

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): November 16, 2022 (November 16, 2022)



i3 Verticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38532
(Commission
File Number)

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

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

37215
(Zip Code)

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

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

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

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

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

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

Trading Symbol(s)
IIIV

Name of each exchange on which registered
Nasdaq Global Select Market

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

Emerging growth company.

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

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

Item 2.02. Results of Operations and Financial Condition.

On November 16, 2022, i3 Verticals, Inc. (the "Company") issued a press release announcing the results of its operations for the three months and year ended September 30, 2022. A copy of the press release is furnished as Exhibit 99.1 hereto and is hereby incorporated by reference into this Item 2.02.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 16, 2022, Paul Christians was appointed as the Company's Chief Operating Officer.

Mr. Christians previously served as the President of the Public Sector Division of the Company since May 2019. Mr. Christians has also served as CEO of Pace Payments Systems, Inc. ("Pace"), a wholly-owned subsidiary of the Company, since May 2019. Prior to joining the Company, Mr. Christians served as the Chairman and CEO of Pace and CEO of all Pace's wholly-owned subsidiaries from October 2009 when Pace was acquired by the Company in May 2019. Prior to serving at Pace, Mr. Christians was the Chairman and CEO of Prime Office Products ("Prime") and CEO of all of Prime's wholly-owned subsidiaries from May 1999 to September 2005 when Prime was sold to Staples, Inc. Mr. Christians holds a Bachelor of Arts from Iowa State University.

In connection with Mr. Christians's appointment, the Board granted Mr. Christians (i) 25,000 performance stock units (the "PSUs"), and (ii) 5,000 time-based vesting restricted stock ("RSUs"), subject to the terms and conditions of the Company's 2018 Equity Incentive Plan and the applicable award agreements. The PSUs vest based upon the attainment of certain earnings per share growth targets over a five year period and the RSUs vest in four equal annual installments on each anniversary of the grant date subject to Mr. Christians's continued service with the Company.

There are no arrangements or understandings between Mr. Christians and any other persons pursuant to which he was selected as the Company's Chief Operating Officer. There are no family relationships between Mr. Christians and any director or executive officer of the Company, and Mr. Christians has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

Effective as of November 16, 2022, the Board adopted amended and restated bylaws of the Company (the bylaws, as so amended and restated, the "Amended and Restated Bylaws") in connection with the new Securities and Exchange Commission rules regarding universal proxy cards, certain recent changes to the General Corporation Law of the State of Delaware (the "DGCL"), and a periodic review of the bylaws.

The Amended and Restated Bylaws, among other things:

- Enhance the existing procedural mechanics and disclosure requirements in connection with stockholder nominations of directors and submission of stockholder proposals made in connection with annual and special meetings of stockholders, including, without limitation, as follows:
 - Requiring additional disclosures, representations and acknowledgments from nominating or proposing stockholders, proposed nominees and other persons associated with nominating or proposing stockholders, including regarding compliance with new Rule 14a-19 under the Securities Exchange Act of 1934, as amended, with respect to nominating stockholders;
 - Providing that the number of nominees proposed by stockholders submitting a nomination notice may not exceed the number of directors to be elected at the relevant meeting of stockholders; and
 - Requiring that any stockholder directly or indirectly soliciting proxies from other stockholders use a proxy card color other than white (white is reserved for exclusive use by the Board);
 - Modify the provisions relating to lists of stockholders entitled to vote at a meeting of stockholders to reflect recent amendments to the DGCL; and
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- Make various other updates, including ministerial and conforming changes. The foregoing summary of the amendments effected by the Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by reference to the complete text of the Amended and Restated Bylaws, which are filed as Exhibit 3.1 hereto and are incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

The Company has also prepared a supplemental presentation (the "Supplemental Presentation") containing certain supplemental financial information for the three months and year ended September 30, 2022. A copy of the Supplemental Presentation is furnished as Exhibit 99.2 hereto and is hereby incorporated by reference into this Item 7.01. A copy of the Supplemental Presentation is also available on the Investors section of the Company's website.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits:*

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amended and Restated Bylaws of i3 Verticals, Inc., as amended and restated on November 16, 2022
99.1	Press release issued by i3 Verticals, Inc. on November 16, 2022
99.2	Supplemental Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

Date: November 16, 2022

i3 VERTICALS, INC.

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

AMENDED AND RESTATED BYLAWS

OF

i3 VERTICALS, INC.

Effective as of November 16, 2022

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ARTICLE I.
MEETINGS OF STOCKHOLDERS

Section 1.01 **Place of Meetings.** Meetings of stockholders of i3 Verticals, Inc., a Delaware corporation (the “*Corporation*”; and such stockholders, the “*Stockholders*”), may be held at any place, within or without the State of Delaware, as may be designated by the board of directors of the Corporation (the “*Board of Directors*”). In the absence of such designation, meetings of Stockholders shall be held at the principal executive office of the Corporation. The Board of Directors may, in its sole discretion, determine that a meeting of Stockholders shall not be held at any place, but may instead be held solely by means of remote communication authorized by and in accordance with Section 211(a) of the General Corporation Law of the State of Delaware (“*DGCL*”).

Section 1.02 **Annual Meetings.** The annual meeting of Stockholders shall be held for the election of directors at such date and time as may be designated by resolution of the Board of Directors from time to time. Any other business as may be properly brought before the annual meeting may be transacted at the annual meeting. The Board of Directors may postpone, reschedule or cancel any annual meeting of Stockholders previously scheduled by the Board of Directors.

Section 1.03 **Special Meetings.** Special meetings of Stockholders for any purpose or purposes may be called only by the chairperson of the Board of Directors (the “*Chairperson*”), a majority of the Board of Directors or the Chief Executive Officer. Special meetings validly called in accordance with this Section 1.03 of these amended and restated bylaws (as the same may be further amended, restated, amended and restated or otherwise modified from time to time, these “*Bylaws*”) may be held at such date and time as specified in the applicable notice. Business transacted at any special meeting of Stockholders shall be limited to the purposes stated in the notice. The Corporation may postpone, reschedule or cancel any special meeting of Stockholders previously scheduled by the Chairperson or Board of Directors.

Section 1.04 **Notice of Meetings.** Whenever Stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which Stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the Stockholders entitled to vote at the meeting (if such date is different from the record date for Stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the Amended and Restated Certificate of Incorporation of the Corporation effective as of June 25, 2018 (as the same may be further amended, restated, amended and restated or otherwise modified from time to time, the “*Certificate of Incorporation*”) or these Bylaws, the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each Stockholder entitled to vote at the meeting as of the record date for determining the Stockholders entitled to notice of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the Stockholder at such Stockholder’s address as it appears on the records of the Corporation.

Section 1.05 **Adjournments.** Any meeting of Stockholders, annual or special, may be adjourned from time to time by the chairperson of the meeting (or by the Stockholders in accordance with Section 1.06) to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof and the means of remote communications, if any, by which Stockholders or proxy holders may be deemed present and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken or are provided in any manner permitted by the DGCL. At the adjourned

meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each Stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of Stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix the record date for determining Stockholders entitled to notice of such adjourned meeting as provided in Section 1.09(a) of these Bylaws, and shall give notice of the adjourned meeting to each Stockholder of record as of the record date so fixed for notice of such adjourned meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the Stockholder at such Stockholder's address as it appears on the records of the Corporation.

Section 1.06 **Quorum.** Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, at each meeting of Stockholders the presence or participation in person or by remote communication, if applicable, or by proxy of the holders of a majority in voting power of the outstanding shares of capital stock of the Corporation ("**Stock**") entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum for the transaction of business. In the absence of a quorum, then either (i) the chairperson of the meeting or (ii) a majority in voting power of the Stockholders entitled to vote thereon, present in person, or by remote communication, if applicable, or represented by proxy, shall have the power to adjourn the meeting from time to time in the manner provided in Section 1.05 of these Bylaws until a quorum is present or represented. Shares of Stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote shares of Stock held by it in a fiduciary capacity. Where a separate vote by a class or classes or series of Stock is required by law or the Certificate of Incorporation, the holders of a majority in voting power of the shares of such class or classes or series of Stock issued and outstanding and entitled to vote on such matter, present in person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum entitled to take action with respect to the vote on such matter. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

Section 1.07 **Organization.** Meetings of Stockholders shall be presided over by the Chairperson or by such other officer or director of the Corporation as designated by the Board of Directors or the Chairperson. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.08 **Voting; Proxies.** (a) Each Stockholder entitled to vote at any meeting of Stockholders shall be entitled to the number of votes, if any, for each share of Stock held of record by such Stockholder which has voting power upon the matter in question that is set forth in the Certificate of Incorporation or provided by law. Voting at meetings of Stockholders need not be by written ballot. In all director elections, the nominee for election as director shall be elected by a plurality of the votes cast. Except as otherwise required by law, the Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock), these Bylaws or any law, rule or regulation applicable to the Corporation or its securities, at each meeting of Stockholders at which a quorum is present, all other corporate actions to be taken by vote of the Stockholders shall be authorized by the affirmative vote of at least a majority of the voting power of the Stock present in person (or by means of remote communication, if applicable) or represented by proxy and entitled to vote on the subject matter, and where a separate vote by a class or series is present, such act shall be authorized by the affirmative vote of at least a majority of the voting power of the Stock of such class or series or classes or series.

present in person (or by means of remote communication, if applicable) or represented by proxy and entitled to vote on the subject matter.

(b) Each Stockholder entitled to vote at a meeting of Stockholders may authorize another person or persons to act for such Stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A Stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person (or by means of remote communication, if applicable) or by delivering to the Secretary a revocation of the proxy or a new proxy bearing a later date.

Section 1.09 Fixing Date for Determination of Stockholders of Record.

(a) In order that the Corporation may determine the Stockholders entitled to notice of any meeting of Stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the Stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining Stockholders entitled to notice of or to vote at a meeting of Stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of Stockholders of record entitled to notice of or to vote at a meeting of Stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for determination of Stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for Stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of Stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the Corporation may determine the Stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of Stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than sixty (60) days prior to such action. If no such record date is fixed, the record date for determining Stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 1.10 List of Stockholders Entitled to Vote. The Corporation shall prepare, no later than the tenth (10th) day before each meeting of Stockholders, a complete list of the Stockholders entitled to vote at the meeting (provided, however, if the record date for determining the Stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the Stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order, and showing the address of each Stockholder and the number of shares registered in the name of each Stockholder as of the record date (or such other date). Such list shall be open to the examination of any Stockholder, for any purpose germane to the meeting for a period of ten (10) days ending on the day before the date of the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business

hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to Stockholders. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the Stockholders entitled to examine the list of Stockholders required by this Section 1.10 or to vote in person (or by means of remote communication, if applicable) or by proxy at any meeting of Stockholders. Nothing contained in this Section 1.10 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list of stockholders.

Section 1.11 **Inspectors of Election.** The Corporation may, and shall if required by law, in advance of any meeting of Stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of Stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of Stock outstanding and the voting power of each such share, (ii) determine the shares of Stock represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of Stock represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of Stockholders, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.12 **Conduct of Meetings.** The date and time of the opening and the closing of the polls for each matter upon which the Stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting designated in accordance with Section 1.07 of these Bylaws. After the polls close, no ballots, proxies or votes or any revocations or changes thereto may be accepted. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of Stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of Stockholders shall have the right and authority to convene and (for any reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to Stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of Stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by

the Board of Directors or the person presiding over the meeting, meetings of Stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.13 **Notice of Stockholder Business and Nominations.**

(a) *Annual Meetings of Stockholders.*

(i) Nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the Stockholders may be made at an annual meeting of Stockholders only (A) pursuant to the Corporation's notice of meeting (or any supplement thereto), (B) by or at the direction of the Board of Directors or a majority of the independent directors thereof or (C) by any Stockholder who was a Stockholder of record at the time the notice provided for in this Section 1.13 is delivered to the Secretary, who is entitled to vote at the meeting and who complies with the procedures and other requirements set forth in this Section 1.13.

(ii) For any nominations or other business to be properly brought before an annual meeting by a Stockholder pursuant to Section 1.13(a)(i)(C) of these Bylaws, the Stockholder must have given timely notice thereof in writing to the Secretary and any such proposed business (other than the nominations of persons for election to the Board of Directors) must constitute a proper matter for Stockholder action. To be timely, a Stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the ninetieth (90th) day, nor earlier than the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, or if no annual meeting was held in the preceding year, in each case, notice by the Stockholder must be so delivered not earlier than the one hundred twentieth (120th) day prior to such annual meeting and not later than the later of the ninetieth (90th) day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall an adjournment, recess, rescheduling or postponement of an annual meeting for which notice has been given, commence a new time period (or extend any time period) for the giving of a Stockholder's notice as described above. To be in proper form, such Stockholder's notice must:

(A) as to each person whom the Stockholder proposes to nominate for election as a director of the Corporation, set forth (I) as to each proposed nominee (1) such person's name, age, business address and, if known, residence address, (2) such person's principal occupation or employment, (3) the class and series and number of shares of Stock that are, directly or indirectly, owned, beneficially or of record, by such person, (4) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among (x) the Stockholder, the beneficial owner, if any, on whose behalf the nomination is being made and the respective affiliates and associates of, or others acting in concert with, such Stockholder and such beneficial owner, on the one hand, and (y) each proposed nominee, and his or her respective affiliates and associates, or others acting in concert with such nominee(s), on the other hand, including all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*") if the Stockholder making the nomination and any beneficial owner on whose behalf the nomination is made or any affiliate or associate thereof or person acting in concert therewith were the "registrant" for purposes of such Item and the proposed nominee were a director or executive officer of such registrant, (II) all other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election

contest, or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Exchange Act, and the rules and regulations promulgated thereunder, and (III) such person's written consent to being named as a nominee for director in the Corporation's proxy statement and other proxy materials relating to such election of directors and, if elected, serving as a director of the Corporation;

(B) with respect to each nominee for election or reelection to the Board of Directors, include the completed and signed questionnaire, representation and agreement required by Section 1.14 of these Bylaws (which shall be provided to a Stockholder promptly following a request therefor);

(C) as to any other business that the Stockholder proposes to bring before the meeting, set forth a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such Stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(D) as to the Stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, set forth (I) the name and address of such Stockholder, as they appear on the Corporation's books, and of such beneficial owner, (II) the class or series and number of shares of Stock which are owned, directly or indirectly, beneficially and of record by such Stockholder and such beneficial owner, (III) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such Stockholder and/or such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, including, in the case of a nomination, the nominee, (IV) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the Stockholder's notice by, or on behalf of, such Stockholder and such beneficial owners, whether or not such instrument or right shall be subject to settlement in underlying shares of Stock, the effect or intent of which is to mitigate loss to, manage risk or benefit from share price changes for, or increase or decrease the voting power of, such Stockholder or such beneficial owner, with respect to securities of the Corporation, (V) any proxy, contract, arrangement, understanding, or relationship pursuant to which the Stockholder and/or beneficial owner has a right to vote, directly or indirectly, any shares of any security of the Corporation, (VI) a representation that the Stockholder is a holder of record of Stock entitled to vote at such meeting and intends to appear in person (or by means of remote communication, if applicable) or by proxy at the meeting to propose such business or nomination, (VII) a representation that the Stockholder or the beneficial owner, if any, intends to or is part of a group which intends to (x) with respect to a stockholder proposal, deliver a proxy statement and/or form of proxy to holders of at least the percentage of outstanding Stock required to approve or adopt the proposal, (y) with respect to a director nomination, solicit proxies or votes in support of director nominees other than the Corporation's director nominees in accordance with Rule 14a-19 promulgated under the Exchange Act (including Rule 14a-19(a)(2) and Rule 14a-19(a)(3)), and/or (z) otherwise to solicit proxies or votes from Stockholders in support of such proposal or nomination (it being understood that any solicitation of proxies in support of a director nomination other than the Corporation's director nominees shall be conducted in accordance with Rule 14a-19 promulgated under the Exchange Act), (VIII) any other information relating to such Stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the

rules and regulations promulgated thereunder, and (IX) a representation as to the accuracy of the information set forth in the notice.

The foregoing notice requirements of this Section 1.13(a) shall be deemed satisfied by a Stockholder with respect to business other than a nomination for election as a director of the Corporation if the Stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with Rule 14a-8 promulgated under the Exchange Act and such Stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee for election as a director of the Corporation to furnish such other information as the Corporation may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation. A Stockholder shall not have complied with this Section 1.13(a)(ii), and his or her nominees and business proposals shall be disregarded, if the Stockholder (or beneficial owner, if any, on whose behalf the nomination is made) solicits or does not solicit, as the case may be, proxies or votes in support of such Stockholder's nominee or business proposal in contravention of the representations with respect thereto required by this Section 1.13(a)(ii).

(i) Notwithstanding anything in the second sentence of Section 1.13(a)(ii) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board of Directors at the annual meeting is increased effective after the time period for which nominations would otherwise be due under Section 1.13(a)(ii) of these Bylaws and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a Stockholder's notice required by this Section 1.13 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders.* Except to the extent required by law, special meetings of Stockholders may be called only in accordance with Section 1.03 of these Bylaws. Only such business shall be conducted at a special meeting of Stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of Stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting only (1) by or at the direction of the Board of Directors or a majority of the independent directors thereof or (2) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any Stockholder who is a Stockholder of record at the time the notice provided for in this Section 1.13 is delivered to the Secretary, who is entitled to vote at the meeting and who complies with the procedures and other requirements set forth in this Section 1.13 (including Section 1.13(a)(ii)). In the event the Corporation calls a special meeting of Stockholders for the purpose of electing one or more directors to the Board of Directors, any such Stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the Stockholder delivers a notice that includes all of the information required by Section 1.13(a)(ii) of these Bylaws (including the completed and signed questionnaire, representation and agreement required by Section 1.14 of these Bylaws and any other information, documents, affidavits, or certifications required by the Corporation) to the Secretary at the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. In no event shall an adjournment, recess, rescheduling or postponement

for which notice has been given, of a special meeting commence a new time period (or extend any time period) for the giving of a Stockholder's notice as described above.

(c) *General.*

(iii) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.13 shall be eligible to be elected at an annual or special meeting of Stockholders to serve as directors and only such business shall be conducted at a meeting of Stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.13. Except as otherwise provided by law, the chairperson of the meeting shall have the power and duty (A) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures and other requirements set forth in this Section 1.13 (including whether the Stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made or solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies or votes in support of such Stockholder's nominee or proposal in compliance with such Stockholder's representation as required by Section 1.13(a)(ii)(D)(VI) of these Bylaws) and (B) if any proposed nomination or business was not made or proposed in compliance with this Section 1.13, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 1.13 and notwithstanding that the proposal or nomination is set forth in the notice of meeting or other proxy materials, unless otherwise required by law or except as otherwise determined by the chairperson of the meeting, if the Stockholder (or a qualified representative of the Stockholder) does not appear at the annual or special meeting of Stockholders to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies or votes in respect of such nomination or proposed business may have been received by the Corporation. For purposes of this Section 1.13, to be considered a qualified representative of the Stockholder, a person must be a duly authorized officer, manager or partner of such Stockholder or must be authorized by a writing executed by such Stockholder or an electronic transmission delivered by such Stockholder to act for such Stockholder as proxy at the meeting of Stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of Stockholders.

(iv) For purposes of this Section 1.13, "*public announcement*" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or other national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(v) Notwithstanding the foregoing provisions of this Section 1.13, a Stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 1.13, including, without limitation, Rule 14a-19 promulgated under the Exchange Act; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 1.13 (including clause (a)(i)(C) hereof and clause (b) hereof), and compliance with clauses (a)(i)(C) and (b) of this Section 1.13 shall be the exclusive means for a Stockholder to make nominations or submit other business at a Stockholder meeting (other than business brought properly under and in compliance with Rule 14a-8 promulgated under the Exchange Act, as may be amended from time to time). Nothing in this Section 1.13 shall be deemed to affect any rights (x) of Stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (y) of the holders of any

series of preferred stock of the Corporation (“*Preferred Stock*”) to elect directors pursuant to any applicable provisions of the Certificate of Incorporation. Except as otherwise required by law, nothing in this Section 1.13 shall obligate the Corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the Corporation or the Board of Directors information with respect to any nominee for director or any proposal submitted by a stockholder.

(vi) A Stockholder shall promptly update and supplement its notice of any nomination or other business proposed to be brought before a meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 1.13 shall be true, correct and complete in all material respects (including disclosure of all material facts necessary to make the statements made, in light of the circumstances under which they were made not misleading) (i) as of the record date for the meeting, (ii) as of the date that is 10 business days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof, and (iii) with respect to the representation required pursuant to Section 1.13(a)(ii)(D)(VII), as of immediately prior to the meeting or any adjournment, recess, rescheduling or postponement thereof. Such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven business days prior to the date for the meeting, if practicable (or, if not practicable, on the first practicable date prior to the meeting), or any adjournment, recess, rescheduling or postponement thereof (in the case of the update and supplement required to be made as of 10 business days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof); it being understood that providing any such update and supplement shall not be deemed to cure any defect or limit the Corporation’s right to omit a director nominee from its form of proxy as provided in this Section 1.13.

(vii) The number of nominees a Stockholder may nominate for election at the annual meeting or a special meeting at which directors are to be elected (or in the case of one or more Stockholders giving the notice on behalf of a beneficial owner, the number of nominees such Stockholders may collectively nominate for election at such meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such meeting, and no Stockholder shall be entitled to make additional or substitute nominations following the expiration of the time periods set forth in Section 1.13(a) or Section 1.13(b), as applicable.

(viii) If any Stockholder provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act with respect to any proposed nominee and subsequently fails to comply with the requirements of Rule 14a-19(a)(2) or Rule 14a-19(a)(3) promulgated under the Exchange Act (or fails to timely provide documentation reasonably satisfactory to the Corporation that such Stockholder has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act in accordance with the following sentence), then the nomination shall be disregarded and no vote on the election of such proposed nominee shall occur, notwithstanding that the nomination is set forth in the notice of meeting or other proxy materials and notwithstanding that proxies or votes in respect of the election of such proposed nominee may have been received by the Corporation (which proxies and votes shall be disregarded). Upon request by the Corporation, if any Stockholder provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such Stockholder shall deliver to the Secretary, no later than five business days prior to the applicable meeting date, documentation reasonably satisfactory to the Corporation that the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act have been satisfied.

(ix) Any Stockholder directly or indirectly soliciting proxies from other Stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

Section 1.14 **Submission of Questionnaire, Representation and Agreement.** To be eligible to be a nominee for election or reelection as a director of the Corporation, the candidate for nomination must have previously delivered (in accordance with the time periods prescribed for delivery of notice under Section 1.13 of these Bylaws and applicable law, including Rule 14a-19 promulgated under the Exchange Act), to the Secretary at the principal executive offices of the Corporation, (a) a completed written questionnaire (in a form provided by the Corporation) with respect to the background, qualifications, stock ownership and independence of such proposed nominee and (b) a written representation and agreement (in form provided by the Corporation) that such candidate for nomination (i) is not and, if elected as a director during his or her term of office, will not become a party to (A) any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "**Voting Commitment**") or (B) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a director of the Corporation, with such proposed nominee's fiduciary duties under applicable law, (ii) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director that has not been disclosed to the Corporation, (iii) will, if elected as a director of the Corporation, comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director of the Corporation (and, if requested by any candidate for nomination, the Secretary shall provide to such candidate for nomination all such policies and guidelines then in effect) and (iv) intends, if elected as a director of the Corporation, to serve the full term of the directorship.

ARTICLE II.
BOARD OF DIRECTORS

Section 2.01 **Number; Tenure; Qualifications.** Subject to the Certificate of Incorporation and the rights of holders of any series of Preferred Stock to elect directors, the total number of directors constituting the entire Board of Directors shall consist of between three (3) and fifteen (15) Directors and be fixed from time to time exclusively by resolutions adopted by the Board of Directors. Each director shall hold office until such time as provided in the Certificate of Incorporation. Directors need not be Stockholders.

Section 2.02 **Election; Resignation; Vacancies.** Except as otherwise provided in the Certificate of Incorporation or these Bylaws, directors shall be elected at the annual meeting of Stockholders by such Stockholders as have the right to vote on such election. Any director may resign at any time upon written or electronic notice to the Corporation. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event. Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock then outstanding, unless the Board of Directors otherwise determines, newly created directorships resulting from any increase in the authorized number of directors or any vacancies on the Board of Directors resulting from the death, resignation, retirement, disqualification, removal from office or other cause shall be filled only by a majority in voting power of the directors then in office and entitled to vote thereon. Any director so chosen shall be appointed for a term expiring at the next election of directors and shall remain in office until his successor shall be elected and qualified.

Section 2.03 **Regular Meetings.** Regular meetings of the Board of Directors may be held at such places, if any, within or without the State of Delaware and at such times as the Board of Directors may from time to time determine; provided, that any director who is absent when such a determination is made shall be given notice of the determination.

Section 2.04 **Special Meetings**. Special meetings of the Board of Directors may be held at any time or place, if any, within or without the State of Delaware whenever called by the Chairperson, the Chief Executive Officer or a majority of the directors then in office. Notice to directors of the date, place and time of any special meeting of the Board of Directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice may be given in person, by mail or by e-mail, telephone, telecopier or other means of electronic transmission. If the notice is delivered in person, by e-mail, telephone, telecopier or other means of electronic transmission, it shall be delivered or sent at least twenty-four (24) hours before the time of holding of the meeting. If the notice is sent by mail, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 2.05 **Telephonic Meetings Permitted**. Members of the Board of Directors may participate in any meetings of the Board of Directors thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 2.05 shall constitute presence in person at such meeting.

Section 2.06 **Quorum; Vote Required for Action**. At all meetings of the Board of Directors a majority of the total number of directors then in office shall constitute a quorum for all purposes; provided that in no event shall a quorum be less than one-third of the total number of authorized directorships. Except in cases in which the Certificate of Incorporation, these Bylaws or applicable law otherwise provides, a majority of the votes entitled to be cast by the directors present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors.

Section 2.07 **Organization**. Meetings of the Board of Directors shall be presided over by the Chairperson, or in his or her absence by the person whom the Chairperson shall designate, or in the absence of the foregoing persons by a chairperson chosen at the meeting by the affirmative vote of a majority of the directors present at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.08 **Action by Unanimous Consent of Directors**. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or such committee in accordance with applicable law. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action shall be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

Section 2.09 **Compensation of Directors**. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary or other compensation as a director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving

compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings. Any director of the Corporation may decline any or all such compensation payable to such director in his or her discretion.

Section 2.10 **Chairperson.** The Board of Directors may appoint from its members a Chairperson of the Board of Directors. The Board of Directors may, in its sole discretion, from time to time appoint one or more vice chairpersons (each, a "**Vice Chairperson**") each of whom as such shall report directly to the Chairperson.

ARTICLE III. COMMITTEES

Section 3.01 **Committees.** The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of any committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Except as otherwise provided in the Certificate of Incorporation, these Bylaws, or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee. Except as otherwise provided in the Certificate of Incorporation, these Bylaws, or the resolution of the Board of Directors designating the committee (or resolution of the committee designating the subcommittee, if applicable), a majority of the directors then serving on a committee or subcommittee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee or subcommittee present at a meeting at which a quorum is present shall be the act of the committee or subcommittee. Special meetings of any committee of the Board of Directors may be held at any time or place, if any, within or without the State of Delaware whenever called by the Chairperson of such committee or a majority of the members of such committee.

Section 3.02 **Committee Rules.** Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV. OFFICERS

Section 4.01 **Officers.** The officers of the Corporation may consist of a chief executive officer (the "**Chief Executive Officer**"), a chief financial officer (the "**Chief Financial Officer**"), a chief operating officer (the "**Chief Operating Officer**"), a general counsel ("**General Counsel**"), a president (the "**President**"), one or more executive vice presidents (each, a "**Executive Vice President**"), one or more senior vice presidents (each, a "**Senior Vice President**"), a Secretary (the "**Secretary**"), a treasurer (the "**Treasurer**"), a controller (the "**Controller**") and such other officers with such other titles as the Board of Directors may from time to time determine, each of whom shall be appointed by the Board of Directors, each to have such authority, functions or duties as set forth in these Bylaws or as determined by the Board of

Directors. Each officer shall be chosen by the Board of Directors and shall hold office for such term as may be prescribed by the Board of Directors and until such person's successor shall have been duly chosen and qualified, or until such person's earlier death, disqualification, resignation or removal. The Board of Directors, in its discretion, from time to time may determine not to appoint one or more of the officers identified in the first sentence of this Section 4.01 or to leave such officer position vacant. Any number of offices may be held by the same person.

Section 4.02 **Removal, Resignation and Vacancies.** Any officer of the Corporation may be removed, with or without cause, by the Board of Directors, without prejudice to the rights, if any, of such officer under any contract to which it is a party. Any officer may resign at any time upon written or electronic notice to the Corporation, without prejudice to the rights, if any, of the Corporation under any contract to which such officer is a party. If any vacancy occurs in any office of the Corporation, the Board of Directors may appoint a successor to fill such vacancy for the remainder of the unexpired term and until a successor shall have been duly chosen and qualified or until such officer's earlier death, resignation, disqualification or removal.

Section 4.03 **Chief Executive Officer.** The Chief Executive Officer shall have general supervision and direction of the business and affairs of the Corporation, shall be responsible for corporate policy and strategy, and shall report directly to the Board of Directors. Unless otherwise provided in these Bylaws, all other officers of the Corporation shall report directly to the Chief Executive Officer or as otherwise determined by the Chief Executive Officer.

Section 4.04 **Chief Financial Officer.** The Chief Financial Officer shall exercise all the powers and perform the duties of the office of the chief financial officer and in general have overall supervision of the financial operations of the Corporation. The Chief Financial Officer shall have the power to affix the signature of the Corporation to all contracts that have been authorized by the Board of Directors or the Chief Executive Officer. The Chief Financial Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as such officer may agree with the Chief Executive Officer or as the Board of Directors may from time to time determine.

Section 4.05 **Chief Operating Officer.** The Chief Operating Officer shall exercise all the powers and perform the duties of the office of the chief operating officer and shall be responsible for the management and control of the operations of the Corporation. The Chief Operating Officer shall have the power to affix the signature of the Corporation to all contracts that have been authorized by the Board of Directors or the Chief Executive Officer. The Chief Operating Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as such officer may agree with the Chief Executive Officer or as the Board of Directors may from time to time determine.

Section 4.06 **General Counsel.** The General Counsel shall be the principal legal officer of the Corporation and exercise all the powers and perform the duties of the office of the general counsel and shall be responsible for the general direction of and supervision over the legal affairs of the Corporation and advising the Board of Directors and the officers of the Corporation on all legal matters. The General Counsel shall have the power to affix the signature of the Corporation to all contracts that have been authorized by the Board of Directors or the Chief Executive Officer. The General Counsel shall perform such other duties as such officer may agree with the Chief Executive Officer or as the Board of Directors may from time to time determine.

Section 4.07 **President.** The President shall have such powers and duties as shall be prescribed by the Chief Executive Officer. The President shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as such officer may agree with the Chief Executive Officer or as the Board of Directors may from time to time determine.

Section 4.08 **Executive Vice President and Senior Vice President.** Each Executive Vice President and Senior Vice President shall have such powers and duties as shall be prescribed by his or her superior officer or the Chief Executive Officer. Each Executive Vice President and Senior Vice President shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as such officer may agree with the Chief Executive Officer or as the Board of Directors may from time to time determine. In accordance with Sections 4.01 and 4.13 of these Bylaws, the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and/or the President may, in his, her or their discretion, from time to time appoint one or more Executive Vice Presidents or Senior Vice Presidents of the Corporation and/or assistant vice presidents of the Corporation (each, an "**Assistant Vice President**").

Section 4.09 **Treasurer.** The Treasurer shall supervise and be responsible for all the funds and securities of the Corporation, the deposit of all moneys and other valuables to the credit of the Corporation in depositories of the Corporation, borrowings and compliance with the provisions of all indentures, agreements and instruments governing such borrowings to which the Corporation is a party, the disbursement of funds of the Corporation and the investment of its funds, and in general shall perform all of the duties incident to the office of the Treasurer. The Treasurer shall report to the Chief Financial Officer and, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as such officer may agree with the Chief Executive Officer, the Chief Financial Officer or as the Board of Directors may from time to time determine. In accordance with Sections 4.01 and 4.13 of these Bylaws, the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and/or the President may, in his, her or their discretion, from time to time appoint one or more assistant treasurers of the Corporation (each, an "**Assistant Treasurer**").

Section 4.10 **Controller.** The Controller shall report to the Chief Financial Officer and, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as such officer may agree with the Chief Executive Officer or the Chief Financial Officer or as the Board of Directors may from time to time determine.

Section 4.11 **Secretary.** The powers and duties of the Secretary are: (i) to act as Secretary at all meetings of the Board of Directors, of the committees of the Board of Directors and of the Stockholders and to record the proceedings of such meetings in a book or books to be kept for that purpose; (ii) to see that all notices required to be given by the Corporation are duly given and served; (iii) to act as custodian of the seal of the Corporation and affix the seal or cause it to be affixed to all certificates of Stock and to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws; (iv) to have charge of the books, records and papers of the Corporation and see that the reports, statements and other documents required by law to be kept and filed are properly kept and filed; and (v) to perform all of the duties incident to the office of Secretary. The Secretary shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as such officer may agree with the Chief Executive Officer or as the Board of Directors may from time to time determine. In accordance with Sections 4.01 and 4.13 of these Bylaws, the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and/or the President may, in his, her or their discretion, from time to time appoint one or more assistant secretaries of the Corporation (each, an "**Assistant Secretary**").

Section 4.12 **Appointing Attorneys and Agents; Voting Securities of Other Entities.** Unless otherwise provided by resolution adopted by the Board of Directors, the Chairperson, any Vice Chairperson, the Chief Executive Officer, the Chief Financial Officer or the General Counsel may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to (a) cast the votes which the

Corporation may be entitled to cast as the holder of stock or other securities in any other corporation or other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation or other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consents, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper and (b) exercise the rights of the Corporation in its capacity as a general partner of a partnership or in its capacity as a managing member of a limited liability company as to which the Corporation, in such capacity, is entitled to exercise pursuant to the applicable partnership agreement or limited liability company operating agreement, including without limitation to take or refrain from taking any action, or to consent in writing, in each case in the name of the Corporation as such general partner or managing member, to any action by such partnership or limited liability company, and may instruct the person or persons so appointed as to the manner of taking such actions or giving such consents, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper. Unless otherwise provided by resolution adopted by the Board of Directors, any of the rights set forth in this Section 4.12 which may be delegated to an attorney or agent may also be exercised directly by the Chairperson, a Vice Chairperson, the Chief Executive Officer, the Chief Financial Officer or the General Counsel.

Section 4.13 **Additional Matters.** The Chief Executive Officer, the Chief Financial Officer, the General Counsel and the President shall have the authority to designate employees of the Corporation to have the title of Executive Vice President, Senior Vice President, Assistant Vice President, Assistant Treasurer or Assistant Secretary. Any employee so designated shall have the powers and duties determined by the officer making such designation. A person designated as an Executive Vice President, Senior Vice President, Assistant Vice President, Assistant Treasurer or Assistant Secretary shall not be deemed to be an officer of the Corporation for the purposes of Article VI of these Bylaws unless the Board of Directors has adopted a resolution approving such person in such capacity as an officer of the Corporation (including by means of direct appointment by the Board of Directors pursuant to Section 4.01 of these Bylaws).

ARTICLE V. STOCK

Section 5.01 **Certificates.** The shares of Stock shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of Stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of Stock represented by certificates shall be entitled to have a certificate, in such form as may be prescribed by law, representing the number of shares held by such holder registered in certificate form. Each such certificate shall be signed in a manner that complies with Section 158 of the DGCL.

Section 5.02 **Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates.** The Corporation may issue a new certificate for shares of Stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VI.
INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 6.01 **Right to Indemnification.** The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law (including as it presently exists or may hereafter be amended), any person (a "**Covered Person**") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (any such action, suit or proceeding, a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer (as defined by Rule 16a-1 promulgated under the Exchange Act) of the Corporation or, while a director or officer (as defined by Rule 16a-1 promulgated under the Exchange Act) of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, limited liability company, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plan, against all liability and loss suffered (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) and expenses reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.03 of these Bylaws, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors.

Section 6.02 **Advancement of Expenses.** The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VI or otherwise.

Section 6.03 **Claims.** If a claim for indemnification under this Article VI (following the final disposition of such proceeding) is not paid in full within sixty (60) days after the Corporation has received a claim therefor by the Covered Person, or if a claim for any advancement of expenses under this Article VI is not paid in full within thirty (30) days after the Corporation has received a statement or statements requesting such amounts to be advanced, the Covered Person shall thereupon (but not before) be entitled to file suit to recover the unpaid amount of such claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Covered Person shall be entitled to be paid the expense of prosecuting or defending such claim to the fullest extent permitted by law. In any such action, the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law. In (i) any suit brought by the Covered Person to enforce a right to indemnification hereunder (but not a suit brought by that Covered Person to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Covered Person has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its Stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Covered Person is proper in the circumstances because the Covered Person has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its Stockholders) that the Covered Person has not met

such applicable standard of conduct, shall create a presumption that the Covered Person has not met the applicable standard of conduct or, in the case of such a suit brought by the Covered Person, be a defense to such suit. In any suit brought by the Covered Person to enforce a right to indemnification or to an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Covered Person is not entitled to be indemnified, or to such advancement of expenses, under this Article VI or otherwise shall be on the Corporation.

Section 6.04 **Non-exclusivity of Rights**. The rights conferred on any Covered Person by this Article VI shall not be exclusive of any other rights which such Covered Person may have or hereafter acquires under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of Stockholders or disinterested directors or otherwise.

Section 6.05 **Amendment or Repeal**. Any right to indemnification or to advancement of expenses of any Covered Person arising hereunder shall not be eliminated or impaired by an amendment to or repeal of these Bylaws after the occurrence of the act or omission that is the subject of the proceeding for which indemnification or advancement of expenses is sought.

Section 6.06 **Other Indemnification and Advancement of Expenses**. This Article VI shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

Section 6.07 **Nature of Rights**. The rights conferred upon Covered Persons in this Article VI shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be a director or executive officer and shall inure to the benefit of the Covered Person's heirs, executors and administrators.

Section 6.08 **Insurance**. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

ARTICLE VII. MISCELLANEOUS

Section 7.01 **Fiscal Year**. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 7.02 **Seal**. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.03 **Manner of Notice**.

(a) *Notice by Electronic Transmission*. Without limiting the manner by which notice otherwise may be given effectively to Stockholders pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice to Stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the Stockholder to whom the notice is given. Any such consent shall be revocable by the Stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (1) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (2) such inability becomes known to the Secretary or an

Assistant Secretary of the Corporation or the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given (a) if by facsimile telecommunication, when directed to a number at which the Stockholder has consented to receive notice; (b) if by electronic mail, when directed to an electronic mail address at which the Stockholder has consented to receive notice; (c) if by a posting on an electronic network together with separate notice to the Stockholder of such specific posting, upon the later of (i) such posting and (ii) the giving of such separate notice; and (d) if by any other form of electronic transmission, when directed to the Stockholder.

An affidavit of the Secretary or an Assistant Secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

For the purposes of these Bylaws, an "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, 1 or more electronic networks or databases (including 1 or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

(b) *Notice to Stockholders Sharing an Address.* Without limiting the manner by which notice otherwise may be given effectively to Stockholders, and except as prohibited by applicable law, any notice to Stockholders given by the Corporation under any provision of applicable law, the Certificate of Incorporation, or these Bylaws shall be effective if given by a single written notice to Stockholders who share an address if consented to by the Stockholders at that address to whom such notice is given. Any such consent shall be revocable by the Stockholder by written notice to the Corporation. Any Stockholder who fails to object in writing to the Corporation, within sixty (60) days of having been given written notice by the Corporation of its intention to send the single notice permitted under this Section 7.03, shall be deemed to have consented to receiving such single written notice.

Section 7.04 **Waiver of Notice of Meetings of Stockholders, Directors and Committees.** Whenever notice is required to be given under any provision of the DGCL or the Certificate of Incorporation or by these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Stockholders, directors or members of a committee of directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Bylaws.

Section 7.05 **Form of Records.** Without limiting the provisions of Section 224 of the DGCL, any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time.

Section 7.06 **Amendment of Bylaws.** These Bylaws may be altered, amended or repealed, and new bylaws made, only by the affirmative vote of (a) directors constituting a majority of the total number of authorized directorships or (b) Stockholders representing at least a majority of the votes eligible to be cast by the Stockholders entitled to vote thereon.



i3 VERTICALS REPORTS FOURTH QUARTER AND FULL FISCAL YEAR 2022 FINANCIAL RESULTS
Introduces 2023 Outlook

NASHVILLE, Tenn. (November 16, 2022) – i3 Verticals, Inc. (Nasdaq: IIVV) (“i3 Verticals” or the “Company”) today reported its financial results for the fiscal fourth quarter and year ended September 30, 2022.

Highlights for the fiscal fourth quarter and full fiscal year of 2022 vs. 2021

- Fourth quarter revenue was \$85.3 million, an increase of 26.9% over the prior year’s fourth quarter; full year revenue was \$317.9 million, an increase of 41.8% over the prior year.
- Fourth quarter net loss was \$4.4 million, compared to a net loss of \$1.9 million in the prior year’s fourth quarter. Net loss for the year ended September 30, 2022, was \$23.2 million, compared to a net loss of \$7.8 million for the year ended September 30, 2021.
- Fourth quarter net loss attributable to i3 Verticals, Inc. was \$3.5 million; full year net loss attributable to i3 Verticals, Inc. was \$17.1 million.
- Fourth quarter adjusted EBITDA¹ was \$21.7 million, an increase of 27.4% over the prior year’s fourth quarter. Adjusted EBITDA¹ for the year ended September 30, 2022, was \$79.5 million, an increase of 43.6% over the prior year.
- Adjusted EBITDA¹ as a percentage of revenue was 25.0% for the year ended September 30, 2022, compared to 24.7% for the year ended September 30, 2021.
- Fourth quarter diluted net loss per share available to Class A common stock was \$0.15, compared to a net loss per share of \$0.05 in the prior year’s fourth quarter; full year diluted net loss per share available to Class A common stock was \$0.77, compared to a net loss per share of \$0.22 in the prior year.
- For the fourth quarter and year ended September 30, 2022, pro forma adjusted diluted earnings per share¹, which gives pro forma effect to the Company’s tax rate, was \$0.39 and \$1.48, respectively, compared to \$0.33 and \$1.05 for the fourth quarter and year ended September 30, 2021, respectively.
- Annualized Recurring Revenue (“ARR”)² for the fourth quarter of 2022 and 2021 was \$281.2 million and \$210.8 million, respectively, representing a period-to-period growth rate of 33.4%.
- Software and related services revenue³ as a percentage of total revenue was 49% and 39% for the years ended September 30, 2022 and 2021, respectively. Payments revenue as a percentage of total revenue was 45% and 53% for the years ended September 30, 2022 and 2021, respectively.
- As of September 30, 2022, our consolidated interest coverage ratio was 8.17x, total leverage ratio was 3.68x and consolidated senior leverage ratio was 2.24x. These ratios are defined in our Senior Secured Credit Facility.
- As previously announced in our press release dated October 4, 2022, the Company completed the acquisition of a business within the Company’s Public Sector vertical which is a leading provider of enterprise software solutions for the motor carrier and motor vehicle markets in the U.S. and Canada. The aggregate purchase price was approximately \$85.0 million in cash.

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

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Greg Daily, Chairman and CEO of i3 Verticals, commented, "We are pleased to report a great quarter and an excellent finish to fiscal 2022. Revenue and adjusted EBITDA set records every single quarter this year. Year-over-year growth in revenue and adjusted EBITDA exceeded 25% every quarter, and recurring sources of revenue grew more than 30%. We are pleased with our performance in fiscal 2022 which we believe will carry over into fiscal 2023.

"We previously announced an \$85 million acquisition effective October 1. We anticipate that this business will be the next exciting growth engine in the Public Sector, particularly given the synergies it offers with our existing BIS business. These two companies give us a comprehensive set of solutions serving transportation departments in the United States and Canada and have already begun to see the benefits of this expanded platform as we reply to RFPs. Led by our Public Sector vertical, we expect strong recurring revenue growth will continue to compound with additional strategic acquisition activity in fiscal 2023.

"Finally, I want to congratulate Paul Christians and Chris Laisure on their promotions to Chief Operating Officer and President – Public Sector, respectively. We look forward to their continued leadership and positive impact on our business results and company culture."

2023 Outlook

The Company's practice is to provide annual guidance, excluding future acquisitions and transaction-related costs. The Company is providing the following outlook for the fiscal year ending September 30, 2023:

(in thousands, except share and per share amounts)

	Outlook Range			
	Fiscal year ending September 30, 2023			
Revenue	\$	360,000	-	\$ 380,000
Adjusted EBITDA (non-GAAP)	\$	94,000	-	\$ 102,000
Cash interest expense	\$	19,000	-	\$ 22,000
Pro forma adjusted diluted earnings per share ⁽¹⁾ (non-GAAP)	\$	1.50	-	\$ 1.62

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

With respect to the "2023 Outlook" above, adjusted EBITDA and pro forma adjusted diluted earnings per share guidance to the closest corresponding GAAP measure on a forward-looking basis is not available without unreasonable efforts. This inability results from the inherent difficulty in forecasting generally and quantifying certain projected amounts that are necessary for such reconciliations. In particular, sufficient information is not available to calculate certain adjustments required for such reconciliations, including changes in the fair value of contingent consideration, income tax expense of i3 Verticals, Inc. and equity-based compensation expense. The Company expects these adjustments may have a potentially significant impact on future GAAP financial results.

Conference Call

The Company will host a conference call on Thursday, November 17, 2022, at 8:30 a.m. ET, to discuss financial results and operations. To listen to the call live via telephone, participants should dial (844) 887-9399 approximately 10 minutes prior to the start of the call. A telephonic replay will be available from 11:30 a.m. ET on November 17, 2022, through November 28, 2022, by dialing (877) 344-7529 and entering Confirmation Code 9785901.

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

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Non-GAAP Measures

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

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

About i3 Verticals

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

Forward-Looking Statements

This release contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact or relating to present facts or current conditions included in this release are forward-looking statements, including any statements regarding the Company's fiscal 2023 financial outlook and statements of a general economic or industry specific nature. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, guidance, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "could have," "exceed," "significantly," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

The forward-looking statements contained in this release are based on assumptions that we have made in light of the Company's industry experience and its perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you review and consider information presented herein, you should understand that these statements are not guarantees of future performance or results. They depend upon future events and are subject to risks, uncertainties (many of which are beyond the Company's control) and assumptions. Factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include, among other things: future economic conditions, including the impact of inflation and rising interest rates, competition in our industry and our ability to compete effectively, and regulatory developments, the COVID-19 pandemic, the successful integration of acquired businesses, and future decisions made by us and our competitors. All of these factors are difficult or impossible to predict accurately and many of them are beyond our control. For a further list and description of these and other important risks and uncertainties that may affect our future operations, see Part I, Item 1A - Risk Factors in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which we may update in Part II, Item 1A - Risk Factors in Quarterly Reports on Form 10-Q we have filed or will file hereafter.

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

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

	Three months ended September 30,			Year ended September 30,		
	2022	2021	% Change	2022	2021	% Change
	(unaudited)	(unaudited)		(unaudited)		
Revenue	\$ 85,250	\$ 67,177	27%	\$ 317,862	\$ 224,124	42%
Operating expenses						
Other costs of services	20,477	16,662	23%	73,367	57,706	27%
Selling general and administrative	50,912	42,103	21%	193,790	134,872	44%
Depreciation and amortization	7,601	6,480	17%	29,424	24,418	21%
Change in fair value of contingent consideration	(959)	1,305	(173)%	23,725	7,140	n/m
Total operating expenses	78,031	66,550	17%	320,306	224,136	43%
Income (loss) from operations	7,219	627	1,051%	(2,444)	(12)	20,267%
Other expenses						
Interest expense, net	4,477	2,708	65%	14,775	9,799	51%
Other expense (income)	991	(242)	n/m	991	(2,595)	n/m
Total other expenses	5,468	2,466	122%	15,766	7,204	119%
Income (loss) before income taxes	1,751	(1,839)	(195)%	(18,210)	(7,216)	152%
Provision for income taxes	6,161	107	n/m	5,007	623	n/m
Net loss	(4,410)	(1,946)	127%	(23,217)	(7,839)	196%
Net loss attributable to non-controlling interest	(937)	(1,464)	(36)%	(6,115)	(3,382)	81%
Net loss attributable to i3 Verticals	\$ (3,473)	\$ (482)	621%	\$ (17,102)	\$ (4,457)	284%
Net income (loss) per share available to Class A common stock:						
Basic	\$ (0.15)	\$ (0.02)		\$ (0.77)	\$ (0.21)	
Diluted	\$ (0.15)	\$ (0.05)		\$ (0.77)	\$ (0.22)	
Weighted average shares of Class A common stock outstanding:						
Basic	22,645,755	21,991,340		22,249,656	20,994,598	
Diluted	22,645,755	32,220,482		22,249,656	31,714,191	

n/m = not meaningful

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i3 Verticals, Inc. Financial Highlights
(Unaudited)
(\$ in thousands, except per share amounts)

	Three months ended September 30,			Year ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Adjusted EBITDA ⁽¹⁾	\$ 21,739	\$ 17,057	27%	\$ 79,544	\$ 55,407	44%
Pro forma adjusted diluted earnings per share ⁽¹⁾	\$ 0.39	\$ 0.33	18%	\$ 1.48	\$ 1.05	41%

1. Represents a non-GAAP financial measure. For additional information (including reconciliation information), see the attached schedules to this release.

i3 Verticals, Inc. Supplemental Volume Information
(Unaudited)
(\$ in thousands)

	Three months ended September 30,		Year ended September 30,	
	2022	2021	2022	2021
Payment volume ⁽¹⁾	\$ 6,074,648	\$ 5,597,890	\$ 22,637,325	\$ 18,797,907

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

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

	For the Three Months Ended September 30, 2022			
	Merchant Services	Software and Services	Other	Total
Revenue	\$ 33,410	\$ 51,827	\$ 13	\$ 85,250
Income (loss) from operations	\$ 6,746	\$ 12,923	\$ (12,450)	\$ 7,219
Payment volume	\$ 5,470,056	\$ 604,592	\$ —	\$ 6,074,648
	For the Year Ended September 30, 2022			
	Merchant Services	Software and Services	Other	Total
Revenue	\$ 124,481	\$ 193,402	\$ (21)	\$ 317,862
Income (loss) from operations	\$ 24,595	\$ 20,003	\$ (47,042)	\$ (2,444)
Payment volume	\$ 20,488,530	\$ 2,148,795	\$ —	\$ 22,637,325
	For the Three Months Ended September 30, 2021			
	Merchant Services	Software and Services	Other	Total
Revenue	\$ 30,740	\$ 36,942	\$ (505)	\$ 67,177
Income (loss) from operations	\$ 6,546	\$ 5,958	\$ (11,877)	\$ 627
Payment volume	\$ 4,978,080	\$ 619,810	\$ —	\$ 5,597,890
	For the Year Ended September 30, 2021			
	Merchant Services	Software and Services	Other	Total
Revenue	\$ 111,870	\$ 114,433	\$ (2,179)	\$ 224,124
Income (loss) from operations	\$ 21,652	\$ 16,207	\$ (37,871)	\$ (12)
Payment volume	\$ 17,138,214	\$ 1,659,693	\$ —	\$ 18,797,907

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

	September 30, 2022 (unaudited)	September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 3,490	\$ 3,641
Accounts receivable, net	53,334	38,500
Settlement assets	7,540	4,768
Prepaid expenses and other current assets	19,445	11,214
Total current assets	83,809	58,123
Property and equipment, net	5,670	5,902
Restricted cash	12,735	9,522
Capitalized software, net	52,341	41,371
Goodwill	353,639	292,243
Intangible assets, net	195,919	171,706
Deferred tax asset	43,458	49,992
Operating lease right-of-use assets	17,678	14,479
Other assets	5,063	8,462
Total assets	\$ 770,312	\$ 651,800
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable	9,342	7,865
Accrued expenses and other current liabilities	57,833	50,815
Settlement obligations	7,540	4,768
Deferred revenue	31,975	29,862
Current portion of operating lease liabilities	4,568	3,201
Total current liabilities	111,258	96,511
Long-term debt, less current portion and debt issuance costs, net	287,020	200,605
Long-term tax receivable agreement obligations	40,812	39,122
Operating lease liabilities, less current portion	13,994	11,960
Other long-term liabilities	9,540	14,011
Total liabilities	462,624	362,209
Commitments and contingencies		
Stockholders' equity		
Preferred stock, par value \$0.0001 per share, 10,000,000 shares authorized; 0 shares issued and outstanding as of September 30, 2022 and 2021	—	—
Class A common stock, par value \$0.0001 per share, 150,000,000 shares authorized; 22,986,448 and 22,026,098 shares issued and outstanding as of September 30, 2022 and 2021, respectively	2	2
Class B common stock, par value \$0.0001 per share, 40,000,000 shares authorized; 10,118,142 and 10,229,142 shares issued and outstanding as of September 30, 2022 and 2021, respectively	1	1
Additional paid-in-capital	241,958	211,237
Accumulated deficit	(23,582)	(6,480)
Total stockholders' equity	218,379	204,760
Non-controlling interest	89,309	84,831
Total equity	307,688	289,591
Total liabilities and equity	\$ 770,312	\$ 651,800

-MORE-

I3 Verticals, Inc. Consolidated Cash Flow Data
(\$ in thousands)

	Year ended September 30,	
	2022	2021
	(unaudited)	
Net cash provided by operating activities	\$ 45,846	\$ 44,533
Net cash used in investing activities	\$ (113,045)	\$ (149,306)
Net cash provided by financing activities	\$ 73,033	\$ 102,103

Reconciliation of GAAP to Non-GAAP Financial Measures

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

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

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

	Three months ended September 30,		Year ended September 30,	
	2022	2021	2022	2021
Net loss	\$ (3,473)	\$ (482)	\$ (17,102)	\$ (4,457)
Net loss attributable to non-controlling interest	(937)	(1,464)	(6,115)	(3,382)
Non-GAAP Adjustments:				
Provision for income taxes	6,161	107	5,007	623
Financing-related expenses ⁽¹⁾	—	—	13	152
Non-cash change in fair value of contingent consideration ⁽²⁾	(959)	1,305	23,725	7,140
Equity-based compensation ⁽³⁾	6,550	8,166	26,230	20,860
Acquisition-related expenses ⁽⁴⁾	1,071	254	2,088	2,319
Acquisition intangible amortization ⁽⁵⁾	6,155	5,337	24,129	19,954
Non-cash interest expense ⁽⁶⁾	1,483	1,394	5,795	5,450
Other taxes ⁽⁷⁾	257	226	508	531
Other expenses (income) related to adjustments of liabilities under tax receivable agreement ⁽⁸⁾	991	(496)	991	(496)
Net loss (gain) on sale of investments ⁽⁹⁾	—	253	—	(2,100)
Non-GAAP pro forma adjusted income before taxes	17,299	14,600	65,269	46,594
Pro forma taxes at effective tax rate ⁽¹⁰⁾	(4,325)	(3,650)	(16,317)	(11,649)
Pro forma adjusted net income⁽¹¹⁾	\$ 12,974	\$ 10,950	\$ 48,952	\$ 34,945
Cash interest expense, net ⁽¹²⁾	2,994	1,314	8,980	4,349
Pro forma taxes at effective tax rate ⁽¹⁰⁾	4,325	3,650	16,317	11,649
Depreciation, non-acquired intangible asset amortization and internally developed software amortization ⁽¹³⁾	1,446	1,143	5,295	4,464
Adjusted EBITDA	\$ 21,739	\$ 17,057	\$ 79,544	\$ 55,407

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1. Financing-related expenses includes expenses directly related to certain transactions as part of financing transactions.
2. Non-cash change in fair value of contingent consideration reflects the changes in management's estimates of future cash consideration to be paid in connection with prior acquisitions from the amount estimated as of the later of the most recent balance sheet date forming the beginning of the income statement period or the original estimates made at the closing of the applicable acquisition.
3. Equity-based compensation expense related to stock options and restricted stock units issued under the Company's 2018 Equity Incentive Plan and 2020 Acquisition Equity Incentive Plan.
4. Acquisition-related expenses are the professional service and related costs directly related to the Company's acquisitions and are not part of its core performance.
5. Acquisition intangible amortization reflects amortization of intangible assets and software acquired through business combinations, acquired customer portfolios, acquired referral agreements and related asset acquisitions.
6. Non-cash interest expense reflects amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
7. Other taxes consist of franchise taxes, commercial activity taxes, the employer portion of payroll taxes related to stock option exercises and other non-income based taxes. Taxes related to salaries are not included.
8. Under our Tax Receivable Agreement we have a liability equal to 85% of certain deferred tax assets resulting from an increase in the tax basis of our investment in i3 Verticals, LLC. Other expenses related to adjustments of liabilities under our Tax Receivable Agreement relate to the remeasurement of the underlying deferred tax asset for changes in estimated income tax rates.
9. When the Company becomes aware of an observable price change in an investment, such as a planned third party acquisition of the entity underlying the investment, we will adjust the carry value of the investment, which the Company recognizes in other income.
10. Pro forma corporate income tax expense is based on Non-GAAP adjusted income before taxes and is calculated using tax rates of 25.0% for 2022 and 2021, based on blended federal and state tax rates.
11. Pro forma adjusted net income assumes that all net income during the period is available to the holders of the Company's Class A common stock.
12. Cash interest expense, net represents all interest expense net of interest income recorded on the Company's statement of operations other than non-cash interest expense, which represents amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
13. Depreciation, non-acquired intangible asset amortization and internally developed software amortization reflects depreciation on the Company's property, plant and equipment, net, and amortization expense on its internally developed capitalized software.

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

(Unaudited)

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

	Three months ended September 30,				Year ended September 30,			
	2022		2021		2022		2021	
Diluted net loss available to Class A common stock per share	\$	(0.15)	\$	(0.05)	\$	(0.77)	\$	(0.22)
Pro forma adjusted diluted earnings per share ⁽¹⁾	\$	0.39	\$	0.33	\$	1.48	\$	1.05
Pro forma adjusted net income ⁽²⁾	\$	12,974	\$	10,950	\$	48,952	\$	34,945
Pro forma weighted average shares of adjusted diluted Class A common stock outstanding ⁽³⁾		33,618,854		33,517,066		33,100,182		33,191,924

1. Pro forma adjusted diluted earnings per share is calculated using pro forma adjusted net income and the pro forma weighted average shares of adjusted diluted Class A common stock outstanding.
2. Pro forma adjusted net income assumes that all net income during the period is available to the holders of the Company's Class A common stock. Further, pro forma adjusted diluted earnings per share assumes that all Common Units in i3 Verticals, LLC and the associated non-voting Class B common stock were exchanged for Class A common stock at the beginning of the period on a one-for-one basis.
3. Pro forma weighted average shares of adjusted diluted Class A common stock outstanding include 10,118,142 and 10,170,668 weighted average outstanding shares of Class A common stock issuable upon the exchange of Common Units in i3 Verticals, LLC and 854,957 and 679,858 shares of unvested Class A common stock and options for the three months and year ended September 30, 2022, respectively. Pro forma weighted average shares of adjusted diluted Class A common stock outstanding include 10,229,142 and 10,719,593 outstanding shares of Class A common stock issuable upon the exchange of Common Units in i3 Verticals, LLC and 1,296,584 and 1,477,733 shares of unvested Class A common stock and options for the for the three months and year ended September 30, 2021, respectively.

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VERTICALS

Q4 Fiscal 2022
Supplemental Information

Revenue Composition

(\$ in thousands)	Quarter Ended						
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Software and related service revenue							
SaaS ⁽¹⁾	\$ 8,833	\$ 8,450	\$ 7,899	\$ 6,310	\$ 6,173	\$ 6,107	\$ 5,832
Transaction-based ⁽²⁾	3,137	3,253	2,642	2,325	2,081	2,144	1,393
Maintenance ⁽³⁾	5,600	5,720	5,672	5,897	5,776	5,644	2,849
Recurring software services ⁽⁴⁾	10,945	10,768	11,107	10,311	3,237	3,587	3,952
Professional services ⁽⁵⁾	8,492	8,743	8,251	9,386	9,086	7,630	3,371
Software licenses	3,485	2,072	3,401	2,109	2,375	1,707	561
Total	\$ 40,492	\$ 39,006	\$ 38,972	\$ 36,338	\$ 28,728	\$ 26,819	\$ 17,758
Year-over-year growth	41%	45%	119%				
Payments revenue							
	\$ 39,775	\$ 36,683	\$ 34,528	\$ 33,466	\$ 33,510	\$ 32,223	\$ 28,337
Year-over-year growth	19%	14%					
Other revenue							
Recurring ⁽⁶⁾	\$ 2,001	\$ 1,792	\$ 1,780	\$ 1,802	\$ 1,923	\$ 1,516	\$ 1,166
Other	2,982	3,072	2,840	2,333	3,016	2,571	1,936
Total	\$ 4,983	\$ 4,864	\$ 4,620	\$ 4,135	\$ 4,939	\$ 4,087	\$ 3,102
Year-over-year growth	1%	19%	49%				
Total revenue							
	\$ 85,250	\$ 80,553	\$ 78,120	\$ 73,939	\$ 67,177	\$ 63,129	\$ 49,197
Recurring revenue⁽⁷⁾							
	\$ 70,291	\$ 66,666	\$ 63,628	\$ 60,111	\$ 52,700	\$ 51,221	\$ 43,329
Annualized Recurring Revenue "ARR"⁽⁸⁾							
Software and related service revenue	\$ 114,060	\$ 112,764	\$ 109,280	\$ 99,372	\$ 69,068	\$ 69,928	\$ 55,304
Payments revenue	159,100	146,732	138,112	133,864	134,040	128,892	113,348
Other revenue	8,004	7,168	7,120	7,208	7,692	6,064	4,664
Total ARR	\$ 281,164	\$ 266,664	\$ 254,512	\$ 240,444	\$ 210,800	\$ 204,884	\$ 173,316
Year-over-year growth	33%	30%	47%				

Annualized Recurring Revenue (“ARR”)

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

Q4 Fiscal 2022 GAAP Measures

The following is our Income (loss) from operations for the three and twelve months ended September 30, 2022 and 2021 calculated in accordance with GAAP. The presentation also includes references to the Company's non-GAAP financials measures. The Company believes that, in addition to the financial measures calculated in accordance with GAAP, adjusted EBITDA and adjusted net income (loss) are appropriate indicators to assist in the evaluation of its operating performance on a period-to-period basis. The Company also uses adjusted EBITDA internally as a performance measure for planning purposes, including forecasting and for calculations of earnout liabilities. Adjusted EBITDA is also used to evaluate the Company's ability to service debt. These non-GAAP financial measures presented throughout should be considered as a supplement to, not a substitute for, revenue, income from operations, net income, or other financial performance and liquidity measures prepared in accordance with GAAP.

(\$ in thousands)	Three months ended September 30, 2022				Three months ended September 30, 2021			
	Merchant Services	Software and Services	Other	Total	Merchant Services	Software and Services	Other	Total
Income (loss) from operations	\$ 6,746	\$ 12,923	\$ (12,450)	\$ 7,219	\$ 6,546	\$ 5,958	\$ (11,877)	\$ 627

(\$ in thousands)	Year ended September 30, 2022				Year ended September 30, 2021			
	Merchant Services	Software and Services	Other	Total	Merchant Services	Software and Services	Other	Total
Income (loss) from operations	\$ 24,595	\$ 20,003	\$ (47,042)	\$ (2,444)	\$ 21,652	\$ 16,207	\$ (37,871)	\$ (12)

Q4 Fiscal 2022 Segment Performance⁽¹⁾

(\$ in thousands)	Three months ended September 30,		Period over period growth
	2022	2021	
Revenue			
Merchant Services	\$ 33,410	\$ 30,740	9%
Software and Services	51,827	36,942	40%
Other	13	(505)	nm
Total	\$ 85,250	\$ 67,177	27%
Adjusted EBITDA⁽²⁾			
Merchant Services	\$ 9,122	\$ 9,075	1%
Software and Services	17,099	11,062	55%
Other	(4,482)	(3,080)	(46)%
Total	\$ 21,739	\$ 17,057	27%
Volume			
Merchant Services	\$ 5,470,056	\$ 4,978,080	10%
Software and Services	604,592	619,810	(2)%
Total	\$ 6,074,648	\$ 5,597,890	9%



1. 3 Verticals has two segments, "Merchant Services" and "Software and Services." 3 Verticals also has an "Other" category, which includes corporate overhead.
2. Adjusted EBITDA is a non-GAAP financial measure. Refer to the following slides for the reconciliation of non-GAAP financial measures.

Q4 Fiscal 2022 Segment Performance⁽¹⁾

(\$ in thousands)	Years ended September 30,		Period over period growth
	2022	2021	
Revenue			
Merchant Services	\$ 124,481	\$ 111,870	11%
Software and Services	193,402	114,433	69%
Other	(21)	(2,179)	nm
Total	\$ 317,862	\$ 224,124	42%
Adjusted EBITDA⁽²⁾			
Merchant Services	\$ 34,651	\$ 33,162	4%
Software and Services	62,691	35,600	76%
Other	(17,798)	(13,355)	(33)%
Total	\$ 79,544	\$ 55,407	44%
Volume			
Merchant Services	\$ 20,488,530	\$ 17,138,214	20%
Software and Services	2,148,795	1,659,693	29%
Total	\$ 22,637,325	\$ 18,797,907	20%



1. 3 Verticals has two segments, "Merchant Services" and "Software and Services." 3 Verticals also has an "Other" category, which includes corporate overhead.
 2. Adjusted EBITDA is a non-GAAP financial measure. Refer to the following slides for the reconciliation of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures

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

(\$ in thousands)	Three months ended September 30, 2022				Three months ended September 30, 2021			
	Merchant Services	Software and Services	Other	Total	Merchant Services	Software and Services	Other	Total
Income (loss) from operations	\$ 6,746	\$ 12,923	\$ (12,450)	\$ 7,219	\$ 6,546	\$ 5,958	\$ (11,877)	\$ 627
Interest expense, net	—	—	4,477	4,477	—	—	2,708	2,708
Other (income) expense	—	—	991	991	—	—	(242)	(242)
Benefit from income taxes	—	—	6,161	6,161	—	—	107	107
Net income (loss)	6,746	12,923	(24,079)	(4,410)	6,546	5,958	(14,450)	(1,946)
Non-GAAP Adjustments:								
Benefit from income taxes	—	—	6,161	6,161	—	—	107	107
Financing-related expenses ⁽¹⁾	—	—	—	—	—	—	—	—
Non-cash change in fair value of contingent consideration ⁽²⁾	20	(979)	—	(959)	(179)	1,484	—	1,305
Equity-based compensation ⁽³⁾	—	—	6,550	6,550	—	—	8,166	8,166
Acquisition-related expenses ⁽⁴⁾	—	—	1,071	1,071	—	—	254	254
Acquisition intangible amortization ⁽⁵⁾	2,056	4,099	—	6,155	2,387	2,950	—	5,337
Non-cash interest expense ⁽⁶⁾	—	—	1,483	1,483	—	—	1,394	1,394
Other taxes ⁽⁷⁾	11	10	236	257	2	6	218	226
Other expenses related to adjustments of liabilities under Tax Receivable Agreement ⁽⁸⁾	—	—	991	991	—	—	(496)	(496)
Net loss on sale of investment ⁽⁹⁾	—	—	—	—	—	—	253	253
Non-GAAP adjusted income (loss) before taxes	8,833	16,053	(7,587)	17,299	8,756	10,398	(4,554)	14,600
Pro forma taxes at effective tax rate ⁽¹⁰⁾	(2,208)	(4,013)	1,896	(4,325)	(2,188)	(2,600)	1,138	(3,650)
Pro forma adjusted net income (loss) ⁽¹¹⁾	6,625	12,040	(5,691)	12,974	6,568	7,798	(3,416)	10,950
Plus:								
Cash interest expense (income), net ⁽¹²⁾	—	—	2,994	2,994	—	—	1,314	1,314
Pro forma taxes at effective tax rate ⁽¹⁰⁾	2,208	4,013	(1,896)	4,325	2,188	2,599	(1,137)	3,650
Depreciation, non-acquired intangible asset amortization and internally developed software amortization ⁽¹³⁾	289	1,046	111	1,446	319	665	159	1,143
Adjusted EBITDA	\$ 9,122	\$ 17,099	\$ (4,482)	\$ 21,739	\$ 9,075	\$ 11,062	\$ (3,080)	\$ 17,057

Reconciliation of Non-GAAP Financial Measures

1. Financing-related expenses includes expenses directly related to certain transactions as part of financing transactions.
2. Non-cash change in fair value of contingent consideration reflects the changes in management's estimates of future cash consideration to be paid in connection with prior acquisitions from the amount estimated as of the later of the most recent balance sheet date forming the beginning of the income statement period or the original estimates made at the closing of the applicable acquisition.
3. Equity-based compensation expense consisted of \$6,550 related to stock options issued under the Company's 2018 Equity Incentive Plan and 2020 Acquisition Equity Incentive Plan and \$8,166 related to stock options issued under the Company's 2018 Equity Incentive Plan during the three months ended September 30, 2022 and 2021, respectively.
4. Acquisition-related expenses are the professional service and related costs directly related to our acquisitions and are not part of our core performance.
5. Acquisition intangible amortization reflects amortization of intangible assets and software acquired through business combinations, acquired customer portfolios, acquired referral agreements and related asset acquisitions.
6. Non-cash interest expense reflects amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
7. Other taxes consist of franchise taxes, commercial activity taxes, the employer portion of payroll taxes related to stock option exercises and other non-income based taxes. Taxes related to salaries are not included.
8. Under our Tax Receivable Agreement we have a liability equal to 85% of certain deferred tax assets resulting from an increase in the tax basis of our investment in i3 Verticals, LLC. Other expenses related to adjustments of liabilities under our Tax Receivable Agreement relate to the remeasurement of the underlying deferred tax asset for changes in estimated income tax rates.
9. When the Company becomes aware of an observable price change in an investment, such as a planned third party acquisition of the entity underlying the investment, we will adjust the carry value of the investment, which the Company recognizes in other income.
10. Pro forma corporate income tax expense is based on Non-GAAP adjusted income before taxes and is calculated using a tax rate of 25.0% for both 2022 and 2021, based on blended federal and state tax rates.
11. Pro forma adjusted net income assumes that all net income during the period is available to the holders of the Company's Class A common stock.
12. Cash interest expense, net represents all interest expense net of interest income recorded on the Company's statement of operations other than non-cash interest expense, which represents amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
13. Depreciation, non-acquired intangible asset amortization and internally developed software amortization reflects depreciation on the Company's property, plant and equipment, net, and amortization expense on its internally developed capitalized software.

Reconciliation of Non-GAAP Financial Measures

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

(\$ in thousands)	Year ended September 30, 2022				Year ended September 30, 2021			
	Merchant Services	Software and Services	Other	Total	Merchant Services	Software and Services	Other	Total
Income (loss) from operations	\$ 24,595	\$ 20,003	\$ (47,042)	\$ (2,444)	\$ 21,652	\$ 16,207	\$ (37,871)	\$ (12)
Interest expense, net	—	—	14,775	14,775	—	—	9,799	9,799
Other expense	—	—	991	991	—	—	(2,595)	(2,595)
Benefit from income taxes	—	—	5,007	5,007	—	—	623	623
Net income (loss)	24,595	20,003	(67,815)	(23,217)	21,652	16,207	(45,698)	(7,839)
Non-GAAP Adjustments:								
Benefit from income taxes	—	—	5,007	5,007	—	—	623	623
Financing-related expenses ⁽¹⁾	—	—	13	13	—	—	152	152
Non-cash change in fair value of contingent consideration ⁽²⁾	520	23,205	—	23,725	177	6,963	—	7,140
Equity-based compensation ⁽³⁾	—	—	26,230	26,230	—	—	20,860	20,860
Acquisition-related expenses ⁽⁴⁾	—	—	2,088	2,088	—	—	2,319	2,319
Acquisition intangible amortization ⁽⁵⁾	8,333	15,796	—	24,129	10,115	9,839	—	19,954
Non-cash interest expense ⁽⁶⁾	—	—	5,795	5,795	—	—	5,450	5,450
Other taxes ⁽⁷⁾	27	55	426	508	23	34	474	531
Other expenses related to adjustments of liabilities under Tax Receivable Agreement ⁽⁸⁾	—	—	991	991	—	—	(496)	(496)
Net gain on sale of investments ⁽⁹⁾	—	—	—	—	—	—	(2,100)	(2,100)
Non-GAAP adjusted income (loss) before taxes	33,475	59,059	(27,265)	65,269	31,967	33,043	(18,416)	46,594
Pro forma taxes at effective tax rate ⁽¹⁰⁾	(8,369)	(14,765)	6,816	(16,318)	(7,992)	(8,261)	4,604	(11,649)
Pro forma adjusted net income (loss) ⁽¹¹⁾	25,106	44,294	(20,449)	48,951	23,975	24,782	(13,812)	34,945
Plus:								
Cash interest (income) expense, net ⁽¹²⁾	—	—	8,980	8,980	—	—	4,349	4,349
Pro forma taxes at effective tax rate ⁽¹⁰⁾	8,369	14,765	(6,816)	16,318	7,992	8,261	(4,604)	11,649
Depreciation, non-acquired intangible asset amortization and internally developed software amortization ⁽¹³⁾	1,176	3,632	487	5,295	1,195	2,557	712	4,464
Adjusted EBITDA	\$ 34,651	\$ 62,691	\$ (17,798)	\$ 79,544	\$ 33,162	\$ 35,600	\$ (13,355)	\$ 55,407

Reconciliation of Non-GAAP Financial Measures

1. Financing-related expenses includes expenses directly related to certain transactions as part of financing transactions.
2. Non-cash change in fair value of contingent consideration reflects the changes in management's estimates of future cash consideration to be paid in connection with prior acquisitions from the amount estimated as of the later of the most recent balance sheet date forming the beginning of the income statement period or the original estimates made at the closing of the applicable acquisition.
3. Equity-based compensation expense consisted of \$25,163 related to stock options issued under the Company's 2018 Equity Incentive Plan and 2020 Acquisition Equity Incentive Plan and \$20,860 related to stock options issued under the Company's 2018 Equity Incentive Plan during the years ended September 30, 2022 and 2021, respectively.
4. Acquisition-related expenses are the professional service and related costs directly related to our acquisitions and are not part of our core performance.
5. Acquisition intangible amortization reflects amortization of intangible assets and software acquired through business combinations, acquired customer portfolios, acquired referral agreements and related asset acquisitions.
6. Non-cash interest expense reflects amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
7. Other taxes consist of franchise taxes, commercial activity taxes, the employer portion of payroll taxes related to stock option exercises and other non-income based taxes. Taxes related to salaries are not included.
8. Under our Tax Receivable Agreement we have a liability equal to 85% of certain deferred tax assets resulting from an increase in the tax basis of our investment in i3 Verticals, LLC. Other expenses related to adjustments of liabilities under our Tax Receivable Agreement relate to the remeasurement of the underlying deferred tax asset for changes in estimated income tax rates.
9. When the Company becomes aware of an observable price change in an investment, such as a planned third party acquisition of the entity underlying the investment, we will adjust the carry value of the investment, which the Company recognizes in other income.
10. Pro forma corporate income tax expense is based on Non-GAAP adjusted income before taxes and is calculated using a tax rate of 25.0% for both 2022 and 2021, based on blended federal and state tax rates.
11. Pro forma adjusted net income assumes that all net income during the period is available to the holders of the Company's Class A common stock.
12. Cash interest expense, net represents all interest expense net of interest income recorded on the Company's statement of operations other than non-cash interest expense, which represents amortization of debt discount and debt issuance costs and any write-offs of debt issuance costs.
13. Depreciation, non-acquired intangible asset amortization and internally developed software amortization reflects depreciation on the Company's property, plant and equipment, net, and amortization expense on its internally developed capitalized software.

Reconciliation Between GAAP Debt and Covenant Debt

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

(\$ in millions)		As of September 30, 2022
Revolving lines of credit to banks under the Senior Secured Credit Facility	\$	185.0
Exchangeable Notes		104.6
Debt issuance costs, net		<u>(2.6)</u>
Total long-term debt, net of issuance costs	\$	287.0
Non-GAAP Adjustments:		
Discount on Exchangeable Notes ⁽¹⁾	\$	12.4
Exchangeable Notes		<u>104.6</u>
Exchangeable Notes Face Value	\$	117.0
Revolving lines of credit to banks under the Senior Secured Credit Facility	\$	185.0
Exchangeable Notes Face Value		117.0
Less: Cash and Cash Equivalents		<u>(3.5)</u>
Total long-term debt for use in our Total Leverage Ratio	\$	298.5

1. In accordance with Financial Accounting Standards Board Accounting Standards Codification 470-20, Debt with Conversion and Other Options ("ASC 470-20"), convertible debt that may be entirely or partially settled in cash (such as the notes) is required to be separated into a liability and an equity component, such that interest expense reflects the issuer's non-convertible debt interest cost. On the issue date, the value of the exchange option of the notes, representing the equity component was recorded as additional paid-in capital within shareholders' equity and as a discount to the notes, which reduces their initial carrying value. The carrying value of the notes, net of the discount recorded, was accrued up to the principal amount of such notes from the issue date until maturity. ASC 470-20 does not affect the actual amount that the issuer is required to repay. The amount shown in the table above for the discount reflects the debt discount for the value of the exchange option.

