Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 001-39313

SHIFT4 PAYMENTS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**84-3676340**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3501 Corporate Parkway Center Valley, Pennsylvania	**18034**
(Address of principal executive offices)	**(Zip Code)**

(888) 276-2108

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.0001 par value per share	FOUR	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 5, 2024, there were 68,664,969 shares of the registrant's Class A common stock, $0.0001 par value per share, outstanding, 19,801,028 shares of the registrant's Class B common stock, $0.0001 par value per share, outstanding and 1,635,770 shares of the registrant's Class C common stock, $0.0001 par value per share, outstanding.

SHIFT4 PAYMENTS, INC.
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1	Financial Statements (unaudited)	4
	Condensed Consolidated Balance Sheets	4
	Condensed Consolidated Statements of Operations	5
	Condensed Consolidated Statements of Comprehensive Income	6
	Condensed Consolidated Statements of Changes in Stockholders' Equity	7
	Condensed Consolidated Statements of Cash Flows	9
	Notes to Condensed Consolidated Financial Statements	10
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	30
Item 3	Quantitative and Qualitative Disclosures About Market Risk	43
Item 4	Controls and Procedures	43

PART II. OTHER INFORMATION

Item 1	Legal Proceedings	44
Item 1A	Risk Factors	44
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 3	Defaults Upon Senior Securities	45
Item 4	Mine Safety Disclosures	45
Item 5	Other Information	45
Item 6	Exhibits	46
	Signatures	47

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("the Exchange Act"). All statements other than statements of historical fact contained in this Quarterly Report, including, without limitation, statements relating to our position as a leader within our industry; our future results of operations and financial position, business strategy and plans; the impact of changes in TRA liability (as defined herein); the anticipated benefits of and costs associated with recent acquisitions; and objectives of management for future operations and activities, including, among others, statements regarding expected growth, international expansion, future capital expenditures, debt covenant compliance, financing activities, debt service obligations, and the timing of any of the foregoing, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential," or "continue" or the negative of these terms or other similar expressions, though not all forward-looking statements can be identified by such terms or expressions. The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, those factors described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 29, 2024 (the "2023 Form 10-K").

Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties.

You should read this Quarterly Report and the documents that we reference herein completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

PART I: FINANCIAL INFORMATION
Item 1. Financial Statements (unaudited)
SHIFT4 PAYMENTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)(in millions, except share and per share amounts)

	September 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 1,426.4	$ 455.0
Restricted cash	—	84.4
Settlement assets	283.2	321.2
Accounts receivable, net	317.8	256.8
Inventory	7.1	3.4
Prepaid expenses and other current assets	60.1	32.5
Total current assets	2,094.6	1,153.3
Noncurrent assets		
Equipment for lease, net	156.9	123.1
Property, plant and equipment, net	27.4	28.6
Right-of-use assets	30.6	22.8
Investments in securities	78.9	62.2
Collateral held by the card networks	39.1	37.7
Goodwill	1,324.0	1,111.3
Residual commission buyouts, net	167.3	229.6
Capitalized customer acquisition costs, net	63.3	51.7
Other intangible assets, net	672.1	548.8
Deferred tax assets	370.9	—
Other noncurrent assets	23.8	18.7
Total assets	$ 5,048.9	$ 3,387.8
Liabilities and Stockholders' Equity		
Current liabilities		
Settlement liabilities	$ 278.3	$ 315.2
Accounts payable	252.0	204.6
Accrued expenses and other current liabilities	138.1	82.1
Deferred revenue	22.1	20.6
Bank deposits	—	72.3
Current lease liabilities	8.7	7.8
Current TRA liability	4.2	1.8
Total current liabilities	703.4	704.4
Noncurrent liabilities		
Long-term debt	2,838.0	1,750.2
Noncurrent TRA liability	365.9	3.3
Deferred tax liabilities	32.7	28.7
Noncurrent lease liabilities	25.4	18.8
Other noncurrent liabilities	35.7	14.0
Total liabilities	4,001.1	2,519.4
Commitments and contingencies (Note 15)		
Stockholders' equity		
Preferred stock, $0.0001 par value, 20,000,000 shares authorized at September 30, 2024 and December 31, 2023, none issued and outstanding	—	—
Class A common stock, $0.0001 par value per share, 300,000,000 shares authorized, 66,942,326 and 60,664,171 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	—	—
Class B common stock, $0.0001 par value per share, 100,000,000 shares authorized, 19,801,028 and 23,831,883 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively.	—	—
Class C common stock, $0.0001 par value per share, 100,000,000 shares authorized, 1,635,770 and 1,694,915 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively.	—	—
Additional paid-in capital	1,048.7	985.9
Accumulated other comprehensive income	20.6	14.1
Retained deficit	(257.5)	(346.7)
Total stockholders' equity attributable to Shift4 Payments, Inc.	811.8	653.3
Noncontrolling interests	236.0	215.1
Total stockholders' equity	1,047.8	868.4
Total liabilities and stockholders' equity	$ 5,048.9	$ 3,387.8

See accompanying notes to unaudited condensed consolidated financial statements.

SHIFT4 PAYMENTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (in millions, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Gross revenue	$ 909.2	$ 675.4	$ 2,443.6	$ 1,859.4
Cost of sales (exclusive of certain depreciation and amortization expense shown separately below)	(641.9)	(495.1)	(1,756.7)	(1,366.8)
General and administrative expenses	(118.2)	(76.3)	(335.4)	(244.1)
Revaluation of contingent liabilities	(1.5)	(8.9)	(3.9)	(21.5)
Depreciation and amortization expense (a)	(51.6)	(40.0)	(143.1)	(111.2)
Professional expenses	(9.4)	(5.7)	(29.0)	(17.2)
Advertising and marketing expenses	(6.2)	(4.7)	(14.5)	(11.2)
Income from operations	80.4	44.7	161.0	87.4
Interest income	9.7	9.6	20.1	26.0
Other income (expense), net	(1.5)	—	0.3	(0.3)
Unrealized gain on investments in securities	10.8	2.6	21.6	11.5
Change in TRA liability	(289.4)	(1.5)	(294.2)	(2.8)
Interest expense	(18.3)	(8.0)	(34.5)	(24.1)
Income (loss) before income taxes	(208.3)	47.4	(125.7)	97.7
Income tax benefit (expense)	280.5	(0.9)	280.9	6.0
Net income	72.2	46.5	155.2	103.7
Less: Net income attributable to noncontrolling interests	(18.4)	(13.9)	(41.6)	(31.2)
Net income attributable to Shift4 Payments, Inc.	$ 53.8	$ 32.6	$ 113.6	$ 72.5
Basic net income per share				
Class A net income per share - basic	$ 0.78	$ 0.56	$ 1.68	$ 1.24
Class A weighted average common stock outstanding - basic	66,791,329	56,537,008	65,230,377	56,233,959
Class C net income per share - basic	$ 0.78	$ 0.56	$ 1.68	$ 1.24
Class C weighted average common stock outstanding - basic	1,659,314	1,759,273	1,681,264	2,019,063
Diluted net income per share				
Class A net income per share - diluted	$ 0.74	$ 0.55	$ 1.59	$ 1.22
Class A weighted average common stock outstanding - diluted	89,356,938	57,673,083	89,514,680	57,697,393
Class C net income per share - diluted	$ 0.74	$ 0.55	$ 1.59	$ 1.22
Class C weighted average common stock outstanding - diluted	1,659,314	1,759,273	1,681,264	2,019,063

See accompanying notes to unaudited condensed consolidated financial statements.

(a) Depreciation and amortization expense includes depreciation of equipment under lease of $14.1 million and $39.0 million for the three and nine months ended September 30, 2024, respectively, and $9.3 million and $24.7 million for the three and nine months ended September 30, 2023, respectively.

SHIFT4 PAYMENTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited) (in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 72.2	$ 46.5	$ 155.2	$ 103.7
Other comprehensive gain (loss)				
Unrealized gain (loss) on foreign currency translation adjustment	35.8	(5.6)	7.3	(2.7)
Comprehensive income	108.0	40.9	162.5	101.0
Less: Comprehensive income attributable to noncontrolling interests	(26.5)	(12.3)	(42.4)	(30.5)
Comprehensive income attributable to Shift4 Payments, Inc.	$ 81.5	$ 28.6	$ 120.1	$ 70.5

See accompanying notes to unaudited condensed consolidated financial statements.

SHIFT4 PAYMENTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited) (in millions, except share amounts)

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Treasury Stock		Retained Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount				
Balances at December 31, 2023	60,664,171	$ —	23,831,883	$ —	1,694,915	$ —	$ 985.9	—	$ —	$ (346.7)	$ 14.1	$ 215.1	$ 868.4
Net income	—	—	—	—	—	—	—	—	—	20.6	—	7.9	28.5
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(0.3)	(0.3)
Equity-based compensation	—	—	—	—	—	—	22.8	—	—	—	—	—	22.8
Vesting of restricted stock units, net of tax withholding	151,053	—	—	—	—	—	(11.6)	—	—	—	—	2.5	(9.1)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(10.6)	(3.9)	(14.5)
Balances at March 31, 2024	60,815,224	—	23,831,883	—	1,694,915	—	997.1	—	—	(326.1)	3.5	221.3	895.8
Net income	—	—	—	—	—	—	—	—	—	39.2	—	15.3	54.5
Recognition of Vectron noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	25.9	25.9
Repurchases of Class A common stock to treasury stock	—	—	—	—	—	—	(1.0)	(230,400)	(15.9)	—	—	1.0	(15.9)
Issuance of Class A common stock, net of tax withholding	1,230,309	—	—	—	—	—	1.6	—	—	—	—	0.4	2.0
Retirement of treasury stock	(230,400)	—	—	—	—	—	(5.0)	230,400	15.9	(10.9)	—	—	—
Exchange of shares held by Rook	109,976	—	(80,915)	—	(29,061)	—	0.1	—	—	—	—	(0.1)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(1.7)	(1.7)
Equity-based compensation	—	—	—	—	—	—	14.3	—	—	—	—	—	14.3
Vesting of restricted stock units, net of tax withholding	42,139	—	—	—	—	—	(1.4)	—	—	—	—	(0.7)	(2.1)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(10.6)	(3.4)	(14.0)
Balances at June 30, 2024	61,967,248	—	23,750,968	—	1,665,854	—	1,005.7	—	—	(297.8)	(7.1)	258.0	958.8
Net income	—	—	—	—	—	—	—	—	—	53.8	—	18.4	72.2
Purchases of shares of Vectron common stock, net of foreign currency translation	—	—	—	—	—	—	—	—	—	—	—	(0.1)	(0.1)
Repurchases of Class A common stock to treasury stock	—	—	—	—	—	—	3.5	(298,488)	(20.0)	—	—	(3.5)	(20.0)
Issuance of Class A common stock, net of tax withholding	1,203,807	—	—	—	—	—	—	—	—	—	—	—	—
Retirement of treasury stock	(298,488)	—	—	—	—	—	(6.5)	298,488	20.0	(13.5)	—	—	—
Exchange of shares held by Rook	3,980,024	—	(3,949,940)	—	(30,084)	—	38.9	—	—	—	—	(38.9)	—
Equity impact of tax receivable agreement for exchanges, net of deferred taxes arising from changes in ownership	—	—	—	—	—	—	(2.2)	—	—	—	—	—	(2.2)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(4.6)	(4.6)
Equity-based compensation	—	—	—	—	—	—	14.3	—	—	—	—	—	14.3
Vesting of restricted stock units, net of tax withholding	89,735	—	—	—	—	—	(5.0)	—	—	—	—	(1.4)	(6.4)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	27.7	8.1	35.8
Balances at September 30, 2024	66,942,326	$ —	19,801,028	$ —	1,635,770	$ —	$ 1,048.7	—	$ —	$ (257.5)	$ 20.6	$ 236.0	$ 1,047.8

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Treasury Stock		Retained Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount				
Balances at December 31, 2022	54,153,218	$ —	25,829,016	$ —	2,889,811	$ —	$ 702.6	—	$ —	$ (363.6)	$ 8.3	$ 133.3	$ 480.6
Net income	—	—	—	—	—	—	—	—	—	14.8	—	5.6	20.4
Issuance of Class A common stock and contingent share earnout in connection with an acquisition	27,780	—	—	—	—	—	5.5	—	—	—	—	2.1	7.6
Exchange of shares held by Rook	2,465,770	—	(1,666,665)	—	(799,105)	—	4.9	—	—	—	—	(4.9)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(1.8)	(1.8)
Equity-based compensation	—	—	—	—	—	—	21.9	—	—	—	—	—	21.9
Vesting of restricted stock units, net of tax withholding	123,846	—	—	—	—	—	(4.7)	—	—	—	—	(0.6)	(5.3)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	2.1	0.9	3.0
Balances at March 31, 2023	56,770,614	—	24,162,351	—	2,090,706	—	730.2	—	—	(348.8)	10.4	134.6	526.4
Net income	—	—	—	—	—	—	—	—	—	25.1	—	11.7	36.8
Issuance of Class A common stock	295,699	—	—	—	—	—	6.4	—	—	—	—	4.6	11.0
Repurchases of Class A common stock to treasury stock	—	—	—	—	—	—	22.7	(1,515,000)	(97.3)	—	—	(22.7)	(97.3)
Retirement of treasury stock	(1,515,000)	—	—	—	—	—	(33.4)	1,515,000	97.3	(63.9)	—	—	—
Exchange of shares held by Rook	661,901	—	(330,468)	—	(331,433)	—	1.9	—	—	—	—	(1.9)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(0.4)	(0.4)
Equity-based compensation	—	—	—	—	—	—	13.1	—	—	—	—	—	13.1
Vesting of restricted stock units, net of tax withholding	253,919	—	—	—	—	—	(7.1)	—	—	—	—	(3.2)	(10.3)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(0.1)	—	(0.1)
Balances at June 30, 2023	56,467,133	—	23,831,883	—	1,759,273	—	733.8	—	—	(387.6)	10.3	122.7	479.2
Net income	—	—	—	—	—	—	—	—	—	32.6	—	13.9	46.5
Contingent share earnout in connection with an acquisition	—	—	—	—	—	—	8.1	—	—	—	—	5.7	13.8
Excise tax	—	—	—	—	—	—	0.1	—	—	—	—	—	0.1
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(0.5)	(0.5)
Equity-based compensation	—	—	—	—	—	—	12.4	—	—	—	—	—	12.4
Vesting of restricted stock units, net of tax withholding	77,706	—	—	—	—	—	(5.5)	—	—	—	—	0.6	(4.9)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(4.0)	(1.6)	(5.6)
Balances at September 30, 2023	56,544,839	$ —	23,831,883	$ —	1,759,273	$ —	$ 748.9	—	$ —	$ (355.0)	$ 6.3	$ 140.8	$ 541.0

See accompanying notes to unaudited condensed consolidated financial statements.

SHIFT4 PAYMENTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (in millions)

	Nine Months Ended September 30,	
	2024	**2023**
Operating activities		
Net income	$ 155.2	$ 103.7
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	213.1	152.7
Equity-based compensation expense	51.4	46.4
Revaluation of contingent liabilities	3.9	21.5
Unrealized gain on investments in securities	(21.6)	(11.5)
Change in TRA liability	294.2	2.8
Amortization of capitalized financing costs	6.6	6.2
Provision for bad debts	6.4	7.4
Deferred income taxes	(300.1)	(8.6)
Unrealized foreign exchange gains	(0.5)	—
Other noncash items	(1.1)	1.5
Change in operating assets and liabilities		
Settlement activity, net	(14.4)	—
Accounts receivable	(46.0)	(43.8)
Prepaid expenses and other assets	(18.5)	(5.4)
Inventory	7.0	5.7
Capitalized customer acquisition costs	(30.0)	(25.6)
Accounts payable	24.9	15.8
Accrued expenses and other liabilities	35.5	19.0
Payments on contingent liabilities in excess of initial fair value	(0.3)	(2.8)
Right-of-use assets and lease liabilities, net	(0.6)	0.1
Deferred revenue	(10.2)	(2.1)
Net cash provided by operating activities	354.9	283.0
Investing activities		
Acquisitions, net of cash acquired	(305.9)	(36.3)
Acquisition of equipment to be leased	(75.9)	(62.7)
Capitalized software development costs	(48.4)	(29.3)
Acquisition of property, plant and equipment	(5.5)	(11.3)
Residual commission buyouts	(3.6)	(9.5)
Purchase of intangible assets	—	(2.0)
Proceeds from sale of investments in securities	4.1	—
Net cash used in investing activities	(435.2)	(151.1)
Financing activities		
Proceeds from long-term debt	1,100.0	—
Deferred financing costs	(16.3)	—
Repurchases of Class A common stock	(35.9)	(96.8)
Payments for withholding tax related to vesting of restricted stock units	(17.6)	(20.5)
Payments on contingent liabilities	(1.5)	(4.3)
Distributions to noncontrolling interests	(6.6)	(2.7)
Net change in bank deposits	(70.8)	—
Other financing activities	(0.7)	—
Net cash provided by (used in) financing activities	950.6	(124.3)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	3.3	(0.8)
Change in cash and cash equivalents and restricted cash	873.6	6.8
Cash and cash equivalents and restricted cash, beginning of period	721.8	776.5
Cash and cash equivalents and restricted cash, end of period	$ 1,595.4	$ 783.3

See accompanying notes to unaudited condensed consolidated financial statements.

SHIFT4 PAYMENTS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) (in millions, except share and per share amounts)

1. Organization, Basis of Presentation and Significant Accounting Policies

Organization

Shift4 Payments, Inc. ("Shift4 Payments" or "the Company") was incorporated in Delaware in order to carry on the business of Shift4 Payments, LLC and its consolidated subsidiaries. The Company is a leading independent provider of software and payment processing solutions in the United States ("U.S.") based on total volume of payments processed.

Basis of Presentation

The accompanying interim condensed consolidated financial statements of the Company are unaudited. These interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP") and the applicable rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. These financial statements do not include all information and footnotes required by U.S. GAAP for complete financial statements. The December 31, 2023 Condensed Consolidated Balance Sheet was derived from audited financial statements as of that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments consisting only of normal recurring adjustments necessary to state fairly the financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP applicable to interim periods. The results of operations for the interim periods presented are not necessarily indicative of results for the full year or future periods. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the fiscal year ended December 31, 2023, as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Form 10-K").

The unaudited condensed consolidated financial statements include the accounts of Shift4 Payments, Inc. and its wholly-owned subsidiaries. Shift4 Payments, Inc. consolidates the financial results of Shift4 Payments, LLC, which is considered a variable interest entity. Shift4 Payments, Inc. is the primary beneficiary and sole managing member of Shift4 Payments, LLC and has decision making authority that significantly affects the economic performance of the entity. As a result, the Company consolidates Shift4 Payments, LLC and reports a noncontrolling interest representing the economic interest in Shift4 Payments, LLC held by Rook Holdings Inc. ("Rook"). All intercompany balances and transactions have been eliminated in consolidation.

The assets and liabilities of Shift4 Payments, LLC represent substantially all of the consolidated assets and liabilities of Shift4 Payments, Inc. with the exception of certain cash balances, amounts payable under the Tax Receivable Agreement ("TRA"), and the aggregate principal amount of $690.0 million of 2025 Convertible Notes and $632.5 million of 2027 Convertible Notes (together, the "Convertible Notes") that are held by Shift4 Payments, Inc. directly. As of September 30, 2024 and December 31, 2023, $17.3 million and $3.6 million of cash, respectively, was directly held by Shift4 Payments, Inc. As of September 30, 2024 and December 31, 2023, the TRA liability was $370.1 million and $5.1 million, respectively. See Note 13 for further information on the increase in TRA liability during the three months ended September 30, 2024. In connection with the issuance of the Convertible Notes, Shift4 Payments, Inc. entered into Intercompany Convertible Notes with Shift4 Payments, LLC, whereby Shift4 Payments, Inc. provided the net proceeds from the issuance of the Convertible Notes to Shift4 Payments, LLC in the amount of $1,322.5 million. Shift4 Payments, Inc., which was incorporated on November 5, 2019, has not had any material operations on a standalone basis since its inception, and all of the operations of the Company are carried out by Shift4 Payments, LLC and its subsidiaries.

Change in Presentation of Consolidated Balance Sheets

Prior year balances have been adjusted to present "Current TRA liability" on its own line item rather than within "Accrued expenses and other current liabilities" on the Company's unaudited Condensed Consolidated Balance Sheets to conform to the current period presentation.

Prior year balances have been adjusted to present "Noncurrent TRA liability" on its own line item rather than within "Other noncurrent liabilities" on the Company's unaudited Condensed Consolidated Balance Sheets to conform to the current period presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's unaudited condensed consolidated financial statements and accompanying notes. Significant estimates inherent in the preparation of the accompanying unaudited condensed consolidated financial statements include estimates of fair value of acquired assets and liabilities through business combinations, fair value of contingent liabilities related to earnout payments, deferred income tax valuation allowances, amounts associated with the Company's tax receivable agreement with Rook and certain affiliates of Searchlight Capital Partners, L.P. (together, the "Continuing Equity Owners"), fair value of debt instruments, allowance for doubtful accounts, income taxes, investments in securities and noncontrolling interests. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.

Significant Accounting Policies

The Company's significant accounting policies are discussed in Note 1 to Shift4 Payments, Inc.'s consolidated financial statements as of and for the year ended December 31, 2023 in the 2023 Form 10-K. There have been no significant changes to these policies which have had a material impact on the Company's unaudited condensed consolidated financial statements and related notes during the nine months ended September 30, 2024.

Cash and Cash Equivalents and Restricted Cash

Highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents and are stated at cost, which approximates fair value. The Company's cash equivalents consist of highly liquid investments in money market funds.

On September 30, 2024 the Company entered into the Settlement Line Credit Agreement (the "Settlement Line Agreement"), by and between Shift4 LLC, as the borrower, and Citizens Bank, N.A. ("Citizens"), as the lender, providing for a settlement line of credit with an aggregate available amount of up to $100.0 million (the "Settlement Line"). The purpose of the Settlement Line is to provide financing for certain settlement obligations of Shift4 LLC's merchants and to eliminate the requirement for cash collateral under the sponsorship agreement with Citizens (the "Sponsorship Agreement"), which was amended in conjunction with the closing of the Settlement Line Agreement. There were no borrowings under the Settlement Line as of September 30, 2024. The Settlement Line is scheduled to mature on September 29, 2025, subject to extensions. Draws under the Settlement Line bear interest at a rate per annum equal to either (x) a daily simple SOFR based rate (subject to a 0.0% floor), plus an applicable margin of 0.75%, or (y) to the extent required by the Settlement Line Agreement upon the occurrence of certain specified events, an alternate base rate (equal to the highest of the Federal Funds Effective Rate plus 0.50%, the daily simple SOFR rate (subject to a 0.0% floor) plus 1.00%, and the prime rate announced by Citizens from time to time). In addition to making periodic interest payments on the principal amount of outstanding draws under the Settlement Line, the Company is required to pay an unused fee under the Settlement Line in respect of the unused availability thereunder at a rate equal to 0.15% per annum.

In the fourth quarter of 2023, the Company acquired Credorax, Inc. d/b/a Finaro ("Finaro"). Finaro's principal activities consist of the provision of integrated acquiring and payment processing services to merchants located in Europe and the United Kingdom (the "U.K."). Unlike the Company's U.S. business, Finaro operates as a full acquirer, and without a sponsor bank like the Company has historically operated with in the U.S. As a result, the Company's European and U.K. business includes settlement processing assets and liabilities. These assets primarily include settlement-related cash and funds receivable from card networks. Cash and cash equivalents held on behalf of merchants and other payees are included within "Settlement assets" on the unaudited Condensed Consolidated Balance Sheet. The changes in settlement cash and cash equivalents are included within "Settlement activity, net" within Operating activities on the Company's unaudited Condensed Consolidated Statements of Cash Flows. The following table provides a reconciliation between cash and cash equivalents on the unaudited Condensed Consolidated Balance Sheets and the unaudited Condensed Consolidated Statements of Cash Flows:

	September 30, 2024	December 31, 2023
Cash and cash equivalents	$ 1,426.4	$ 455.0
Restricted cash	—	84.4
Cash and cash equivalents included in Settlement assets	169.0	182.4
Total cash and cash equivalents and restricted cash on the unaudited Condensed Consolidated Statements of Cash Flows	$ 1,595.4	$ 721.8

The Company maintains its cash with what are widely considered to be high credit quality financial institutions. U.S. cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250 thousand per bank. The Company maintains cash and cash equivalent balances in excess of FDIC limits.

Settlement Assets and Liabilities

Settlement assets and liabilities are balances related to the settlement process which involves the transferring of funds between card issuers, merchants and other third parties. The Company currently operates under two different models: (1) a sponsorship model and (2) a direct member model. In the U.S., the Company operates under the sponsorship model and outside the U.S. the Company primarily operates under the direct member model. The Company's operations outside the U.S. are primarily related to the business of Finaro, which was acquired in the fourth quarter of 2023.

Sponsorship Model

In the U.S., the Company operates under the sponsorship model. In order for the Company to provide payment processing services, Visa, MasterCard and other payment networks require sponsorship by a member clearing bank. The Company has an agreement with banks and financial institutions (the "Sponsoring Member"), to provide sponsorship services to the Company. The sponsorship services allow the Company to route transactions under the Sponsoring Members' membership to clear card transactions through card networks. Under this model, the standards of the payment networks restrict the Company from performing funds settlement and require that these funds be in the possession of the Sponsoring Member until the merchant is funded. Accordingly, settlement assets and obligations resulting from the submission of settlement files to the network or cash received from the network in advance of funding the network are the responsibility of the Sponsoring Member and are not recorded on the Company's unaudited Condensed Consolidated Balance Sheets.

Direct Member Model

The Company's European and U.K. business (previously known as Finaro) operates as a full acquirer and without a sponsor bank. Under the direct member model, the Company's Consolidated Balance Sheets include settlement assets and liabilities that represent balances arising from the settlement process which involves the transferring of funds between card issuers, payment networks, processors, and merchants, as well as collateral held to manage merchant credit risk. As a processor, the Company facilitates the clearing and settlement activity for the merchant and records settlement assets and liabilities on the Consolidated Balance Sheets upon processing a payment transaction. Settlement assets represent cash received or amounts receivable primarily from payment networks or bank partners. Settlement liabilities primarily represent amounts payable to merchants. Settlement assets are in excess of Settlement liabilities due to prefunding provided to certain merchants.

Amounts included on the unaudited Condensed Consolidated Balance Sheets as Collateral held by card networks relate to collateral required by the card networks to operate as a direct member.

Recent Accounting Pronouncements

Accounting Pronouncements Adopted

In June 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, to clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring the fair value of the equity security. ASU 2022-03 also clarifies that an entity cannot recognize and measure a contractual sale restriction as a separate unit of account. The amendments in ASU 2022-03 became effective for the Company on January 1, 2024 on a prospective basis. The adoption did not have a significant impact on the Company's unaudited condensed consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses,* which requires additional disclosure of certain amounts included in the expense captions presented on the Statements of Operations as well as disclosures about selling expenses. ASU 2024-03 is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is in the process of assessing the impact the adoption of this guidance will have on the Company's financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes: Improvements to Income Tax Disclosures*, which provides qualitative and quantitative updates to the rate reconciliation and income taxes paid disclosures, among others, in order to enhance the transparency of income tax disclosures, including consistent categories and greater disaggregation of information in the rate reconciliation and disaggregation by jurisdiction of income taxes paid. ASU 2023-09 is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2024, with early adoption permitted. The Company does not plan to early adopt ASU 2023-09 and is evaluating the impact of the amendments on the Company's unaudited condensed consolidated financial statements.

2. Acquisitions

Each of the following acquisitions was accounted for as a business combination using the acquisition method of accounting. The respective purchase prices were allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill and represents the future economic benefits arising from other assets acquired, which cannot be individually identified or separately recognized.

Vectron

On June 14, 2024, the Company acquired a majority stake in Vectron Systems AG ("Vectron"). Based in Germany, Vectron is a supplier of POS systems to the restaurant and hospitality verticals that management believes will provide the Company with local product expertise and a European distribution network of POS resellers. Throughout the remainder of June and July 2024, the Company purchased additional shares of Vectron's common stock through a public tender offer and open market purchases. As of September 30, 2024, the Company owned approximately 75% of Vectron's common stock, for which it paid $62.7 million of total purchase consideration, net of cash acquired. The Company is in the process of gaining operational control of Vectron via a domination and profit and loss transfer agreement (DPLTA). The Company consolidates 100% of Vectron's assets, liabilities, revenues and expenses and records a noncontrolling interest balance for the 25% economic interest in Vectron not held by the Company. Total purchase consideration was as follows:

Cash	$	66.9
Contingent consideration (a)		2.9
Total purchase consideration		69.8
Less: cash acquired		(7.1)
Total purchase consideration, net of cash acquired		62.7
Noncontrolling interest as of September 30, 2024		24.9
Fair value of net assets acquired	$	87.6

(a) The Company agreed to a cash earnout due to certain former shareholders of Vectron based on the achievement against certain operational metrics through 2027. The actual earn out can range between zero and €7.0 million. The fair value of the earnout was included in the initial purchase consideration and will be revalued and recorded quarterly until the end of the earnout period as a fair value adjustment within "Revaluation of contingent liabilities" in the Company's unaudited Condensed Consolidated Statements of Operations. As of September 30, 2024, the fair value of the earnout was $3.1 million, which is recognized in "Other noncurrent liabilities" on the Company's unaudited Condensed Consolidated Balance Sheets.

The following table summarizes the fair value assigned to the assets acquired and liabilities assumed at the acquisition date. These amounts reflect various preliminary fair value estimates and assumptions, and are subject to change within the measurement period as valuations are finalized. The primary area of preliminary purchase price allocation subject to change relates to the valuation of accounts receivable, prepaid expenses and other current assets, other intangible assets, accounts payable, accrued expenses and other current liabilities, and residual goodwill.

Accounts receivable	$	8.2
Inventory		3.5
Prepaid expenses and other current assets		6.3
Goodwill (a)		80.8
Other intangible assets		30.0
Property, plant and equipment, net		1.5
Right-of-use assets		8.9
Other noncurrent assets		2.5
Accounts payable		(4.3)
Accrued expenses and other current liabilities		(6.5)
Deferred revenue		(4.6)
Current lease liabilities		(1.2)
Deferred tax liabilities		(11.4)
Noncurrent lease liabilities		(7.9)
Other noncurrent liabilities (b)		(18.2)
Net assets acquired	$	87.6

(a) Goodwill is not deductible for tax purposes.

(b) In connection with the Company's majority stake in Vectron and due to Vectron's acquisition of Acardo Group AG ("Acardo") in December 2022, the Company became party to an earnout agreement with certain former shareholders of Acardo. The earnout is payable in multiple tranches, with up to €25.0 million payable in 2026. This amount is based on a multiple of the average of Acardo's earnings before interest and taxes ("EBIT") achieved in 2024 and 2025. Additionally, a percentage of Acardo's net income for fiscal years 2023, 2024 and 2025 are payable in 2024, 2025 and 2026, respectively. Each portion of the earnout is expected to be paid in cash. The fair value of the earnout was included in the initial purchase consideration and will be revalued quarterly until the end of the earnout period as a fair value adjustment within "Revaluation of contingent liabilities" in the Company's unaudited Condensed Consolidated Statements of Operations. As of September 30, 2024, the fair value of the earnout was $15.1 million, which was recognized in "Other noncurrent liabilities" on the Company's unaudited Condensed Consolidated Balance Sheets.

The fair values of other intangible assets were estimated using inputs classified as Level 3 under the income approach using the relief-from-royalty method for acquired technology and the trade name, and the multi-period excess earnings method for merchant relationships. This transaction was not taxable for income tax purposes. The estimated life of acquired technology, merchant relationships and trade name are six, twelve and seven years, respectively.

The acquisition of Vectron did not have a material impact on the Company's unaudited condensed consolidated financial statements.

Revel

On June 13, 2024, the Company completed the acquisition of Revel Systems, Inc. ("Revel") by acquiring 100% of its common stock for $245.3 million of total purchase consideration, net of cash acquired. Revel offers a cloud-based POS system primarily for multi-location merchants, focusing on restaurants, as well as back office and marketing tools that management believes will strengthen the Company's presence within the restaurant and retail markets. Total purchase consideration was as follows:

Cash	$	255.3
Total purchase consideration		255.3
Less: cash acquired		(10.0)
Total purchase consideration, net of cash acquired	$	245.3

The following table summarizes the fair value assigned to the assets acquired and liabilities assumed at the acquisition date. These amounts reflect various preliminary fair value estimates and assumptions, and are subject to change within the measurement period as valuations are finalized. The primary area of preliminary purchase price allocation subject to change relates to the valuation of accounts receivable, prepaid expenses and other current assets, other intangible assets, accounts payable, accrued expenses and other current liabilities, and residual goodwill.

Accounts receivable	$ 8.7
Inventory	1.8
Prepaid expenses and other current assets	4.3
Right-of-use assets	1.5
Goodwill (a)	123.9
Other intangible assets	118.9
Deferred tax assets	7.9
Other noncurrent assets	0.3
Accounts payable	(6.5)
Accrued expenses and other current liabilities	(7.8)
Deferred revenue	(6.1)
Current lease liabilities	(0.6)
Noncurrent lease liabilities	(1.0)
Net assets acquired	$ 245.3

(a) Goodwill is not deductible for tax purposes.

The fair values of other intangible assets were estimated using inputs classified as Level 3 under the income approach using the relief-from-royalty method for acquired technology and the trade name, and the multi-period excess earnings method for merchant relationships. This transaction was not taxable for income tax purposes. The estimated life of acquired technology, merchant relationships and trade name are three, ten and three years, respectively.

The acquisition of Revel did not have a material impact on the Company's unaudited condensed consolidated financial statements.

3. Revenue

The Company's revenue is comprised primarily of payments-based revenue which includes fees for payment processing and gateway services. Payment processing fees are primarily driven as a percentage of payment volume.

The Company also generates revenues from recurring fees which are based on the technology deployed to the merchant. Under ASC 606, the Company typically has three separate performance obligations under its recurring software as a service ("SaaS") agreements for point-of-sale systems provided to merchants: (1) point-of-sale software, (2) lease of hardware and (3) other support services.

Disaggregated Revenue

The following table presents a disaggregation of the Company's revenue from contracts with customers based on similar operational characteristics:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Payments-based revenue	$ 806.8	$ 626.9	$ 2,217.7	$ 1,738.0
Subscription and other revenues	102.4	48.5	225.9	121.4
Total	$ 909.2	$ 675.4	$ 2,443.6	$ 1,859.4

Substantially all of the Company's revenue is recognized over time.

Contract Liabilities

The Company charges merchants for various post-contract license support and service fees. These fees typically relate to a period of one year. The Company recognizes the revenue on a straight-line basis over its respective period. As of September 30, 2024 and December 31, 2023, the Company had deferred revenue of $23.1 million and $22.5 million, respectively. The change in the contract liabilities was primarily the result of a timing difference between payment from the customer and the Company's satisfaction of each performance obligation.

The amount of gross revenue recognized that was included in the December 31, 2023 balance of deferred revenue was $3.6 million and $20.8 million for the three and nine months ended September 30, 2024, respectively.

Allowance for Doubtful Accounts

The change in the Company's allowance for doubtful accounts was as follows:

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	$ 22.7	$ 18.1
Additions to expense	6.4	7.4
Write-offs, net of recoveries and other adjustments	(5.6)	(3.5)
Ending balance	$ 23.5	$ 22.0

4. Goodwill

The changes in the carrying amount of goodwill were as follows:

Balance at December 31, 2023	$ 1,111.3
Vectron acquisition (Note 2)	80.8
Revel acquisition (Note 2)	123.9
Adjustments related to prior period acquisitions	2.0
Effect of foreign currency translation	6.0
Balance at September 30, 2024	$ 1,324.0

5. Depreciation and Amortization

Amounts charged to expense in the Company's unaudited Condensed Consolidated Statements of Operations for depreciation and amortization were as follows:

	Amortization			Depreciation		
	Residual Commission Buyouts	Other Intangible Assets	Capitalized Customer Acquisition Costs	Equipment Under Lease	Property, Plant and Equipment	Total
Three Months Ended September 30, 2024						
Depreciation and amortization expense	$ 21.8	$ 13.0	$ —	$ 14.1	$ 2.7	$ 51.6
Cost of sales	—	18.5	6.6	—	0.6	25.7
Total depreciation and amortization (a)	$ 21.8	$ 31.5	$ 6.6	$ 14.1	$ 3.3	$ 77.3
Three Months Ended September 30, 2023						
Depreciation and amortization expense	$ 23.0	$ 5.6	$ —	$ 9.3	$ 2.1	$ 40.0
Cost of sales	—	10.0	4.9	—	0.2	15.1
Total depreciation and amortization (b)	$ 23.0	$ 15.6	$ 4.9	$ 9.3	$ 2.3	$ 55.1
Nine Months Ended September 30, 2024						
Depreciation and amortization expense	$ 65.3	$ 31.0	$ —	$ 39.0	$ 7.8	$ 143.1
Cost of sales	—	50.8	18.4	—	0.8	70.0
Total depreciation and amortization (c)	$ 65.3	$ 81.8	$ 18.4	$ 39.0	$ 8.6	$ 213.1
Nine Months Ended September 30, 2023						
Depreciation and amortization expense	$ 65.3	$ 16.3	$ —	$ 24.7	$ 4.9	$ 111.2
Cost of sales	—	27.5	13.4	—	0.6	41.5
Total depreciation and amortization (d)	$ 65.3	$ 43.8	$ 13.4	$ 24.7	$ 5.5	$ 152.7

(a) Total amortization of $59.9 million consisted of amortization of acquired intangibles of $43.5 million and amortization of non-acquired intangibles of $16.4 million.

(b) Total amortization of $43.5 million consisted of amortization of acquired intangibles of $32.1 million and amortization of non-acquired intangibles of $11.4 million.

(c) Total amortization of $165.5 million consisted of amortization of acquired intangibles of $120.3 million and amortization of non-acquired intangibles of $45.2 million.

(d) Total amortization of $122.5 million consisted of amortization of acquired intangibles of $91.8 million and amortization of non-acquired intangibles of $30.7 million.

As of September 30, 2024, the estimated amortization expense for each of the five succeeding years and thereafter is as follows:

	Residual Commission Buyouts	Other Intangible Assets	Capitalized Customer Acquisition Costs	Total Amortization
2024 (remaining three months)	$ 21.8	$ 32.8	$ 6.8	$ 61.4
2025	85.6	120.6	24.0	230.2
2026	51.5	102.0	18.0	171.5
2027	3.1	78.1	11.5	92.7
2028	2.0	58.1	3.0	63.1
Thereafter	3.3	280.5	—	283.8
Total	$ 167.3	$ 672.1	$ 63.3	$ 902.7

6. Residual Commission Buyouts

Residual commission buyouts represent transactions with certain third-party distribution partners, pursuant to which the Company acquires their ongoing merchant relationships that subscribe to the Company's end-to-end payments platform.

Residual commission buyouts, net consisted of the following:

	Weighted Average Amortization Period *(in years)*	September 30, 2024		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Residual commission buyouts from asset acquisitions	4	$ 326.6	$ (169.7)	$ 156.9
Residual commission buyouts from business combinations	8	13.9	(3.5)	10.4
Total residual commission buyouts		$ 340.5	$ (173.2)	$ 167.3

	Weighted Average Amortization Period *(in years)*	December 31, 2023		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Residual commission buyouts from asset acquisitions	4	$ 323.6	$ (105.7)	$ 217.9
Residual commission buyouts from business combinations	8	13.9	(2.2)	11.7
Total residual commission buyouts		$ 337.5	$ (107.9)	$ 229.6

7. Other Intangible Assets, Net

Other intangible assets, net consisted of the following:

	Weighted Average Amortization Period *(in years)*	September 30, 2024		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Merchant relationships	11	$ 479.5	$ (85.0)	$ 394.5
Acquired technology	8	272.5	(105.2)	167.3
Trademarks and trade names	12	31.2	(8.7)	22.5
Capitalized software development costs	3	139.2	(52.4)	86.8
Finaro banking license	1	3.1	(2.1)	1.0
Total other intangible assets, net		$ 925.5	$ (253.4)	$ 672.1

	Weighted Average Amortization Period *(in years)*	December 31, 2023		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Merchant relationships	11	$ 340.6	$ (57.8)	$ 282.8
Acquired technology	9	257.6	(80.8)	176.8
Trademarks and trade names	13	28.1	(6.3)	21.8
Capitalized software development costs	3	98.8	(34.1)	64.7
Finaro banking license	2	3.0	(0.3)	2.7
Total other intangible assets, net		$ 728.1	$ (179.3)	$ 548.8

8. Capitalized Customer Acquisition Costs, Net

Capitalized customer acquisition costs, net consisted of the following:

	Weighted Average Amortization Period *(in years)*	Carrying Value	Accumulated Amortization	Net Carrying Value
Total costs as of September 30, 2024	4	$ 113.5	$ (50.2)	$ 63.3
Total costs as of December 31, 2023	4	$ 96.6	$ (44.9)	$ 51.7

9. Equipment for Lease, Net

Equipment for lease, net consisted of the following:

	Weighted Average Depreciation Period (in years)	September 30, 2024		
		Carrying Value	Accumulated Depreciation	Net Carrying Value
Equipment under lease	4	$ 228.9	$ (85.0)	$ 143.9
Equipment held for lease (a)	N/A	13.0	—	13.0
Total equipment for lease, net		$ 241.9	$ (85.0)	$ 156.9

	Weighted Average Depreciation Period (in years)	December 31, 2023		
		Carrying Value	Accumulated Depreciation	Net Carrying Value
Equipment under lease	4	$ 181.2	$ (69.6)	$ 111.6
Equipment held for lease (a)	N/A	11.5	—	11.5
Total equipment for lease, net		$ 192.7	$ (69.6)	$ 123.1

(a) Represents equipment that was not yet initially deployed to a merchant and, accordingly, is not being depreciated.

10. Property, Plant and Equipment, Net

Property, plant and equipment, net consisted of the following:

	September 30, 2024	December 31, 2023
Equipment	$ 19.3	$ 21.9
Capitalized software	4.3	3.5
Leasehold improvements	19.2	18.7
Furniture and fixtures	2.5	2.2
Vehicles	0.4	0.4
Total property, plant and equipment, gross	45.7	46.7
Less: Accumulated depreciation	(18.3)	(18.1)
Total property, plant and equipment, net	$ 27.4	$ 28.6

11. Debt

The Company's outstanding debt consisted of the following:

	Maturity	Effective Interest Rate	September 30, 2024	December 31, 2023
6.750% Senior Notes due 2032 ("2032 Senior Notes")	August 15, 2032	6.92%	$ 1,100.0	$ —
Convertible Senior Notes due 2025 ("2025 Convertible Notes")	December 15, 2025	0.49%	690.0	690.0
Convertible Senior Notes due 2027 ("2027 Convertible Notes")	August 1, 2027	0.90%	632.5	632.5
4.625% Senior Notes due 2026 ("2026 Senior Notes")	November 1, 2026	5.13%	450.0	450.0
Total borrowings			2,872.5	1,772.5
Less: Unamortized capitalized financing fees			(34.5)	(22.3)
Total long-term debt			$ 2,838.0	$ 1,750.2

Amortization of capitalized financing fees is included within "Interest expense" in the Company's unaudited Condensed Consolidated Statements of Operations. Amortization expense for capitalized financing fees was $2.5 million and $6.6 million for the three and nine months ended September 30, 2024, respectively, and $2.1 million and $6.2 million for the three and nine months ended September 30, 2023, respectively.

Future principal payments

As of September 30, 2024, future principal payments associated with the Company's long-term debt were as follows:

2024	$ —
2025	690.0
2026	450.0
2027	632.5
Thereafter	1,100.0
Total	$ 2,872.5

Senior Notes due 2032

In August 2024, the Company's subsidiaries Shift4 Payments, LLC and Shift4 Payments Finance Sub, Inc. (together, the "Issuers") issued an aggregate of $1,100.0 million principal amount of 6.750% Senior Notes due 2032 (the "2032 Senior Notes"). The Company received net proceeds, after deducting initial purchasers' discounts and estimated offering expenses, of approximately $1,088.7 million from the 2032 Senior Notes offering. The 2032 Senior Notes mature on August 15, 2032, and accrue interest at a rate of 6.750% per year. Interest on the 2032 Senior Notes is payable semi-annually in arrears on each February 15 and August 15, commencing on February 15, 2025.

Prior to August 15, 2027, the Issuers may redeem all or a portion of the 2032 Senior Notes at a redemption price equal to 100% of the principal amount of the 2032 Senior Notes, plus the applicable make-whole premium as provided in the indenture, plus accrued and unpaid interest, if any, to, but not including, the redemption date. At any time on or after August 15, 2027, the Issuers may redeem all or a portion of the 2032 Senior Notes at the redemption prices set forth in the indenture governing the 2032 Senior Notes, plus accrued and unpaid interest to, but not including, the redemption date. In addition, the Issuers may redeem up to 40% of the original aggregate principal amount of the 2032 Senior Notes at any time prior to August 15, 2027 at a redemption price of 106.750% of the principal amount of the 2032 Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date, using the net proceeds from certain equity offerings. The Issuers may make such redemption so long as, after giving effect to any such redemption, at least 50% of the original aggregate principal amount of the 2032 Senior Notes (including any additional 2032 Senior Notes) remains outstanding (unless all 2032 Senior Notes are redeemed concurrently) and such redemption is effected upon not less than 10 days nor more than 60 days prior notice to the holders of the 2032 Senior Notes.

The 2032 Senior Notes have not been registered under the Securities Act of 1933, as amended ("the Securities Act"), or the securities laws of any other jurisdiction. The 2032 Senior Notes were sold to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A and outside the U.S. pursuant to Regulation S of the Securities Act.

Revolving Credit Facility

Second Amended and Restated Revolving Credit Facility

In September 2024, Shift4 Payments, LLC (the "Borrower") entered into a Second Amended and Restated First Lien Credit Agreement (the "Credit Agreement"), providing for a $450.0 million senior secured revolving credit facility ("Revolving Credit Facility"), $112.5 million of which is available for the issuance of letters of credit. The Credit Agreement amended, restated and replaced the Borrower's prior Amended and Restated First Lien Credit Agreement, entered into on January 29, 2021, as amended, and refinanced the $100.0 million revolving credit facility thereunder. The Company capitalized approximately $4.2 million of financing fees in connection with this refinancing.

Loans incurred under the Revolving Credit Facility bear interest a rate per annum equal to, at the Borrower's option, either (i) a term SOFR based rate (subject to a 0.0% floor), plus a margin of 2.00% per annum, or (ii) an alternate base rate (equal to the highest of the Federal Funds Effective Rate plus 0.50%, the term SOFR rate for an interest period of one month (subject to a 0.0% floor) plus 1.00%, and the prime rate announced by the administrative agent from time to time), plus a margin of 1.00% per annum. The Revolving Credit Facility matures on September 5, 2029. The Credit Agreement requires periodic interest payments until maturity on any outstanding amounts borrowed. In addition, the Borrower is required to pay a commitment fee under the Revolving Credit Facility in respect of the unutilized commitments thereunder at a rate of 0.25% per annum. The Borrower is also subject to customary letter of credit and agency fees.

There were no borrowings and borrowing capacity on the Revolving Credit Facility was $450.0 million as of September 30, 2024.

Restrictions and Covenants

The 2025 Convertible Notes, 2026 Senior Notes, 2027 Convertible Notes, 2032 Senior Notes (collectively, the "Notes") and Revolving Credit Facility include certain restrictions on the ability of Shift4 Payments, LLC to make loans, advances, or pay dividends to Shift4 Payments, Inc.

As of September 30, 2024 and December 31, 2023, the Company was in compliance with all financial covenants under its debt agreements.

12. Fair Value Measurement

U.S. GAAP defines a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Company determines the fair values of its assets and liabilities that are recognized or disclosed at fair value in accordance with the hierarchy described below. The following three levels of inputs may be used to measure fair value:

- Level 1—Quoted prices in active markets for identical assets or liabilities;
- Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include items where the determination of fair value requires significant management judgment or estimation.

The Company makes recurring fair value measurements of contingent liabilities arising from certain acquisitions and residual commission buyouts using Level 3 unobservable inputs. Contingent liabilities for residual commission buyouts are expected earnout payments related to the number of existing point-of-sale merchants that convert to full acquiring merchants. Contingent liabilities included in the purchase price of an acquisition are based on achievement of specified performance metrics as defined in the purchase agreement.

Acquisition-Related Contingent Consideration

The Company's acquisitions often include contingent consideration, or earnout, provisions. The total fair value of contingent consideration related to the acquisitions of Vectron, Finaro, and Online Payments Group as of September 30, 2024 was $54.2 million, of which $35.0 million is included in "Accrued expenses and other current liabilities" and $19.2 million is included within "Other noncurrent liabilities" on the Company's unaudited Condensed Consolidated Balance Sheets. The balance as of September 30, 2024 is inclusive of the contingent consideration agreement Vectron was party to related to its purchase of Acardo. The change in fair value of these liabilities is included in "Revaluation of contingent liabilities" on the Company's unaudited Condensed Consolidated Statements of Operations. Each of these fair value measurements utilize Level 3 inputs, such as projected revenues, discount rates and other subjective inputs. See Note 2 for further information on the contingent consideration for Vectron.

Online Payments Group

The Company entered into an earnout agreement with the former shareholders of Online Payments Group, not to exceed $60.0 million, with $30.0 million of the earnout payable as of September 2023 ("Tranche 1") if key customers of Online Payments Group contribute a specified amount of revenue from September 29, 2022 to September 28, 2023 and the remaining $30.0 million payable as of September 2024 ("Tranche 2") if key customers contribute a specified amount of revenue from September 29, 2022 to September 28, 2024. Each portion of the earnout will be paid 50% in shares of the Company's Class A common stock and 50% in cash. The fair value of the earnout was included in the initial purchase consideration and was revalued quarterly until the end of the earnout period as a fair value adjustment within "Revaluation of contingent liabilities" in the Company's unaudited Condensed Consolidated Statements of Operations. Tranche 1 was fully earned and paid in 2023. As of September 28, 2024 it was determined that 100% of the Tranche 2 payment was earned. The fair value of Tranche 2 as of September 30, 2024 was estimated to be $29.0 million (net of certain discounts) and is included in "Accrued expenses and other current liabilities" on the Company's unaudited Condensed Consolidated Balance Sheets as of September 30, 2024.

The table below provides a reconciliation of the beginning and ending balances for the Level 3 contingent liabilities:

	Nine Months Ended September 30, 2024		
	Contingent Liabilities for Acquisitions	Contingent Liabilities for Assets Acquired	Total Contingent Liabilities
Balance at beginning of period	$ 32.2	$ 1.4	$ 33.6
Contingent consideration	18.9	—	18.9
Fair value adjustments	3.9	0.3	4.2
Impact of foreign exchange	1.2	—	1.2
Contingent liabilities that achieved earnout	(2.0)	(1.7)	(3.7)
Balance at end of period	$ 54.2	$ —	$ 54.2

Fair value adjustments for contingent liabilities for acquisitions are recorded within "Revaluation of contingent liabilities" in the Company's unaudited Condensed Consolidated Statements of Operations. There were no transfers into or out of Level 3 during the nine months ended September 30, 2024.

The estimated fair value of the Company's outstanding debt using quoted prices from over-the-counter markets, considered Level 2 inputs, was as follows:

	September 30, 2024		December 31, 2023	
	Carrying Value (a)	Fair Value	Carrying Value (a)	Fair Value
2032 Senior Notes	$ 1,085.7	$ 1,150.2	$ —	$ —
2025 Convertible Notes	686.1	841.5	683.6	766.5
2027 Convertible Notes	625.3	650.5	623.5	593.2
2026 Senior Notes	445.3	445.9	443.7	438.2
Total	$ 2,842.4	$ 3,088.1	$ 1,750.8	$ 1,797.9

(a) Carrying value excludes unamortized debt issuance costs related to the Revolving Credit Facility of $4.4 million and $0.6 million as of September 30, 2024 and December 31, 2023, respectively.

The estimated fair value of the Company's investments in non-marketable equity securities was $78.9 million and $62.2 million as of September 30, 2024 and December 31, 2023, respectively. These non-marketable equity investments have no readily determinable fair values and are measured using the measurement alternative, which is defined as cost, less impairment, adjusted for observable price changes from orderly transactions for identical or similar investments of the same issuer. Adjustments for these investments, if any, are recorded in "Unrealized gain on investments in securities" on the Company's unaudited Condensed Consolidated Statements of Operations. The Company recognized fair value adjustments to its non-marketable equity investments of $10.8 million and $21.6 million for the three and nine months ended September 30, 2024, respectively, the entire amount of which related to securities still held as of September 30, 2024, based primarily on secondary offerings of identical securities by the respective companies in 2024. The Company has recognized cumulative fair value adjustments to its non-marketable equity investments of $48.9 million.

The estimated fair value of the Company's crypto settlement assets and crypto settlement liabilities was $5.0 million and $3.5 million as of September 30, 2024 and December 31, 2023, respectively. The Company has valued the assets and liabilities using quoted prices from active cryptocurrency exchanges for the underlying crypto assets, considered Level 2 inputs.

Other financial instruments not measured at fair value on the Company's unaudited Condensed Consolidated Balance Sheets at September 30, 2024 and December 31, 2023 include cash and cash equivalents, restricted cash, settlement assets, accounts receivable, prepaid expenses and other current assets, collateral held by the card networks, other noncurrent assets, settlement liabilities, accounts payable, accrued expenses and other current liabilities, bank deposits, and other noncurrent liabilities, as their estimated fair values reasonably approximate their carrying value as reported on the Company's unaudited Condensed Consolidated Balance Sheets.

13. Income Taxes

The Company holds an economic interest in Shift4 Payments, LLC and consolidates its financial position and results. The remaining ownership of Shift4 Payments, LLC not held by the Company is considered a noncontrolling interest. Shift4 Payments, LLC is treated as a partnership for income tax reporting and its members, including the Company, are liable for federal, state, and local income taxes based on their share of the LLC's taxable income. In addition, Shift4 Payments, LLC wholly owns various U.S. and foreign subsidiaries which are taxed as corporations for tax reporting. Taxable income or loss from these subsidiaries is not passed through to Shift4 Payments, LLC. Instead, such taxable income or loss is taxed at the corporate level subject to the prevailing corporate tax rates.

The Company's effective tax rate was (135)% and (223)% for the three and nine months ended September 30, 2024. The Company's effective tax rate was 2% and (6)% for the three and nine months ended September 30, 2023, respectively. The effective tax rate for the three and nine months ended September 30, 2024 was different than the U.S. federal statutory income tax rate of 21% primarily due to the $283.8 million discrete tax benefit related to the valuation allowance release and resulting additional deferred tax assets related to the TRA liability on Shift4 Payments, Inc., the net income allocated to the noncontrolling interest, and a $12.2 million tax benefit related to the valuation allowance release on certain corporate subsidiaries. The effective tax rate for the three and nine months ended September 30, 2023 was different than the U.S. federal statutory income tax rate of 21% primarily due to the net income allocated to the noncontrolling interest and the full valuation allowances on Shift4 Payments, Inc. and certain corporate subsidiaries in the U.S. In addition, the nine months ended September 30, 2023 includes a $4.8 million tax benefit related to the valuation allowance release due to a legal entity restructuring and a $1.5 million tax benefit related to the valuation allowance release due to acquired deferred tax liabilities from Focus POS Systems ("Focus").

In prior periods, the Company maintained a full valuation allowance on the net deferred tax assets of Shift4 Payments, Inc. which are comprised primarily of differences in the book and tax basis of Shift4 Payments, Inc.'s investment in Shift4 Payments, LLC. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income sufficient to utilize the deferred tax assets on income tax returns. In prior periods, management had determined that its net deferred tax assets were not more likely than not going to be realized due to existence of significant negative evidence that the Company was in a three-year cumulative loss position. Considering this and other factors, Shift4 Payments, Inc.'s full valuation allowance was maintained through the period ended June 30, 2024.

During the three months ended September 30, 2024, management assessed the realizability of deferred tax assets and concluded that it is more likely than not that its net deferred tax assets will be realized and that a full valuation allowance is no longer required. The assessment included the fact that as of September 30, 2024, the Company is no longer in a three-year cumulative loss position and is projecting sufficient income in future periods to realize its deferred tax assets. The Company continues to maintain a valuation allowance on the portion of deferred tax assets that require capital gains income because there are no current projections of capital gains income at this time.

Accordingly, a discrete tax benefit of $283.8 million was recognized during the period ended September 30, 2024, relating to the release of the valuation allowance associated with the Company's deferred tax assets and recording additional deferred tax assets related to the TRA liability.

Uncertain Tax Positions

The effects of uncertain tax positions are recognized in the Company's unaudited condensed consolidated financial statements if these positions meet a "more-likely-than-not" threshold. For those uncertain tax positions that are recognized in the condensed consolidated financial statements, liabilities are established to reflect the portion of those positions it cannot conclude "more-likely-than-not" to be realized upon ultimate settlement. The Company's policy is to recognize interest and penalties related to unrecognized tax benefits within "Income tax benefit (expense)" in the Company's unaudited Condensed Consolidated Statements of Operations. Accrued interest and penalties, if any, are included within "Deferred tax liability" in the Company's unaudited Condensed Consolidated Balance Sheets. As of September 30, 2024 and December 31, 2023, $7.5 million and $4.7 million, respectively, of uncertain tax positions were recognized within "Other noncurrent liabilities" in the Company's unaudited Condensed Consolidated Balance Sheets, which were primarily recognized in conjunction with acquisitions.

Tax Receivable Agreement

The Company expects to obtain an increase in its share of the tax basis in the net assets of Shift4 Payments, LLC as LLC Interests are redeemed from or exchanged by the Continuing Equity Owners, at the option of the Company, determined solely by the Company's independent directors. The Company intends to treat any redemptions and exchanges of LLC Interests as direct purchases of LLC Interests for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that it would otherwise pay in the future to various tax authorities. In connection with the Company's initial public offering in June 2020 and certain organizational transactions that the Company effected in connection with it, the Company entered into the TRA with the Continuing Equity Owners.

The TRA provides for the payment by Shift4 Payments, Inc. of 85% of the amount of any tax benefits the Company actually realizes, or in some cases is deemed to realize, as a result of (i) increases in the Company's share of the tax basis in the net assets of Shift4 Payments, LLC resulting from any redemptions or exchanges of LLC Interests, (ii) tax basis increases attributable to payments made under the TRA, and (iii) deductions attributable to imputed interest pursuant to the TRA. The Company expects to benefit from the remaining 15% of any of cash savings that it realizes.

As of September 30, 2024 and December 31, 2023, the Company recognized a TRA liability of $370.1 million and $5.1 million, respectively, after concluding it was probable that, based on estimates of future taxable income, the Company will realize tax benefits associated with the TRA. A payment of $1.7 million was made to the Continuing Equity Owners pursuant to the TRA during the nine months ended September 30, 2024. No payments were made to the Continuing Equity Owners pursuant to the TRA during the nine months ended September 30, 2023.The estimation of liability under the TRA is by its nature imprecise and subject to significant assumptions regarding the amount, character, and timing of the taxable income of Shift4 Payments, Inc. in the future. Changes in tax laws or rates could also materially impact the estimated liability.

If Rook were to exchange any of its LLC Interests subsequent to September 30, 2024, such exchanges could generate additional deferred tax assets and TRA liability. As of September 30, 2024, the estimated impact of the exchange of all of Rook's LLC Interests was an additional deferred tax asset of approximately $523 million and a TRA liability of approximately $444 million.

Organisation for Economic Co-operation and Development ("OECD") - Pillar Two

In December 2021, the Organisation for Economic Co-operation and Development issued model rules for a new global minimum tax framework ("Pillar Two"), and various governments around the world have passed, or are in the process of passing, legislation on this. Certain Pillar Two rules take effect in 2024 and 2025, depending on whether a particular jurisdiction has integrated the legislation into local law. The Company is continuing to monitor these impacts on its operating footprint and anticipates an increase in income tax expense associated with jurisdictions that have implemented an income inclusion rule or a Qualifying Minimum Top-up Tax ("QDMTT"). The Company is continuing to monitor and assess the impacts of rules set to take effect in 2025, such as the under-taxed profits rule. The impacts of Pillar Two to the Company are subject to change based on expansion and future acquisitions within jurisdictions that the Company does not currently operate.

14. Related Party Transactions

The Company has a service agreement with Jared Isaacman, the Company's Chief Executive Officer and founder ("Founder"), including access to aircrafts and a property. Total expense for this service, which is included in "General and administrative expenses" in the Company's unaudited Condensed Consolidated Statements of Operations, was $0.2 million and $0.7 million for the three and nine months ended both September 30, 2024, and 2023. There were no amounts outstanding at September 30, 2024 or December 31, 2023. In addition, during the nine months ended September 30, 2024, the Company made $6.6 million of distributions related to income taxes paid on behalf of Rook, which are included in "Distributions to noncontrolling interests" in the Company's unaudited Condensed Consolidated Statements of Cash Flows.

In November 2021, the Company implemented a one-time discretionary equity award program for non-management employees. The Founder agreed to fund 50% of this program through a contribution of shares of his Class C common stock. As of September 30, 2024, the expected contribution from the Founder totaled 574,428 shares of his Class C common stock. The one-time discretionary equity award program will vest in three equal installments annually beginning in November 2024. Vesting of the awards is subject to the continued employment of non-management employees.

Rook has entered into margin loan agreements, pursuant to which, in addition to other collateral, it has pledged LLC Interests and shares of the Company's Class A and Class B common stock (collectively, "Rook Units") to secure a margin loan. If Rook were to default on its obligations under the margin loan and fail to cure such default, the lender would have the right to exchange and sell up to 15,000,000 Rook units to satisfy Rook's obligation.

In September 2021, the Founder, through a wholly-owned special purpose vehicle ("SPV"), entered into two variable prepaid forward contracts ("VPF Contracts") with an unaffiliated dealer ("Dealer"), one covering approximately 2.18 million shares of the Company's Class A common stock and the other covering approximately 2.26 million shares of the Company's Class A common stock. The VPF Contracts both fully settled pursuant to their terms on specified dates in June, July, August and September 2024, at which time the actual number of shares of the Company's Class A common stock to be delivered by the SPV was determined based on the price of the Company's Class A common stock on such dates relative to the forward floor price of approximately $66.424 per share and the forward cap price of approximately $112.09 per share for the contract covering approximately 2.18 million shares of the Company's Class A common stock, and to the forward floor price of $66.424 per share and the forward cap price of approximately $120.39 per share for the contract covering approximately 2.26 million shares of the Company's Class A common stock, with the aggregate number not to exceed approximately 4.44 million shares, which is the aggregate number of shares of the Company's Class B common stock and LLC Interests pledged by Rook to secure its obligations under the contracts. During the nine months ended September 30, 2024, 4,030,855 shares of the Company's Class B common stock owned by the SPV were effectively converted to Class A common stock and delivered to the SPV through the VPF Contracts.

15. Commitments and Contingencies

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these, or other matters, may arise from time to time that may harm the Company's business.

On August 18, 2023, a shareholder filed a putative securities class action against the Company and certain of its current and former executive officers in the U.S. District Court for the Eastern District of Pennsylvania (the "Court"), captioned *O'Meara v. Shift4 Payments, Inc., et al.,* Case No. 5:23-cv-03206-JFL (the "O'Meara Action"). Plaintiff O'Meara seeks to represent purchasers of the Company's securities between November 10, 2021 and April 18, 2023. On October 13, 2023, another shareholder represented by the same law firm as O'Meara filed a similar complaint against the same defendants in the Court, captioned *Baer v. Shift4 Payments, Inc., et al.,* Case No. 5:23-cv-03969-JFL (the "Baer Action"). Plaintiff Baer seeks to represent purchasers of the Company's securities between June 5, 2020, and April 18, 2023. Both complaints allege violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, based on allegedly false and misleading statements about the Company's business, operations, and compliance policies, and both seek unspecified damages. On October 19, 2023, Plaintiff Baer filed a motion to consolidate the O'Meara Action and the Baer Action and appoint Baer as lead plaintiff.

On November 3, 2023, the Court consolidated the O'Meara and Baer Actions and appointed Plaintiff Baer as the lead plaintiff in the consolidated action. Lead Plaintiff Baer and Plaintiff O'Meara filed an amended complaint on January 5, 2024, purportedly brought on behalf of purchasers of the Company's securities between June 5, 2020 and April 18, 2023, and alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, based on allegedly false and misleading statements about the Company's business, operations, and compliance policies. The Company moved to dismiss the consolidated amended complaint on February 19, 2024. The Court granted the Company's motion to dismiss on August 14, 2024, with leave to amend. Lead Plaintiff Baer filed a second amended complaint on September 3, 2024, alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder purportedly on behalf of purchasers of the Company's securities between June 5, 2020 and October 21, 2022. The Company filed a motion to dismiss on October 1, 2024. A hearing is not yet scheduled on the Company's motion to dismiss.

The Company disputes the allegations in the above-referenced matters, intends to defend the matters vigorously, and believes that the claims are without merit. Certain legal and regulatory proceedings, such as the above-referenced matters, may be based on complex claims involving substantial uncertainties and unascertainable damages. Accordingly, it is not possible to determine the probability of loss or estimate damages for any of the above matters, and therefore, the Company has not established reserves for any of these proceedings. When the Company determines that a loss is both probable and reasonably estimable, the Company records a liability, and, if the liability is material, discloses the amount of the liability reserved. Given that such proceedings are subject to uncertainty, there can be no assurance that such legal proceedings, either individually or in the aggregate, will not have a material adverse effect on our business, results of operations, financial condition or cash flows.

The Company is currently not aware of any legal proceedings or claims other than those described above that the Company believes could have a material adverse effect on its business, financial condition or operating results.

16. Stockholders' Equity

Stock Repurchases

May 2024 Program

In May 2024, the Company's Board of Directors (the "Board") authorized a new stock repurchase program (the "May 2024 Program"), pursuant to which the Company is authorized to repurchase up to $500.0 million of its Class A common stock through December 31, 2025. The May 2024 Program replaced the Company's prior stock repurchase program from December 2023.

Repurchases under the May 2024 Program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases depending on market conditions and corporate needs. Open market repurchases will be structured to occur within the pricing and volume requirements of Rule 10b-18. The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares pursuant to the May 2024 Program.

The May 2024 Program does not obligate the Company to acquire any particular amount of common stock. The May 2024 Program may be extended, modified, suspended or discontinued at any time at the Company's discretion.

During the nine months ended September 30, 2024, the Company repurchased 528,888 shares of Class A common stock for $35.9 million, including commissions paid, at an average price paid of $67.77 per share. As of September 30, 2024, $464.1 million remains available under the May 2024 Program.

17. Noncontrolling Interests

Shift4 Payments, Inc. is the sole managing member of Shift4 Payments, LLC, and consolidates the financial results of Shift4 Payments, LLC. The noncontrolling interests balance represents the economic interest in Shift4 Payments, LLC held by Rook, which amounted to $210.3 million and $215.1 million as of September 30, 2024 and December 31, 2023, respectively. The following table summarizes the ownership of LLC Interests in Shift4 Payments, LLC:

	September 30, 2024		December 31, 2023	
	LLC Interests	Ownership %	LLC Interests	Ownership %
Shift4 Payments, Inc. (a)	69,831,566	77.9 %	66,100,484	73.5 %
Rook	19,801,028	22.1 %	23,831,883	26.5 %
Total	89,632,594	100.0 %	89,932,367	100.0 %

(a) September 30, 2024 and December 31, 2023 included 1.2 million and 3.7 million shares, respectively, related to the acquisition of Finaro that had been committed but not issued. These shares will be issued over the course of 2024, in accordance with the terms of the acquisition.

Rook has the right to require the Company to redeem its LLC Interests for, at the option of the Company, determined solely by the Company's independent directors, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each LLC Interest redeemed. In connection with the exercise of the redemption or exchange of LLC Interests, (1) Rook will be required to surrender a number of shares of Class B common stock, which the Company will cancel for no consideration on a one-for-one basis with the number of LLC Interests so redeemed or exchanged and (2) Rook will surrender LLC Interests to Shift4 Payments, LLC for cancellation.

As of September 30, 2024, the Company owns 75% of the common stock of Vectron, a German corporation providing POS systems, POS software, and digital and cloud-based services worldwide. The acquisition was accounted for as a business combination under ASC 805. The Company consolidates 100% of Vectron's assets, liabilities, revenues and expenses. The noncontrolling interests balance represents the 25% economic interest in Vectron not held by the Company, which amounted to $25.7 million as of September 30, 2024 and was calculated as the number of shares of Vectron's common stock not owned by the Company, multiplied by the price per share of Vectron's common stock as of the acquisition date.

18. Equity-based Compensation

The Company recognized equity-based compensation expense of $14.3 million and $51.4 million for the three and nine months ended September 30, 2024, respectively, and $12.4 million and $46.4 million for the three and nine months ended September 30, 2023, respectively.

2020 Incentive Award Plan

The Company's 2020 Incentive Award Plan, as amended and restated in June 2022 (the "Restated Equity Plan"), provides for the grant of restricted stock units ("RSUs"), performance restricted stock units ("PRSUs"), stock options, restricted stock dividend equivalents, stock payments, stock appreciation rights, and other stock or cash awards. The number of shares available for issuance is subject to an annual increase on the first day of each year beginning in 2023 and ending in and including 2032, equal to the lesser of (1) 2% of the shares outstanding (on an as-converted basis, taking into account any and all securities convertible into, or exercisable, exchangeable or redeemable for, shares of Class A common stock (including LLC Interests of Shift4 Payments, LLC)) on the last day of the immediately preceding fiscal year and (2) such smaller number of shares as determined by the Board.

As of September 30, 2024, a maximum of 1,749,793 shares of the Company's Class A common stock were available for issuance under the Restated Equity Plan.

RSUs and PRSUs

RSUs and PRSUs represent the right to receive shares of the Company's Class A common stock at a specified date in the future.

The RSU and PRSU activity for the nine months ended September 30, 2024 was as follows:

	Nine Months Ended September 30, 2024	
	Number of RSUs and PRSUs	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2023	2,345,210	$ 57.35
Granted	1,136,561	66.88
Vested	(477,029)	60.73
Forfeited or cancelled	(253,836)	59.86
Unvested balance at September 30, 2024	2,750,906	$ 60.47

The grant date fair value of RSUs and PRSUs subject to continued service or those that vest immediately was determined based on the price of the Company's Class A common stock on the grant date.

As of September 30, 2024, the Company had $104.5 million of total unrecognized equity-based compensation expense related to outstanding RSUs and PRSUs, which is expected to be recognized over a weighted-average period of 2.22 years.

19. Basic and Diluted Net Income per Share

Basic net income per share has been computed by dividing net income attributable to common shareholders by the weighted average number of shares of common stock outstanding for the same period. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period in which the shares were outstanding. Diluted net income per share has been computed in a manner consistent with that of basic net income per share while giving effect to all shares of potentially dilutive common stock that were outstanding during the period. The following table presents the calculation of basic and diluted net income per share under the two-class method.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 72.2	$ 46.5	$ 155.2	$ 103.7
Less: Net income attributable to noncontrolling interests	(18.4)	(13.9)	(41.6)	(31.2)
Adjustment to net income attributable to common stockholders	(0.4)	—	(1.1)	—
Net income attributable to common stockholders - basic	53.4	32.6	112.5	72.5
Reallocation of net income from noncontrolling interests to common stockholders due to effect of dilutive securities	14.2	0.2	32.1	0.5
Net income attributable to common stockholders - diluted	$ 67.6	$ 32.8	$ 144.6	$ 73.0
Numerator - allocation of net income attributable to common stockholders:				
Net income allocated to Class A common stock - basic	$ 52.1	$ 31.6	$ 109.7	$ 70.0
Reallocation of net income from noncontrolling interests to common stockholders due to effect of dilutive securities	14.2	0.2	32.2	0.5
Net income allocated to Class A common stock - diluted	$ 66.3	$ 31.8	$ 141.9	$ 70.5
Net income allocated to Class C common stock - basic	$ 1.3	$ 1.0	$ 2.8	$ 2.5
Reallocation of net income from noncontrolling interests to common stockholders due to effect of dilutive securities	—	—	(0.1)	—
Net income allocated to Class C common stock - diluted	$ 1.3	$ 1.0	$ 2.7	$ 2.5
Denominator:				
Weighted average shares of Class A common stock outstanding - basic (a)	66,791,329	56,537,008	65,230,377	56,233,959
Effect of dilutive securities:				
LLC Interests	21,216,195	—	22,953,032	—
RSUs	1,349,414	873,107	1,331,271	1,200,466
Contingent shares	—	262,968	—	262,968
Weighted average shares of Class A common stock outstanding - diluted	89,356,938	57,673,083	89,514,680	57,697,393
Weighted average shares of Class C common stock outstanding - basic and diluted	1,659,314	1,759,273	1,681,264	2,019,063
Net income per share - Basic:				
Class A common stock	$ 0.78	$ 0.56	$ 1.68	$ 1.24
Class C common stock	$ 0.78	$ 0.56	$ 1.68	$ 1.24
Net income per share - Diluted:				
Class A Common Stock	$ 0.74	$ 0.55	$ 1.59	$ 1.22
Class C Common Stock	$ 0.74	$ 0.55	$ 1.59	$ 1.22

(a) For the three and nine months ended September 30, 2024, included 1,253,470 shares that had been committed but not issued as of September 30, 2024. For the three and nine months ended September 30, 2023, included 288,731 shares that had been committed but not issued as of September 30, 2023. Committed but not issued shares as of September 30, 2024 primarily relate to the acquisition of Finaro.

The following were excluded from the calculation of diluted net income per share as the effect would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
LLC Interests that convert into potential Class A common shares	—	23,831,883	—	24,399,635
RSUs	—	51,965	74,969	37,962
Total	—	23,883,848	74,969	24,437,597

Diluted EPS was computed using the treasury stock method for RSUs and the if-converted method for convertible instruments.

For the three and nine months ended September 30, 2024 and 2023, the Company has excluded from the calculation of diluted net income per share the effect of the following:

- the conversion of the 2025 Convertible Notes and 2027 Convertible Notes, as the weighted average sales price of the Company's Class A common stock during each period was less than the conversion price, per the terms of each respective agreement, and
- shares of the Company's Class A common stock to be issued in connection with Tranche 2 of the earnout due to the former shareholders of Online Payments Group. See Note 12 for more information about shares to be issued in connection with earnouts.

20. Subsequent Events

Acquisition

On November 8, 2024, the Company acquired Givex Corp. ("Givex") for approximately $146 million of total purchase consideration, comprised entirely of cash on hand. Due to the timing of this acquisition, the initial accounting for the acquisition, including the valuation of assets and liabilities acquired, is incomplete. As such, the Company is unable to disclose certain information, including the preliminary fair value of assets acquired and liabilities assumed, at this time.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the information presented in our unaudited condensed consolidated financial statements and the related notes and other financial data included elsewhere in this Quarterly Report on Form 10-Q ("Quarterly Report"), as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission ("SEC") on February 29, 2024 (the "2023 Form 10-K"). In addition to historical information, the following discussion contains forward-looking statements, such as statements regarding our expectation for future performance, liquidity and capital resources, that involve risks, uncertainties and assumptions that could cause actual results to differ materially from our expectations. Our actual results may differ materially from those contained in or implied by any forward-looking statements. Factors that could cause such differences include those identified below and those described in "Cautionary Note Regarding Forward-Looking Statements," and "Risk Factors" in Part I, Item 1A. of our 2023 Form 10-K. We assume no obligation to update any of these forward-looking statements.

As used in this Quarterly Report, unless the context otherwise requires, references to:

- "we," "us," "our," the "Company," "Shift4" and similar references refer to Shift4 Payments, Inc. and, unless otherwise stated, all of its subsidiaries.
- "Continuing Equity Owners" refers collectively to Rook and Searchlight Capital Partners, L.P., a Delaware limited partnership, and certain of its affiliated funds, who may redeem at each of their options, in whole or in part from time to time, their LLC Interests for, at our election, cash or newly-issued shares of Shift4 Payments, Inc.'s Class A common stock.
- "LLC Interests" refers to the common units of Shift4 Payments, LLC.
- "Founder" refers to Jared Isaacman, our Chief Executive Officer and the sole stockholder of Rook.
- "Rook" refers to Rook Holdings Inc., a Delaware corporation wholly-owned by our Founder and for which our Founder is the sole stockholder.

Overview

We are a leading independent provider of software and payment processing solutions in the United States ("U.S.") based on total volume of payments processed. We have achieved our leadership position through decades of solving business and operational challenges facing our customers' overall commerce needs. Our merchants range in size from small owner-operated local businesses to multinational enterprises conducting commerce throughout the world. We distribute our services through a scaled network of seasoned internal sales and support teams, as well as through our network of software partners. Our software partners are comprised of independent software vendors ("ISVs") and value-added resellers ("VARs"). For our software partners, we offer a single integration to a global end-to-end payment offering, a proprietary gateway and a robust suite of technology solutions to enhance the value of their software and simplify payment acceptance. For our merchants, we provide a seamless, unified consumer experience and fulfill business needs that would otherwise require multiple software, hardware and payment vendors.

Recent Acquisition

On November 8, 2024, we completed the acquisition of Givex Corp. ("Givex") for approximately $146 million of total purchase consideration, comprised entirely of cash on hand. Givex is a global provider of gift cards, loyalty programs, and point-of-sale solutions. We believe this acquisition will significantly increase our overall customer base and geographic footprint.

Key Financial Definitions

The following briefly describes the components of revenue and expenses as presented in the accompanying unaudited Condensed Consolidated Statements of Operations.

Gross revenue consists of payments-based revenue and subscription and other revenues:

Payments-based revenue includes fees for payment processing services and gateway services. Payment processing fees are primarily driven as a percentage of end-to-end payment volume. They may also have a fixed fee, a minimum monthly usage fee and a fee based on transactions. Gateway services, data encryption and tokenization fees are primarily driven by per transaction fees as well as monthly usage fees. Included in payments-based revenue are fees earned from our international payments platform, strategic enterprise merchant relationships, and alternative payments methods, including cryptocurrency and stock donations.

Subscription and other revenues include software as a service ("SaaS") fees for point of sale ("POS") systems and terminals provided to merchants. POS and terminal SaaS fees are assessed based on the type and quantity of equipment deployed to the merchant. SaaS fees also include statement fees, fees for our proprietary business intelligence software and other annual fees.

Subscription and other revenues also includes revenue derived from hardware sales, software license sales, third-party residuals and fees charged for technology support.

Cost of sales consists of interchange and processing fees, residual commissions, equipment and other costs of sales:

Interchange and processing fees represent amounts owed to card issuing banks and assessments paid to card associations based on transaction processing volume. These also include fees incurred by third-parties for data transmission and settlement of funds, such as processors and our sponsor bank.

Residual commissions represent monthly payments to third-party distribution partners. These costs are typically based on a percentage of payments-based revenue.

Equipment represents our costs of devices that are sold to merchants.

Other costs of sales includes amortization of internally developed capitalized software development costs, purchased capitalized software, acquired technology and capitalized customer acquisition costs. It also includes shipping and handling costs related to the delivery of devices. Capitalized software development costs are amortized using the straight-line method on a product-by-product basis over the estimated useful life of the software. Capitalized software, acquired technology and capitalized customer acquisition costs are also amortized on a straight-line basis.

General and administrative expenses consist primarily of compensation, benefits and other expenses associated with corporate management, finance, sales, human resources, shared services, information technology and other activities.

Revaluation of contingent liabilities represents adjustments to the fair value of contingent liabilities associated with acquisitions.

Depreciation and amortization expense consists of depreciation and amortization expenses related to merchant relationships, trademarks and trade names, residual commission buyouts, equipment under lease, leasehold improvements, other intangible assets, and property, plant and equipment. We depreciate and amortize our assets on a straight-line basis. Leasehold improvements are depreciated over the lesser of the estimated life of the leasehold improvement or the remaining lease term. Maintenance and repairs, which do not extend the useful life of the respective assets, are charged to expense as incurred. Intangible assets are amortized on a straight-line basis over their estimated useful lives which range from two years to twenty years.

Professional expenses consists of costs incurred for accounting, tax, legal, and consulting services. These include professional services related to acquisitions.

Advertising and marketing expenses relate to costs incurred to participate in industry tradeshows and dealer conferences, advertising initiatives to build brand awareness, and expenses to fulfill loyalty program rewards earned by software partners.

Interest income primarily consists of interest income earned on our cash and cash equivalents.

Other income (expense), net primarily consists of other non-operating items. This includes transactional gains and losses related to foreign currency.

Unrealized gain on investments in securities represents adjustments to the fair value of our investments in securities.

Change in TRA liability represents adjustments to the Tax Receivable Agreement ("TRA") liability.

Interest expense consists of interest costs incurred on our borrowings and amortization of capitalized financing costs.

Income tax benefit (expense) represents federal, state, local and foreign income taxes.

Net income attributable to noncontrolling interests arises from net income from the non-owned portion of businesses where we have a controlling interest but less than 100% ownership. This represents the noncontrolling interests in Shift4 Payments, LLC and its consolidated subsidiaries, which is comprised of the income allocated to Continuing Equity Owners as a result of their proportional ownership of LLC Interests. In addition, this represents the income allocated to shareholders of Vectron common stock besides us.

Comparison of Results for the Three Months Ended September 30, 2024 and 2023

The following table sets forth the consolidated statements of operations for the periods presented:

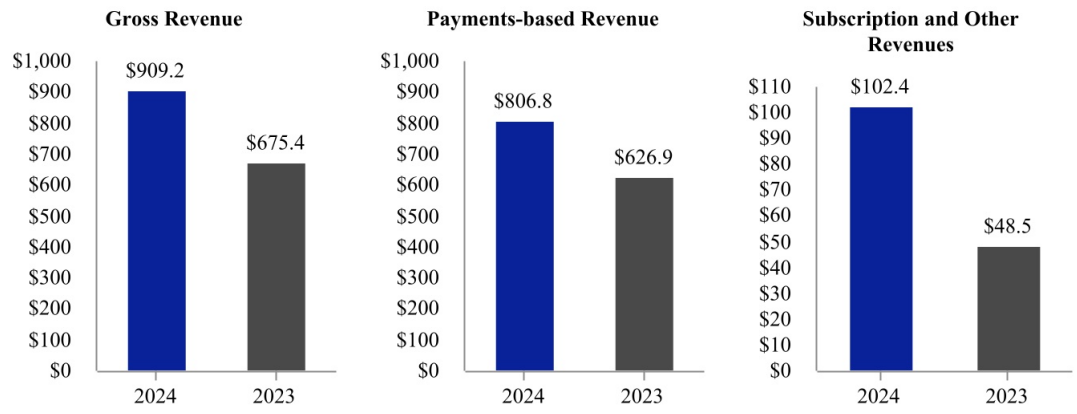
	Three Months Ended September 30,		
(in millions)	**2024**	**2023**	**$ change**
Payments-based revenue	$ 806.8	$ 626.9	$ 179.9
Subscription and other revenues	102.4	48.5	53.9
Gross revenue	909.2	675.4	233.8
Network fees	(544.1)	(432.4)	(111.7)
Other costs of sales (exclusive of certain depreciation and amortization expense shown separately below)	(97.8)	(62.7)	(35.1)
General and administrative expenses	(118.2)	(76.3)	(41.9)
Revaluation of contingent liabilities	(1.5)	(8.9)	7.4
Depreciation and amortization expense (a)	(51.6)	(40.0)	(11.6)
Professional expenses	(9.4)	(5.7)	(3.7)
Advertising and marketing expenses	(6.2)	(4.7)	(1.5)
Income from operations	80.4	44.7	35.7
Interest income	9.7	9.6	0.1
Other expense, net	(1.5)	—	(1.5)
Unrealized gain on investments in securities	10.8	2.6	8.2
Change in TRA liability	(289.4)	(1.5)	(287.9)
Interest expense	(18.3)	(8.0)	(10.3)
Income (loss) before income taxes	(208.3)	47.4	(255.7)
Income tax benefit (expense)	280.5	(0.9)	281.4
Net income	72.2	46.5	25.7
Less: Net income attributable to noncontrolling interests	(18.4)	(13.9)	(4.5)
Net income attributable to Shift4 Payments, Inc.	$ 53.8	$ 32.6	$ 21.2

(a) Depreciation and amortization expense includes depreciation of equipment under lease of $14.1 million and $9.3 million for the three months ended September 30, 2024 and 2023, respectively.

Results of Operations

Three months ended September 30, 2024 compared to three months ended September 30, 2023

Revenues (in millions)



Gross revenue increased by $233.8 million, or 35%, compared to the prior year period. Gross revenue is comprised of payments-based revenue and subscription and other revenues.

Payments-based revenue increased by $179.9 million, or 29%, compared to the prior year period, primarily due to:

- The increase in end-to-end payment volume of $15.6 billion, or 56%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023.
- Growth in end-to-end payment volume outpaced payments-based revenue growth, primarily due to our continued onboarding of larger merchants with lower unit pricing than our existing customer base.

Subscription and other revenues increased by $53.9 million, or 111%, compared to the prior year period. The increase in subscription and other revenues was primarily driven by the impact of recent acquisitions as well as higher SaaS revenue associated with our SkyTab solutions.

Cost of Sales

	Three Months Ended September 30,		
(in millions)	**2024**	**2023**	**$ Change**
Network fees	$ (544.1)	$ (432.4)	$ (111.7)

The 26% increase in network fees was primarily due to the increase in payments-based revenue, which increased 29%, compared to the prior year period.

Gross revenue less network fees increased by $122.1 million, or 50%, compared to the prior year period, primarily due to the increase in end-to-end payment volume and higher SaaS revenue. See *Key Performance Indicators and Non-GAAP Measures* for a discussion and reconciliation of gross revenue less network fees.

	Three Months Ended September 30,		
(in millions)	**2024**	**2023**	**$ Change**
Other costs of sales (exclusive of certain depreciation and amortization expense)	$ (97.8)	$ (62.7)	$ (35.1)

The increase in other costs of sales was primarily driven by our recent acquisitions and incremental residual commissions associated with revenue growth.

Operating Expenses

	Three Months Ended September 30,		
(in millions)	**2024**	**2023**	**$ Change**
General and administrative expenses	$ (118.2)	$ (76.3)	$ (41.9)

The increase in general and administrative expenses was primarily due to expenses associated with our continued growth, which includes the impact of our recent acquisitions.

	Three Months Ended September 30,		
(in millions)	**2024**	**2023**	**$ Change**
Revaluation of contingent liabilities	$ (1.5)	$ (8.9)	$ 7.4

The expense for revaluation of contingent liabilities during the three months ended September 30, 2024 was primarily driven by fair value adjustments to contingent liabilities arising from various acquisitions we completed in 2022 and 2023. The expense for revaluation of contingent liabilities during the three months ended September 30, 2023 was primarily driven by the remeasurement of the contingent liability related to the acquisition of Online Payments Group.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Depreciation and amortization expense	$ (51.6)	$ (40.0)	$ (11.6)

The increase in depreciation and amortization expense was primarily due to:

- The amortization of intangible assets recognized in connection with recent acquisitions; and
- Increased equipment under lease associated with the growth of our SkyTab offering.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Professional expenses	$ (9.4)	$ (5.7)	$ (3.7)

Professional expenses included expenses associated with acquisitions. The increase in professional expenses was primarily driven by higher acquisition-related costs as compared to the prior year period.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Advertising and marketing expenses	$ (6.2)	$ (4.7)	$ (1.5)

The increase in advertising and marketing expenses was primarily due to new sponsorship contracts.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Interest income	$ 9.7	$ 9.6	$ 0.1

Interest income remained generally consistent for the three months ended September 30, 2024, compared to the three months ended September 30, 2023.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Other expense, net	$ (1.5)	$ —	$ (1.5)

The decrease in other expense was primarily due to transactional losses related to foreign currency in 2024.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Unrealized gain on investments in securities	$ 10.8	$ 2.6	$ 8.2

The unrealized gain on investments in securities for both the three months ended September 30, 2024 and 2023 was due to fair value adjustments to our non-marketable equity investments.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Change in TRA liability	$ (289.4)	$ (1.5)	$ (287.9)

As of September 30, 2024, we concluded that it was probable that we will be able to realize substantially all of the tax benefits associated with the TRA to date, based on estimates of future taxable income. In the future, we expect the TRA liability to increase as additional tax benefits are established through exchanges of LLC Interests with Rook. See Note 13 to the accompanying unaudited condensed consolidated financial statements for more information on the TRA.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Interest expense	$ (18.3)	$ (8.0)	$ (10.3)

The increase in interest expense during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 was primarily due to the issuance of our 2032 Senior Notes. The annual interest expense related to the 2032 Senior Notes is expected to be approximately $76.0 million.

(in millions)	Three Months Ended September 30, 2024	2023	$ Change
Income tax benefit (expense)	$ 280.5	$ (0.9)	$ 281.4

The effective tax rate for the three months ended September 30, 2024 was approximately (135)%, compared to the effective tax rate for the three months ended September 30, 2023 of approximately 2%. The income tax benefit for the three months ended September 30, 2024 relates primarily to the release of the previously recorded valuation allowance against certain deferred tax assets in the U.S.

Comparison of Results for the Nine Months Ended September 30, 2024 and 2023

The following table sets forth the consolidated statements of operations for the periods presented:

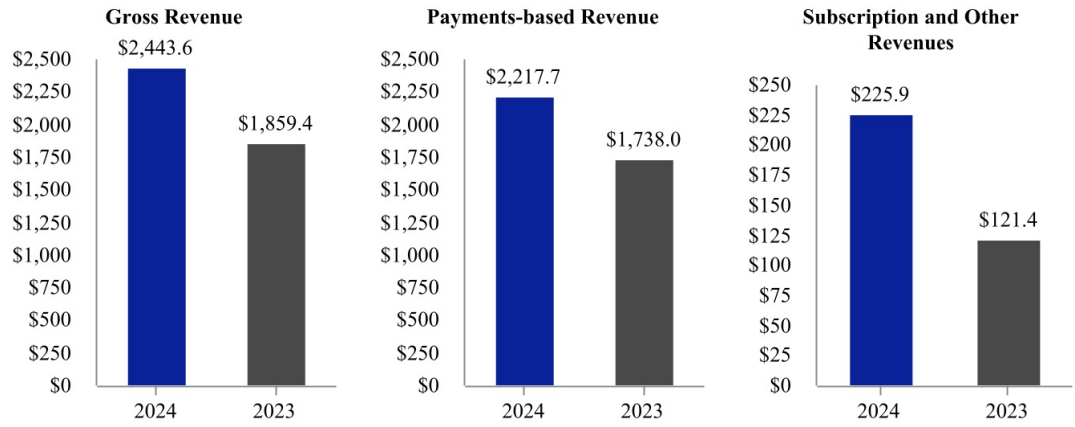
(in millions)	Nine Months Ended September 30, 2024	2023	$ change
Payments-based revenue	$ 2,217.7	$ 1,738.0	$ 479.7
Subscription and other revenues	225.9	121.4	104.5
Gross revenue	2,443.6	1,859.4	584.2
Network fees	(1,494.2)	(1,188.3)	(305.9)
Other costs of sales (exclusive of certain depreciation and amortization expense shown separately below)	(262.5)	(178.5)	(84.0)
General and administrative expenses	(335.4)	(244.1)	(91.3)
Revaluation of contingent liabilities	(3.9)	(21.5)	17.6
Depreciation and amortization expense (a)	(143.1)	(111.2)	(31.9)
Professional expenses	(29.0)	(17.2)	(11.8)
Advertising and marketing expenses	(14.5)	(11.2)	(3.3)
Income from operations	161.0	87.4	73.6
Interest income	20.1	26.0	(5.9)
Other income (expense), net	0.3	(0.3)	0.6
Unrealized gain on investments in securities	21.6	11.5	10.1
Change in TRA liability	(294.2)	(2.8)	(291.4)
Interest expense	(34.5)	(24.1)	(10.4)
Income (loss) before income taxes	(125.7)	97.7	(223.4)
Income tax benefit	280.9	6.0	274.9
Net income	155.2	103.7	51.5
Less: Net income attributable to noncontrolling interests	(41.6)	(31.2)	(10.4)
Net income attributable to Shift4 Payments, Inc.	$ 113.6	$ 72.5	$ 41.1

(a) Depreciation and amortization expense includes depreciation of equipment under lease of $39.0 million and $24.7 million for the nine months ended September 30, 2024 and 2023, respectively.

Results of Operations

Nine months ended September 30, 2024 compared to nine months ended September 30, 2023

Revenues (in millions)



Gross revenue increased by $584.2 million, or 31%, compared to the prior year period. Gross revenue is comprised of payments-based revenue and subscription and other revenues.

Payments-based revenue increased by $479.7 million, or 28%, compared to the prior year period, primarily due to:

- The increase in end-to-end payment volume of $39.9 billion, or 52%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023.
- Growth in end-to-end payment volume outpaced payments-based revenue growth, primarily due to our continued onboarding of larger merchants with lower unit pricing than our existing customer base.

Subscription and other revenues increased by $104.5 million, or 86%, compared to the prior year period. The increase in subscription and other revenues was primarily driven by the impact of recent acquisitions as well as higher SaaS revenue associated with our SkyTab solutions.

Cost of Sales

	Nine Months Ended September 30,		
(in millions)	**2024**	**2023**	**$ Change**
Network fees	$ (1,494.2)	$ (1,188.3)	$ (305.9)

The 26% increase in network fees was primarily due to the increase in payments-based revenue, which increased 28%, compared to the prior year period.

Gross revenue less network fees increased by $278.3 million, or 41%, compared to the prior year period, primarily due to the increase in end-to-end payment volume and higher SaaS revenue. See *Key Performance Indicators and Non-GAAP Measures* for a discussion and reconciliation of gross revenue less network fees.

	Nine Months Ended September 30,		
(in millions)	**2024**	**2023**	**$ Change**
Other costs of sales (exclusive of certain depreciation and amortization expense)	$ (262.5)	$ (178.5)	$ (84.0)

The increase in other costs of sales was primarily driven by our recent acquisitions and incremental residual commissions associated with revenue growth.

Operating Expenses

	Nine Months Ended September 30,		
(in millions)	2024	2023	$ Change
General and administrative expenses	$ (335.4)	$ (244.1)	$ (91.3)

The increase in general and administrative expenses was primarily due to expenses associated with our continued growth, which includes the impact of our recent acquisitions.

	Nine Months Ended September 30,		
(in millions)	2024	2023	$ Change
Revaluation of contingent liabilities	$ (3.9)	$ (21.5)	$ 17.6

The expense for revaluation of contingent liabilities during the nine months ended September 30, 2024 was primarily driven by fair value adjustments to contingent liabilities arising from various acquisitions we completed in 2022 and 2023. The expense for revaluation of contingent liabilities during the nine months ended September 30, 2023 was primarily driven by the remeasurement of the contingent liability related to the acquisition of Online Payments Group.

	Nine Months Ended September 30,		
(in millions)	2024	2023	$ Change
Depreciation and amortization expense	$ (143.1)	$ (111.2)	$ (31.9)

The increase in depreciation and amortization expense was primarily due to:

- The amortization of intangible assets recognized in connection with recent acquisitions; and
- Increased equipment under lease associated with the growth of our SkyTab offering.

	Nine Months Ended September 30,		
(in millions)	2024	2023	$ Change
Professional expenses	$ (29.0)	$ (17.2)	$ (11.8)

Professional expenses included expenses associated with acquisitions. The increase in professional expenses was primarily driven by higher acquisition-related costs as compared to the prior year period.

	Nine Months Ended September 30,		
(in millions)	2024	2023	$ Change
Advertising and marketing expenses	$ (14.5)	$ (11.2)	$ (3.3)

The increase in advertising and marketing expenses was primarily due to new sponsorship contracts.

	Nine Months Ended September 30,		
(in millions)	2024	2023	$ Change
Interest income	$ 20.1	$ 26.0	$ (5.9)

The decrease in interest income was primarily due to a decrease in our average interest-earning cash balance.

	Nine Months Ended September 30,		
(in millions)	2024	2023	$ Change
Other income (expense), net	$ 0.3	$ (0.3)	$ 0.6

The increase in other income was primarily due to transactional gains related to foreign currency in 2024, as compared to losses in 2023.

(in millions)	Nine Months Ended September 30, 2024	2023	$ Change
Unrealized gain on investments in securities	$ 21.6	$ 11.5	$ 10.1

The unrealized gain on investments in securities for both the nine months ended September 30, 2024 and 2023 was due to fair value adjustments to our non-marketable equity investments.

(in millions)	Nine Months Ended September 30, 2024	2023	$ Change
Change in TRA liability	$ (294.2)	$ (2.8)	$ (291.4)

As of September 30, 2024, we concluded that it was probable that we will be able to realize substantially all of the tax benefits associated with the TRA to date, based on estimates of future taxable income. In the future, we expect the TRA liability to increase as additional tax benefits are established through exchanges of LLC Interests with Rook. See Note 13 to the accompanying unaudited condensed consolidated financial statements for more information on the TRA.

(in millions)	Nine Months Ended September 30, 2024	2023	$ Change
Interest expense	$ (34.5)	$ (24.1)	$ (10.4)

The increase in interest expense during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily due to the issuance of our 2032 Senior Notes. The annual interest expense related to the 2032 Senior Notes is expected to be approximately $76.0 million.

(in millions)	Nine Months Ended September 30, 2024	2023	$ Change
Income tax benefit	$ 280.9	$ 6.0	$ 274.9

The effective tax rate for the nine months ended September 30, 2024 was approximately (223)%, compared to the effective tax rate for the nine months ended September 30, 2023 of approximately (6)%. The income tax benefit for the nine months ended September 30, 2024 relates primarily to the release of the previously recorded valuation allowance against certain deferred tax assets in the U.S.

Key Performance Indicators and Non-GAAP Measures

The following table sets forth our key performance indicators and non-GAAP measures for the periods presented:

(in millions)	Three Months Ended September 30, 2024	2023	Nine Months Ended September 30, 2024	2023
End-to-end payment volume	$ 43,483.9	$ 27,933.0	$ 116,919.8	$ 76,983.4
Gross revenue less network fees	$ 365.1	$ 243.0	$ 949.4	$ 671.1
EBITDA	$ (122.4)	$ 100.9	$ 101.8	$ 248.5
Adjusted EBITDA	$ 187.4	$ 124.5	$ 471.5	$ 323.8

End-to-end payment volume

End-to-end payment volume is defined as the total dollar amount of payments that we deliver for settlement on behalf of our merchants. Included in end-to-end volume are dollars routed via our international payments platform and alternative payment methods, including cryptocurrency and stock donations, plus volume we route to one or more third party merchant acquirers on behalf of strategic enterprise merchant relationships. This volume does not include volume processed through our legacy gateway-only offering.

Gross revenue less network fees, EBITDA and Adjusted EBITDA

We use supplemental measures of our performance which are derived from our consolidated financial information but which are not presented in our condensed consolidated financial statements prepared in accordance with GAAP. These non-GAAP financial measures include: gross revenue less network fees, which includes interchange and assessment fees; earnings before interest expense, interest income, income taxes, depreciation, and amortization ("EBITDA"); and Adjusted EBITDA.

Gross revenue less network fees represents a key performance metric that management uses to measure changes in the mix and value derived from our customer base as we continue to execute our strategy to expand our reach to serve larger, complex merchants.

Adjusted EBITDA is the primary financial performance measure used by management to evaluate its business and monitor results of operations. Adjusted EBITDA represents EBITDA further adjusted for certain non-cash and other nonrecurring items that management believes are not indicative of ongoing operations. These adjustments include acquisition, restructuring and integration costs, revaluation of contingent liabilities, unrealized gains or losses on investments in securities, changes in TRA liability, equity-based compensation expense, and foreign exchange and other nonrecurring items. The financial impact of certain elements of these activities is often significant to our overall financial performance and can adversely affect the comparability of our operating results and investors' ability to analyze the business from period to period.

We use non-GAAP financial measures to supplement financial information presented on a GAAP basis. We believe that excluding certain items from our GAAP results allows management to better understand our consolidated financial performance from period to period and better project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, we believe these non-GAAP financial measures provide our stakeholders with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period to period comparisons. There are limitations to the use of the non-GAAP financial measures presented in this Quarterly Report. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

The non-GAAP financial measures are not meant to be considered as indicators of performance in isolation from, or as a substitute for, financial information prepared in accordance with GAAP, and should be read only in conjunction with financial information presented on a GAAP basis. Reconciliations of gross revenue less network fees, EBITDA and Adjusted EBITDA to its most directly comparable GAAP financial measure are presented below. We encourage you to review the reconciliations in conjunction with the presentation of the non-GAAP financial measures for each of the periods presented. In future periods, we may exclude such items and may incur income and expenses similar to these excluded items.

Reconciliations of gross revenue less network fees, EBITDA and Adjusted EBITDA

The tables below provide reconciliations of gross profit to gross revenue less network fees and net income on a consolidated basis for the periods presented to EBITDA and Adjusted EBITDA.

Gross revenue less network fees:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Gross revenue	$ 909.2	$ 675.4	$ 2,443.6	$ 1,859.4
Less: Network fees	(544.1)	(432.4)	(1,494.2)	(1,188.3)
Less: Other costs of sales (exclusive of depreciation of equipment under lease)	(97.8)	(62.7)	(262.5)	(178.5)
	267.3	180.3	686.9	492.6
Less: Depreciation of equipment under lease	(14.1)	(9.3)	(39.0)	(24.7)
Gross profit (a)	$ 253.2	$ 171.0	$ 647.9	$ 467.9
Gross profit (a)	$ 253.2	$ 171.0	$ 647.9	$ 467.9
Add back: Other costs of sales	97.8	62.7	262.5	178.5
Add back: Depreciation of equipment under lease	14.1	9.3	39.0	24.7
Gross revenue less network fees	$ 365.1	$ 243.0	$ 949.4	$ 671.1

(a) The determination of gross profit is inclusive of depreciation of equipment under lease that is included in Depreciation and amortization expense on the Condensed Consolidated Statements of Operations. The table reflects the determination of gross profit for all periods presented. Although gross profit is not presented on the Condensed Consolidated Statements of Operations, it represents the most comparable metric calculated under U.S. GAAP to non-GAAP gross revenues less network fees.

EBITDA and Adjusted EBITDA:

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net income	$ 72.2	$ 46.5	$ 155.2	$ 103.7
Interest expense	18.3	8.0	34.5	24.1
Interest income	(9.7)	(9.6)	(20.1)	(26.0)
Income tax benefit	(280.5)	0.9	(280.9)	(6.0)
Depreciation and amortization	77.3	55.1	213.1	152.7
EBITDA	(122.4)	100.9	101.8	248.5
Acquisition, restructuring and integration costs (a)	8.8	3.2	26.5	13.3
Revaluation of contingent liabilities (b)	1.5	8.9	3.9	21.5
Unrealized gain on investments in securities (c)	(10.8)	(2.6)	(21.6)	(11.5)
Change in TRA liability (d)	289.4	1.5	294.2	2.8
Equity-based compensation (e)	14.4	12.6	52.1	47.5
Foreign exchange and other nonrecurring items	6.5	—	14.6	1.7
Adjusted EBITDA	$ 187.4	$ 124.5	$ 471.5	$ 323.8

(a) For the three months ended September 30, 2024, consisted of $4.9 million of restructuring costs and $3.7 million of acquisition-related costs. For the nine months ended September 30, 2024, primarily consisted of $13.9 million of restructuring costs and $12.4 million of acquisition-related costs. For the three months ended September 30, 2023, primarily consisted of $3.0 million of acquisition-related costs. For the nine months ended September 30, 2023, primarily consisted of $8.8 million of acquisition-related costs and $4.3 million of restructuring costs.

(b) Consisted of fair value adjustments to contingent liabilities arising from acquisitions.

(c) See Note 12 to the accompanying condensed consolidated financial statements for more information on the investments in non-marketable securities.

(d) See Note 13 to the accompanying condensed consolidated financial statements for more information on the TRA.

(e) Consisted of equity-based compensation expense for RSUs, including employer taxes for vested RSUs. See Note 18 to the accompanying condensed consolidated financial statements for more information on equity-based compensation.

Liquidity and Capital Resources

Overview

We have historically sourced our liquidity requirements primarily with cash flow from operations and, when needed, with debt or equity financing. The principal uses for liquidity have been acquisitions, capital expenditures, share repurchases and debt service. As of September 30, 2024, our cash and cash equivalents balance was $1,426.4 million, of which approximately $135.5 million was held outside of the U.S. by our foreign legal entities. In addition, "Settlement assets" includes $169.0 million of cash that will be used to settle merchant liabilities. The cash included within Settlement assets is typically paid to merchants within a few days of receipt in order to settle related liabilities.

We do not intend to pay cash dividends on our Class A common stock in the foreseeable future. Shift4 Payments, Inc. is a holding company that does not conduct any business operations of its own. As a result, Shift4 Payments, Inc.'s ability to pay cash dividends on its common stock, if any, is dependent upon cash dividends and distributions and other transfers from Shift4 Payments, LLC. The amounts available to Shift4 Payments, Inc. to pay cash dividends are subject to the covenants and distribution restrictions in its subsidiaries' agreements governing its indebtedness, including covenants in such agreements providing that the payments of dividends or other distributions are subject to annual limitations based on our market capitalization.

The following table sets forth summary cash flow information for the periods presented:

(in millions)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net cash provided by operating activities	$ 354.9	$ 283.0
Net cash used in investing activities	(435.2)	(151.1)
Net cash provided by (used in) financing activities	950.6	(124.3)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	3.3	(0.8)
Change in cash and cash equivalents and restricted cash	$ 873.6	$ 6.8

Operating activities

Net cash provided by operating activities consists of net income adjusted for certain non-cash items and changes in other assets and liabilities.

For the nine months ended September 30, 2024, net cash provided by operating activities of $354.9 million was primarily a result of net income of $155.2 million adjusted for non-cash expenses, including change in TRA liability of $294.2 million, depreciation and amortization of $213.1 million and equity-based compensation of $51.4 million, partially offset by deferred income taxes of $(300.1) million, unrealized gain on investments in securities of $(21.6) million and an impact from working capital items of $(52.6) million. Settlement assets includes both cash and receivables from card networks. From period to period, the mix of cash and receivables included in Settlement assets may change, driving increases or decreases in operating cash flow.

For the nine months ended September 30, 2023, net cash provided by operating activities of $283.0 million was primarily a result of net income of $103.7 million adjusted for non-cash expenses, including depreciation and amortization of $152.7 million, equity-based compensation of $46.4 million, revaluation of contingent liabilities of $21.5 million, and unrealized gain on investments in securities of $(11.5) million. This was partially offset by an impact from working capital items of $(39.1) million.

Investing activities

Net cash used in investing activities includes cash paid for acquisitions, residual commission buyouts, purchases of property, plant and equipment, purchases of equipment to be leased, purchases of intangible assets, investments in securities, and capitalized software development costs.

Net cash used in investing activities was $435.2 million for the nine months ended September 30, 2024, an increase of $284.1 million compared to net cash used in investing activities of $151.1 million for the nine months ended September 30, 2023. This increase was primarily the result of a $269.6 million increase in net cash paid for acquisitions.

Financing activities

Net cash provided by financing activities was $950.6 million for the nine months ended September 30, 2024, an increase of $1,074.9 million compared to net cash used in financing activities of $124.3 million for the nine months ended September 30, 2023. This increase was primarily due to the $1,100.0 million of proceeds received from the issuance of the 2032 Senior Notes in 2024 and a $60.9 million decrease in payments for the repurchase of common stock, partially offset by $70.8 million of bank deposits being returned to depositors in 2024.

Convertible Notes and Senior Notes

As of September 30, 2024 and December 31, 2023, we had $2,872.5 million total principal amount of debt outstanding, including $1,100.0 million of 2032 Senior Notes, $690.0 million of 2025 Convertible Notes, $632.5 million of 2027 Convertible Notes, and $450.0 million of 2026 Senior Notes.

Second Amended and Restated Revolving Credit Facility

On September 5, 2024, we entered into a Second Amended and Restated First Lien Credit Agreement (the "Credit Agreement") to increase the borrowing capacity under our revolving credit facility ("Revolving Credit Facility") from $100.0 million to $450.0 million, $112.5 million of which is available for the issuance of letters of credit. The Revolving Credit Facility matures on September 5, 2029. The Credit Agreement requires periodic interest payments until maturity.

Loans incurred under the Revolving Credit Facility bear interest at our option at either the SOFR rate of 2.00% per year or the alternate base rate (the highest of the Federal Funds rate plus 0.50%, or the prime rate announced from time to time in The Wall Street Journal) of 1.00% per year ("Applicable Rate"). The Applicable Rate varies depending on our total leverage ratio (as defined in the Credit Agreement). The alternate base rate is subject to a zero percent floor. In addition, we are required to pay a commitment fee under the Revolving Credit Facility in respect of the unutilized commitments thereunder at a rate of 0.25% per year. We are also subject to customary letter of credit and agency fees. The Revolving Credit Facility has a borrowing capacity of $450.0 million. As of September 30, 2024, we had no outstanding borrowings under the Revolving Credit Facility.

Settlement Line Agreement

On September 30, 2024 we entered into the Settlement Line Credit Agreement (the "Settlement Line Agreement"), by and between Shift4 LLC, as the borrower, and Citizens Bank, N.A. ("Citizens"), as the lender, providing for a settlement line of credit with an aggregate available amount of up to $100.0 million (the "Settlement Line"). Draws under the Settlement Line bear interest at a rate per annum equal to either (x) a daily simple SOFR based rate (subject to a 0.0% floor), plus an applicable margin of 0.75%, or (y) to the extent required by the Settlement Line Agreement upon the occurrence of certain specified events, an alternate base rate (equal to the highest of the Federal Funds Effective Rate plus 0.50%, the daily simple SOFR rate (subject to a 0.0% floor) plus 1.00%, and the prime rate announced by Citizens from time to time). In addition to making periodic interest payments on the principal amount of outstanding draws under the Settlement Line, we are required to pay an unused fee under the Settlement Line in respect of the unused availability thereunder at a rate equal to 0.15% per annum. The purpose of the Settlement Line is to provide financing for certain settlement obligations of Shift4 LLC's merchants and to eliminate the requirement for cash collateral under the sponsorship agreement with Citizens (the "Sponsorship Agreement"), which was amended in conjunction with the closing of the settlement line agreement. There were no borrowings under the Settlement Line as of September 30, 2024. The Settlement Line is scheduled to mature on September 29, 2025, subject to extensions.

Covenants

The Company expects to be in compliance with such financial covenants for at least 12 months following the issuance of these unaudited condensed consolidated financial statements.

Stock repurchases

In May 2024, the Board authorized a new stock repurchase program (the "May 2024 Program"), pursuant to which we are authorized to repurchase up to $500.0 million of our Class A common stock through December 31, 2025. The May 2024 Program replaces our prior stock repurchase program from December 2023. During the nine months ended September 30, 2024, we repurchased 528,888 shares of Class A common stock for $35.9 million, including commissions paid, at an average price paid of $67.77 per share. As of September 30, 2024, $464.1 million remains available under the May 2024 Program.

Cash Requirements

We believe that our cash and cash equivalents and future cash flow from operations will be sufficient to fund our operating expenses and capital expenditure requirements for at least the next twelve months and into the foreseeable future based on our current operating plan. Our material cash requirements include the following contractual obligations:

Debt

As of September 30, 2024, we had $2,872.5 million of fixed rate debt principal outstanding, including the $690.0 million of 2025 Convertible Notes that mature in December 2025. Future interest payments associated with the outstanding debt total $655.5 million, with $98.2 million payable within twelve months.

Contingent Liabilities

As of September 30, 2024, the fair value of contingent liabilities to potentially be paid out in cash was $40.3 million, with $21.0 million payable within twelve months. As of September 30, 2024, the maximum amount of contingent liabilities to potentially be paid out in cash was $57.9 million, with $21.0 million payable within twelve months.

Critical Accounting Estimates

Our discussion and analysis of our historical financial condition and results of operations for the periods described is based on our audited consolidated financial statements, and our accompanying unaudited condensed consolidated financial statements, each of which have been prepared in accordance with U.S. GAAP. The preparation of these historical financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions and judgments in certain circumstances that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP and does not require management's judgment in its application, while in other cases, significant judgment is required in selecting among available alternative accounting standards the allow different accounting treatment for similar transactions. We consider these policies requiring significant management judgment to be critical accounting policies, which are:

- Revenue recognition;
- Business combinations and the valuation of acquired assets and liabilities;
- Impairment assessments;
- Useful lives of equipment for lease, property, plant and equipment, residual commission buyouts, capitalized customer acquisition costs, and intangible assets; and
- Income taxes.

There have been no material changes to our critical accounting estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023 except for the release of the valuation allowance against deferred tax assets and related impact on the TRA liability. See Note 13 of the unaudited condensed consolidated financial statements for additional details.

We have provided a summary of our significant accounting policies in Note 1 in the notes to the accompanying unaudited condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments are subject to risks relating to interest rates.

As of September 30, 2024, we had $2,872.5 million of fixed rate debt principal outstanding with a fair value of $3,088.1 million. Since these notes bear interest at fixed rates, they do not result in any risk associated with changes in interest rates. However, the fair value of these notes can fluctuate as interest rates change. We may be subject to interest rate risk at the time of refinancing any fixed rate debt.

We also have a Revolving Credit Facility available to us with available borrowing capacity of $450.0 million. We are obligated to pay interest on loans under the Revolving Credit Facility as well as other customary fees, including an upfront fee and an unused commitment fee based on our debt rating. Borrowings under the Revolving Credit Facility, if any, bear interest at floating rates. As a result, we are exposed to risks related to fluctuations in interest rates to the extent it impacts our borrowings. As of September 30, 2024 and December 31, 2023, we had no amounts outstanding under the Revolving Credit Facility. See “Liquidity and Capital Resources” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2. of this Quarterly Report and Note 11 to the accompanying unaudited condensed consolidated financial statements for more information.

ITEM 4. CONTROLS AND PROCEDURES

Limitations on Effectiveness of Disclosure Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Our material legal proceedings are described in Part I, Item 1 of this Quarterly Report in the notes to Condensed Consolidated Financial Statements in Note 15, "Commitments and Contingencies."

ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks described under the heading "Risk Factors" in Part I, Item 1A. of our 2023 Form 10-K, the other information in this Quarterly Report, including our unaudited condensed consolidated financial statements and the related notes, as well as our other public filings with the SEC, before deciding to invest in our Class A common stock. There have been no material changes to the Company's risk factors previously disclosed in our 2023 Form 10-K, other than the below. The occurrence of any of the events described therein could harm our business, financial condition, results of operations, liquidity or prospects. In such an event, the market price of our Class A common stock could decline, and you may lose all or part of your investment.

Restrictions on Shift4's dealings with Vectron may delay the implementation of our acquisition strategy and could adversely impact our results of operations.

On June 14, 2024, we acquired a majority stake in Vectron. Based in Germany, Vectron is a supplier of POS systems to the restaurant and hospitality verticals, and we believe provides us with local product expertise and a European distribution network of POS resellers. Under German law, we are subject to certain restrictions in our dealings with Vectron. Until a Domination and/or Profit and Loss Transfer Agreement ("DPLTA") is established, we will not have control over the day-to-day operations of Vectron. These restrictions could delay the implementation of our strategy and may adversely impact our results of operations. There can be no assurance that a DPLTA will be established.

If Shift4 enters into a DPLTA with Vectron, the Company may be subject to certain risks that could adversely affect its business, financial condition or results of operations.

We intend to enter into a DPLTA with Vectron and its minority shareholders. According to the applicable provisions of the German Stock Corporation Act, under a DPLTA, we would be obligated to compensate any annual net loss of Vectron. Furthermore, each remaining minority Vectron shareholder would have the option to either:

- Remain a Vectron shareholder and receive an adequate fixed or variable annual guaranteed dividend in the case of a domination agreement, or annual recurring compensation in the case of a profit and loss transfer agreement, as stipulated by the German Stock Corporation Act.
- Receive adequate exit compensation in exchange for their Vectron shares, in accordance with the provisions of the German Stock Corporation Act.

Vectron shareholders choosing the first option may later elect the second option for as long as the offer for the exit compensation remains open. Our obligation to pay an adequate fixed or variable annual guaranteed dividend or annual recurring compensation could result in a continuous payment obligation that may be higher than the dividends otherwise distributed to Vectron's shareholders.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (in millions)
July 1, 2024 through July 31, 2024	298,488	$ 66.97	298,488	$ 464.1
August 1, 2024 through August 31, 2024	—	—	—	464.1
September 1, 2024 through September 30, 2024	—	—	—	464.1
Total	298,488			

(a) On May 8, 2024, our Board authorized a stock repurchase program, pursuant to which we were authorized to repurchase up to $500.0 million of our Class A common stock through December 31, 2025, subject to the terms of the program, market conditions, contractual restrictions and other factors. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases depending on market conditions and corporate needs, subject to the terms of the program. Open market repurchases will be structured to occur within the pricing and volume requirements of Rule 10b-18 under the Exchange Act. We may also, from time to time, enter into Rule 10b5-1 trading arrangements under the Exchange Act to facilitate repurchases of its shares of common stock under this authorization. This program does not obligate us to acquire any new particular amount of common stock. The program replaces any and all prior repurchase programs, and the program may be extended, modified, suspended or discontinued at any time at our Board's discretion.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) Disclosure in lieu of reporting on a Current Report on Form 8-K.

None.

(b) Material changes to the procedures by which security holders may recommend nominees to the board of directors.

None.

(c) Insider trading arrangements and policies.

On September 5, 2024, James Whalen, our Chief Accounting Officer, entered into a trading plan pursuant to Rule 10b5-1 of the Exchange Act. Mr. Whalen's Rule 10b5-1 trading plan provides for the sale from time to time of a maximum of 22,561 shares of our Class A common stock pursuant to the terms of the plan. Mr. Whalen's Rule 10b5-1 trading plan expires on November 25, 2025, or earlier if all transactions under the trading arrangement are completed. The trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c).

Other than as described above, during the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

The following is a list of exhibits filed as part of this Quarterly Report.

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Shift4 Payments, Inc.	S-8	333-239042	4.1	06/09/2020	
3.2	Amended and Restated By-Laws of Shift4 Payments, Inc.	S-8	333-239042	4.2	06/09/2020	
4.1	Specimen Stock Certificate evidencing the shares of Class A common stock.	S-1/A	333-238307	4.1	06/01/2020	
4.2	Indenture, by and among Shift4 Payments, LLC, Shift4 Payments Finance Sub, Inc. the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, dated October 29, 2020 (and Form of Global Note).	8-K	001-39313	4.1	10/29/2020	
4.3	Indenture, dated as of December 7, 2020, between Shift4 Payments, Inc. and U.S. Bank National Association, as trustee (and Form of Global Note).	8-K	001-39313	4.1	12/07/2020	
4.4	Indenture, dated as of July 26, 2021, between Shift4 Payments, Inc. and U.S. Bank National Association, as trustee (and Form of Global Note).	8-K	001-39313	4.1	07/26/2021	
4.5	Fourth Supplemental Indenture dated March 16, 2022, 4.625% Senior Notes due 2026.	10-Q	001-39313	4.5	05/06/2022	
4.6	Indenture, dated as of August 15, 2024, among the Issuers, the subsidiary guarantors named on the signature pages thereto and U.S. Bank Trust Company, National Association, as trustee (and Form of Global Note).	8-K	001-39313	4.1	08/15/2024	
10.1	Settlement Line Credit Agreement, dated as of September 30, 2024, by and between Shift4 Payments, LLC, as the borrower, and Citizens Bank, N.A., as the lender.					***
10.2	Second Amended and Restated First Lien Credit Agreement, dated as of September 5, 2024, by and among Shift4 Payments, LLC, as the borrower, the lenders and issuing banks party thereto and Goldman Sachs Bank USA, as administrative agent and collateral agent.	8-K	001-39313	10.1	09/10/2024	
31.1	Certification of Registrant's Chief Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Certification of Registrant's Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Certification of Registrant's Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Certification of Registrant's Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002.					**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					*
104	Cover Page Interactive Data File (formatting as Inline XBRL and contained in Exhibit 101).					*

* Filed herewith.

** Furnished herewith.

*** Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company undertakes to furnish supplemental copies of any of the omitted schedules or similar attachments upon request by the SEC.

SIGNATURES

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

Shift4 Payments, Inc.

By: */s/ Jared Isaacman*
Jared Isaacman
Chief Executive Officer (principal executive officer)
Date: November 12, 2024

By: */s/ Nancy Disman*
Nancy Disman
Chief Financial Officer (principal financial officer)
Date: November 12, 2024

By: */s/ James Whalen*
James Whalen
Chief Accounting Officer (principal accounting officer)
Date: November 12, 2024