxes at effective tax rate ⁽⁹⁾ | 4,355 | 406 | (3,410) | 1,351 | 4,907 | 402 | (3,213) | 2,096 |
| Depreciation and internally developed software amortization ⁽¹²⁾ | 1,813 | 150 | 400 | 2,363 | 933 | 90 | 312 | 1,335 |
| Adjusted EBITDA from continuing operations ⁽¹³⁾ | \$ 19,233 | \$ 1,775 | \$ (5,794) | \$ 15,214 | \$ 20,560 | \$ 1,699 | \$ (6,707) | \$ 15,552 |

See footnotes continued on the next slide.

Reconciliation of Non-GAAP Financial Measures

- 1.) As a result of the error described in our Form 8-K/A, the amount of total net income (loss) from continuing operations attributable to i3 Verticals, Inc. and attributable to non-controlling interests (both for our Other segment and on a consolidated basis), respectively, were not correct in the Original Supplemental Presentation for the three months ended March 31, 2024 and 2023, and have been corrected herein. Except as otherwise noted in this footnote, there were no changes to the Original Supplemental Presentation.
- 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.) M&A-related expenses are the professional service and related costs directly related to any merger, acquisition and disposition activity of the Company. M&A-related expenses also include financing costs related to the administration of the Company's exchangeable notes. The Company believes these expenses are not reflective of the underlying operational performance of the Company.
- 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, 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.) Net gain on exchangeable note repurchases and related transactions reflects the gain on repurchases of exchangeable notes and warrant unwinds, net of the loss on sale of bond hedge unwinds, which occurred during the three months ended March 31, 2024.
- 9.) Pro forma corporate income tax expense is based on Non-GAAP adjusted income from continuing operations before taxes and is calculated using a tax rate of 25.0% for both 2024 and 2023, based on blended federal and state tax rates.
- 10.) Pro forma adjusted net income from continuing operations 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.
- 13.) Represents a non-GAAP financial measure.

Reconciliation of Non-GAAP Financial Measures

The reconciliation of our income (loss) from continuing operations attributable to i3 Verticals Inc. to non-GAAP adjusted income (loss) before taxes from continuing operations, non-GAAP pro forma adjusted net income from continuing operations and non-GAAP adjusted EBITDA from continuing operations is as follows:

| (\$ in thousands) | Three months ended December 31, 2023 | | | | Three months ended December 31, 2022 | | | |
|--|--------------------------------------|-----------------|-------------------|------------------|--------------------------------------|-----------------|-------------------|------------------|
| | Public Sector | Healthcare | Other | Total | Public Sector | Healthcare | Other | Total |
| Net income (loss) from continuing operations attributable to i3 Verticals, Inc. ⁽¹⁾ | \$ 11,408 | \$ 2,160 | \$ (16,454) | \$ (2,886) | \$ 10,012 | \$ 1,166 | \$ (15,457) | \$ (4,279) |
| Net loss from continuing operations attributable to non-controlling interests ⁽²⁾ | — | — | (1,329) | (1,329) | — | — | (1,473) | (1,473) |
| Net income (loss) from continuing operations | 11,408 | 2,160 | (17,783) | (4,215) | 10,012 | 1,166 | (16,930) | (5,752) |
| Non-GAAP Adjustments: | | | | | | | | |
| Benefit from income taxes | — | — | (1,094) | (1,094) | — | — | (93) | (93) |
| Non-cash change in fair value of contingent consideration ⁽³⁾ | 82 | (319) | — | (237) | 1,212 | 217 | — | 1,429 |
| Equity-based compensation ⁽⁴⁾ | — | — | 5,358 | 5,358 | — | — | 5,856 | 5,856 |
| M&A-related expenses ⁽⁵⁾ | — | — | 244 | 244 | — | — | 727 | 727 |
| Acquisition intangible amortization ⁽⁵⁾ | 4,041 | 815 | — | 4,856 | 3,761 | 819 | — | 4,580 |
| Non-cash interest expense ⁽⁶⁾ | — | — | 414 | 414 | — | — | 361 | 361 |
| Other taxes ⁽⁷⁾ | 28 | 3 | 53 | 84 | 10 | — | 60 | 70 |
| Gain on investment ⁽⁸⁾ | — | — | — | — | — | — | (203) | (203) |
| Loss (gain) on disposal of property and equipment ⁽⁹⁾ | 118 | — | (11) | 107 | — | — | — | — |
| Non-GAAP adjusted income (loss) before taxes from continuing operations | 15,677 | 2,659 | (12,819) | 5,517 | 14,995 | 2,202 | (10,222) | 6,975 |
| Pro forma taxes at effective tax rate ⁽¹⁰⁾ | (3,919) | (665) | 3,205 | (1,379) | (3,749) | (551) | 2,556 | (1,744) |
| Pro forma adjusted net income (loss) from continuing operations ⁽¹¹⁾ | 11,758 | 1,994 | (9,614) | 4,138 | 11,246 | 1,651 | (7,666) | 5,231 |
| Plus: | | | | | | | | |
| Cash interest expense, net ⁽¹²⁾ | 6 | — | 6,267 | 6,273 | — | — | 5,129 | 5,129 |
| Pro forma taxes at effective tax rate ⁽¹⁰⁾ | 3,919 | 665 | (3,205) | 1,379 | 3,749 | 551 | (2,556) | 1,744 |
| Depreciation and internally developed software amortization ⁽¹³⁾ | 1,676 | 135 | 387 | 2,198 | 1,200 | 99 | 266 | 1,565 |
| Adjusted EBITDA from continuing operations⁽¹⁴⁾ | \$ 17,359 | \$ 2,794 | \$ (6,165) | \$ 13,988 | \$ 16,195 | \$ 2,301 | \$ (4,827) | \$ 13,669 |

See footnotes continued on the next slide.

Reconciliation of Non-GAAP Financial Measures

- 1.) As a result of the error described in our Form 8-K/A, the amount of total net income (loss) from continuing operations attributable to i3 Verticals, Inc. and attributable to non-controlling interests (both for our Other segment and on a consolidated basis), respectively, were not correct in the Original Supplemental Presentation for the three months ended December 31, 2023 and 2022, and have been corrected herein. Except as otherwise noted in this footnote, there were no changes to the Original Supplemental Presentation.
- 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.) M&A-related expenses are the professional service and related costs directly related to any merger, acquisition and disposition activity of the Company. M&A-related expenses also includes financing costs related to the administration of the Company's exchangeable notes. The Company believes these expenses are not reflective of the underlying operational performance of the Company.
- 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, 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.) Gain on investment is related to continent consideration received for an investment that was sold in a prior year for the three months ended December 31, 2022.
- 9.) Loss (gain) on disposal of property and equipment is related to the sale of a building purchased through an acquisition.
- 10.) Pro forma corporate income tax expense is based on Non-GAAP adjusted income from continuing operations before taxes and is calculated using a tax rate of 25.0% for both 2024 and 2023, based on blended federal and state tax rates.
- 11.) Pro forma adjusted net income from continuing operations 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.
- 12.) 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.
- 13.) 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.
- 14.) Represents a non-GAAP financial measure.

