

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

i3 Verticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

7389

(Primary Standard Industrial
Classification Code Number)

82-4052852

(I.R.S. Employer
Identification No.)

40 Burton Hills Blvd., Suite 415
Nashville, TN 37215
(615) 465-4487

(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

Paul Maple
General Counsel and Secretary
40 Burton Hills Blvd., Suite 415
Nashville, TN 37215
(615) 465-4487

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

J. Page Davidson
Jay H. Knight
Bass, Berry & Sims PLC
150 3rd Avenue S., Suite 2800
Nashville, TN 37201
(615) 742-6200

Jonathan H. Talcott
Charles D. Vaughn
Nelson Mullins Riley & Scarborough LLP
101 Constitution Avenue, NW, Suite 900
Washington, DC 20001
(202) 689-2806

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee
Class A common stock, par value \$0.0001 per share	\$	\$

(1) Includes the offering price of any additional shares of Class A common stock that the underwriters have the right to purchase to cover over-allotments.

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.



Shares
Class A Common Stock

We are offering _____ shares of our Class A common stock. We currently estimate that the initial public offering price of our Class A common stock will be between \$ _____ and \$ _____ per share.

This is our initial public offering, and prior to this offering, there has been no public market for our Class A common stock. We have filed an application for our Class A common stock to be listed on the Nasdaq Global Select Market under the symbol "IIVV."

Following this offering, we will have two classes of authorized common stock: Class A common stock and Class B common stock. Each share of our Class A common stock and Class B common stock entitles its respective holder to one vote per share on all matters presented to our stockholders generally. All shares of our Class B common stock will be held by the Continuing Equity Owners (as defined below) and have no economic rights.

We will be a holding company, and upon consummation of this offering and the application of the proceeds, our principal asset will consist of the common units of i3 Verticals, LLC (a) that we purchase directly from i3 Verticals, LLC and certain of the Continuing Equity Owners with the proceeds from this offering and (b) that we acquire from the Former Equity Owners (as defined below) in connection with the consummation of the Reorganization Transactions (as defined below).

Immediately following this offering the investors in this offering will collectively own % of the economic interest in i3 Verticals, Inc. and approximately % of its voting power. i3 Verticals, Inc. will own approximately % of the economic interest in i3 Verticals, LLC and will be its sole managing member. We will operate and control all of the business and affairs of i3 Verticals, LLC and will conduct our business through i3 Verticals, LLC and its subsidiaries.

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, and will be subject to reduced public reporting requirements. This prospectus complies with the requirements that apply to an issuer that is an emerging growth company.

Investing in our Class A common stock involves risk. See "Risk Factors" beginning on page 19.

	Per Share	Total
Initial public offering price	\$	\$
Underwriting discounts and commissions ⁽¹⁾	\$	\$
Proceeds, before expenses	\$	\$

(1) We refer you to the section titled "Underwriting" beginning on page 166 for additional information regarding underwriting compensation.

We have granted to the underwriters an option to purchase up to _____ additional shares of Class A common stock to cover overallotments, if any, exercisable at any time until 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock against payment on _____, 2018.

Cowen

Raymond James

KeyBanc Capital Markets

The date of this prospectus is _____, 2018

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You should rely only on the information contained in this prospectus and in any free writing prospectus that we may provide to you in connection with this offering. Neither we nor any of the underwriters has authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus or any such free writing prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We can provide no assurance as to the reliability of any other information that others may give you. Neither we nor any of the underwriters is making an offer to sell or seeking offers to buy these securities in any jurisdiction where or to any person to whom the offer or sale is not permitted. The information in this prospectus is accurate only as of the date on the front cover of this prospectus, and the information in any free writing prospectus that we may provide you in connection with this offering is accurate only as of the date of such free writing prospectus. Our business, financial condition, results of operations and prospects may have changed since those dates.

PROSPECTUS SUMMARY

This summary highlights information contained in greater detail elsewhere in this prospectus and does not contain all of the information that you should consider before deciding to invest in our Class A common stock. You should read the entire prospectus carefully, including the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Some of the statements in this prospectus constitute forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements." Unless otherwise indicated in this prospectus, "i3 Verticals," "we," "us" and "our" refer (1) before the Reorganization Transactions, as described under "Our Organizational Structure," to i3 Verticals, LLC and, where appropriate, its subsidiaries, and (2) after the Reorganization Transactions to i3 Verticals, Inc. and, where appropriate, its subsidiaries.

Our Company

Recognizing the convergence of software and payments, i3 Verticals was founded in 2012 with the purpose of delivering seamless integrated payment and software solutions to small- and medium-sized businesses ("SMBs") and organizations in strategic vertical markets. Since commencing operations, we have built a broad suite of payment and software solutions that address the specific needs of SMBs and other organizations in our strategic vertical markets, and we believe our suite of solutions differentiates us from our competition. Our primary strategic vertical markets include education, non-profit, public sector, property management and healthcare. These vertical markets are large, growing and tend to have increasing levels of electronic payments adoption compared to other industries. In addition to our strategic vertical markets, we also have a growing presence in the business-to-business ("B2B") payments market. Our executive management team has a proven track record of successfully building publicly-traded payments companies, generating growth both organically and through acquisitions. We processed approximately \$10.3 billion in total payment volume in 2017, growing at a compound annual growth rate ("CAGR") of 67% since 2014.

We distribute our payment technology and proprietary software solutions to our clients through our direct sales force as well as through a growing network of distribution partners, including independent software vendors ("ISVs"), value-added resellers ("VARs"), independent sales organizations ("ISOs") and other referral partners, including financial institutions. Our ISV partners represent a significant distribution channel and enable us to accelerate our market penetration through a cost effective one-to-many distribution model that tends to result in high retention and faster growth. From September 30, 2016 to September 30, 2017, we increased our network of ISVs from 13 to 22, which produced an increase in average monthly payment volume of 155%.

Our integrated payment and software solutions feature embedded payment capabilities tailored to the specific needs of our clients in strategic vertical markets. Our configurable payment technology solutions integrate seamlessly into clients' third-party business management systems, provide security that complies with Payment Card Industry Data Security Standards ("PCI DSS") and include extensive reporting tools. In addition to integrations with third party software, we deliver our own proprietary software solutions that increase the productivity of our clients by streamlining their business processes, particularly in the education, property management and public sector markets. We believe our proprietary software further differentiates us from our competitors in these strategic verticals and enables us to maximize our payment-related revenue. Through our proprietary gateway, we offer our clients a single point of access for a broad suite of payment and software solutions, enabling omni-channel point of sale ("POS"), spanning brick and mortar and electronic and mobile commerce, including app-based payments.

We primarily focus on strategic vertical markets where we believe we can be a leader in vertically-focused, integrated payment and software solutions. Our strategic vertical markets include education, non-profit, public sector, property management and healthcare. We have a longer term goal of being a leader in six to ten strategic vertical markets. We target vertical markets where businesses and organizations tend to lack integrated payment functionality within their business management systems and where we face less competition for our solutions. In many cases, we deliver our proprietary software solutions to strategic vertical markets through the Payment Facilitator ("PayFac") model, where we maintain a master merchant account, enabling clients to accept electronic payments through a sub-merchant contract. As more ISVs seek to differentiate their offerings by seamlessly integrating payment functionality into their software solutions, the PayFac model has gained significant

momentum. Before PayFacs were an option, any business looking to accept credit cards was required to establish an individual merchant account, which is often costly and time-consuming for small merchants. Our PayFac solution streamlines and simplifies client onboarding, delivers ease of reporting and reconciliation and enables superior data management.

In addition to our vertical markets, we have a growing presence in the B2B payments sector, which is among the fastest-growing segments within payments. Compared with business-to-consumer payments where, according to The Nilson Report, approximately 75% of payment volume was processed through electronic methods in 2016, the B2B payments market is significantly less penetrated by electronic payments. According to PayStream Advisors' 2017 Electronic Payments Report, checks account for more than 45% of B2B payments, presenting an opportunity for further adoption of card-based and other electronic payments.

An important part of our long-term strategy is acquisition-driven growth. To date, we have completed nine "platform" acquisitions and twelve "tuck-in" acquisitions. Our platform acquisitions have opened new strategic vertical markets, broadened our technology and solutions suite and expanded our client base, while our tuck-in acquisitions have augmented our existing payment and software solutions and added clients. Our growth strategy is to continue to build our company through a disciplined combination of organic growth and growth through platform and tuck-in acquisitions. With more than 3,500 U.S. payments companies registered with Visa and over 10,000 ISVs doing business in the United States, we are confident that we will continue to be successful in finding acquisition targets to supplement our organic growth.

We have built a deep and experienced executive-level management team. Greg Daily, our Chairman and Chief Executive Officer, and Clay Whitson, our Chief Financial Officer, have each previously served in similar roles with PMT Services, Inc. and iPayment, Inc. Our President, Rick Stanford, who is responsible for mergers and acquisitions, has a 30-year professional relationship with Mr. Daily and Mr. Whitson, including working together at PMT Services, Inc. Rob Bertke, our Chief Technology Officer, has over 20 years of experience in the payment technology and B2B commerce industries. Importantly, many of our acquisitions have added managers with extensive knowledge of their vertical markets and deep client relationships.

We generate revenue primarily from payment processing services, which principally include but are not limited to volume-based fees, provided to clients throughout the United States. Our payment processing services enable clients to accept electronic payments, facilitating the exchange of funds and transaction data between clients, financial institutions and payment networks. Our payment processing services include merchant onboarding, risk and underwriting, authorization, settlement, chargeback processing and other merchant support. We also generate revenue from software licensing subscriptions, ongoing support, and other POS-related solutions that we provide to our clients directly and through our distribution partners.

For the six month period ended March 31, 2018, we generated \$154.9 million in revenue, \$(7.2) million of net loss and \$14.6 million of adjusted EBITDA, compared to \$124.5 million in revenue, \$(0.4) million of net loss and \$9.1 million of adjusted EBITDA for the comparable period in 2017, an increase of 24% and 60% for revenue and adjusted EBITDA, respectively. In fiscal year 2017, we generated \$262.6 million in revenue, \$0.9 million of net income and \$19.3 million of adjusted EBITDA, compared to \$199.6 million in revenue, \$(2.1) million of net loss and \$17.6 million of adjusted EBITDA in fiscal year 2016, an increase of 32% and 10% for revenue and adjusted EBITDA, respectively. See "Summary Historical and Pro Forma Consolidated Financial and Other Data" for a discussion of adjusted EBITDA and a reconciliation of adjusted EBITDA to net income (loss), the most directly comparable measure under accounting principles generally accepted in the United States of America ("GAAP").

Industry Background

Overview of the Electronic Payments Industry

The electronic payments industry is massive, with growth fueled by powerful long-term trends that continue to increase the acceptance and use of electronic-based payments compared to paper-based payments. The industry is serviced by a variety of providers, including issuers, payment networks and merchant acquirers. According to The Nilson Report, purchase volume on credit, debit and prepaid cards in the United States was approximately \$6.2 trillion in 2016 and is estimated to reach nearly \$8.5 trillion by 2021, a CAGR of 6.6%. Additionally, B2B payments represent a large, high growth opportunity, with card-based payments gaining momentum in a market

where checks still account for more than 45% of supplier-related payments according to PayStream Advisors' 2017 Electronic Payments Report.

Convergence of Payments, Software and Integrated Technology

The electronic payments industry is undergoing a transformation fueled by rapid advancements in technology over the past decade, including the proliferation of application programming interfaces ("APIs") that facilitate seamless integration between various software programs and payment technology. This transformation is empowering businesses and organizations to benefit from the increased utility associated with embedding payment solutions within software. Increasingly, payment solutions are embedded within the software that merchants use for other critical business functions, such as POS, accounting, inventory management, drawer reconciliation, customer relationship management ("CRM") and order entry.

SMBs and other organizations are increasingly demanding bundled payment and software solutions. To deliver more value to clients, ISVs and payment companies are partnering to meet this demand, often entering into revenue sharing arrangements related to payment processing revenue. More recently, some ISVs are bundling proprietary payment capabilities with software offerings to create a comprehensive, integrated solution for clients and to optimize the revenue opportunity associated with payments.

As more ISVs seek to differentiate their offerings by seamlessly integrating payment capabilities into their software solutions, the PayFac model has gained significant momentum. The PayFac model provides companies not traditionally in the business of delivering payment services (e.g., ISVs) with a master merchant account, enabling SMB clients to accept electronic payments through a sub-merchant contract. In addition to rapid, efficient onboarding, PayFacs offer various tools and services, including streamlined reporting and client support. PayFac transaction volume is projected to grow at a CAGR of 88% from 2016 to 2021, reaching \$513 billion in annual processing volume in 2021, according to a 2016 report from Double Diamond Payments Research titled "Why Software Vendors Should Be Payment Facilitators."

Overview of the Traditional Merchant Acquiring Industry

Historically, to facilitate the acceptance of card-based payments at the POS, banks began providing payment services to their local merchants. Providers of these services, both divisions of banks and independent companies, became known as merchant acquirers. The merchant acquiring industry has grown significantly as more and more merchants and organizations accept card-based payments in response to their growing adoption by consumers. More than 3,500 payments service providers are registered with Visa in the United States. These acquirers include non-bank merchant acquirers, banks, ISOs and other less established vendors seeking to offer new payment methods and devices.

Overview of the Merchant Client Base

Many traditional merchant acquirers sell their payment processing services to various sizes of merchants and organizations, from SMBs to large enterprises. As potential customers, we believe SMBs have many attractive characteristics. SMBs generally lack the resources of large enterprises to invest heavily in technology and therefore are more dependent on service providers, such as merchant acquirers, to handle critical functions, including payment acceptance and other support services. Technology needs for SMBs are increasingly complex. As electronic and mobile commerce continues to grow as a percentage of purchase volume, businesses and organizations require additional capabilities to serve their customers in an increasingly omni-channel world. In addition, SMBs are seeking software solutions for a variety of their business functions, including marketing, inventory management, invoicing and other industry-specific applications. Merchant acquirers can better serve SMBs by working with ISVs or offering proprietary software that helps meet the requirements of these businesses and organizations. A wide variety of merchants and organizations make up the SMB market segment. As a result, there is less risk of client concentration. While the size of the market opportunity is considerable, the needs of potential clients in different segments vary significantly, benefiting those providers that deliver integrated payment solutions tailored to their specific needs.

Our Competitive Strengths

We believe we have attributes that differentiate us from our competitors and provide us with significant competitive advantages. Our key competitive strengths include:

Innovative Payment and Software Solutions Tailored for Strategic Verticals

We believe our ability to deliver innovative payment and software solutions tailored to the specific needs of businesses and organizations in our strategic vertical markets differentiates us from our competitors. We focus on providing value-add, flexible, scalable and innovative electronic payment and software solutions to clients in attractive, high growth strategic vertical markets such as education, non-profit, public sector, property management and healthcare. We target vertical markets that are large and growing, where businesses and other organizations typically lack integrated payment functionality within their business management system, there is potential for significant market penetration of our solutions and competition for our solutions is fragmented. We have built, through strategic acquisitions and internal development, a specialized and tailored payment and software solutions business, powered by a broad network of distribution partners that allows us to integrate and cross-sell our solutions to businesses and organizations in these strategic vertical markets. We believe our deep domain knowledge in each of our strategic vertical markets provides us unique insight into our clients' needs, and enables us to deliver high-quality traditional and PayFac solutions with vertical-specific client support.

Additionally, we provide a comprehensive suite of horizontal solutions that complement our vertically focused solutions and enable us to further penetrate each vertical market. Our horizontal solutions include virtual terminals, POS technology, mobile solutions, countertop and wireless terminals, electronic invoice presentment and payment, event registration, online reporting, expedited funding, PCI validation, integrated forms and client analytics.

Expertise in ISV Distribution

We distribute our payment technology and proprietary software solutions to our clients through our direct sales force as well as through a growing network of distribution partners, including ISVs. We embed our payment technology into our proprietary vertical software solutions, or into solutions developed by ISVs, empowering our clients to benefit from the seamless integration of payments and software. We currently have approximately 25 ISV distribution partners. Our ISV partner strategy represents a significant distribution channel and enables us to accelerate our market penetration through a cost effective one-to-many distribution model that tends to result in high retention and faster growth.

Robust Gateway and Technology Platform Delivering Sophisticated Payment and Software Solutions

We have developed a suite of technology solutions that can be deployed on a variety of platforms. Our technology includes proprietary software that serves our verticals and offers a unified suite of APIs that provide streamlined payment integration. Our defined project development processes enable us to deploy initial downloads and upgrades in a quick and efficient manner via the cloud.

In addition, through our proprietary gateway, we provide our clients a single point of access for a broad suite of payment and software solutions, spanning POS, e-commerce and mobile devices. Leveraging our technology, we are able to provide our clients with solutions that are highly secure, scalable and available. In certain vertical markets such as education, property management and public sector, we offer proprietary software solutions that increase the productivity of our clients by streamlining their business processes. Our payment solutions, including PCI DSS-compliant security, integrate seamlessly into a client's business management system and can be tailored to the client's needs, with extensive reporting tools.

Attractive Operating Model

We have grown rapidly since our founding, with bankcard volume growth over the prior year of 21% in 2017, 82% in 2016 and 45% in 2015. We believe our deep domain knowledge within our strategic vertical markets, the embedded nature of our integrated payment and proprietary software solutions and our strong client relationships drive improved client retention and revenue growth. The relationships we have developed with a significant number of distribution partners, including ISVs and VARs, contribute to efficient client acquisition, high retention and lifetime value and, ultimately, strong revenue and earnings growth. Given that we predominantly generate transaction-based revenue, we can confidently predict at the beginning of each fiscal year our recurring revenue and cash flow, excluding the effects of acquisitions, for that fiscal year. Further, we have minimal client and vertical market concentration, which insulates us from fluctuations within any given vertical market.

Proven Acquisition and Integration Strategy

A core component of our growth strategy includes a disciplined approach to acquisitions of companies and technology, evidenced by nine platform acquisitions and twelve tuck-in acquisitions since our inception in 2012. Our acquisitions have opened new strategic vertical markets, increased the number of businesses and organizations to whom we provide solutions and augmented our existing payment and software solutions and capabilities. Our management team has significant experience acquiring and integrating providers of payment processing services and providers of vertical market software that complement our existing suite of products and solutions. Due to our management team's longstanding relationships and domain expertise, we have developed a strong pipeline of acquisition targets and are constantly evaluating businesses against our acquisition criteria.

Experienced Team with Strong Execution Track Record

We have built a deep and experienced executive-level management team. Greg Daily, our Chairman and Chief Executive Officer, and Clay Whitson, our Chief Financial Officer, have each previously served in similar roles with iPayment, Inc. and PMT Services, Inc. Our President, Rick Stanford, who is responsible for mergers and acquisitions, has a 30-year professional relationship with Mr. Daily and Mr. Whitson, including working together at PMT Services, Inc. Substantial value was created at both PMT Services, Inc. and iPayment, Inc. through organic and acquisition-based growth. From PMT Services' IPO on August 12, 1994 until its sale on September 24, 1998, PMT Services' cumulative stock return was 713%, compared to the 126% cumulative stock return of the S&P 500 during the same period, excluding dividends. From iPayment's IPO on May 12, 2003 until it was taken private on May 10, 2006, iPayment's cumulative stock return was 172%, compared to the 40% cumulative stock return of the S&P 500 during the same period, excluding dividends. There can be no assurance, however, that these executives will be able to create similar increases in the value of i3 Verticals, Inc. Rob Bertke, our Chief Technology Officer, has over 20 years of experience in the payment technology and B2B commerce industries.

Many of our acquisitions have added key members of management with extensive knowledge of their vertical markets and deep distribution partner and client relationships. We typically structure acquisitions with the goal of retaining and incentivizing key members of management, through equity incentives and earn-outs that align their interests with those of our shareholders.

Our Growth Strategy

Expand Our Network of Distribution Partners

We have experienced significant growth through our network of distribution partners, particularly within integrated channels. We have approximately 25 ISV distribution partners and intend to continue expanding our distribution network to reach new ISVs as well as other new partners within our strategic vertical markets. We believe that our differentiated payments platform, combined with our vertical expertise, will enable us to methodically engage new distribution partners.

Continue to Enhance Our Suite of Technology Solutions

We intend to strengthen our position in our various vertical markets through continuous product innovation and enhancement. We have a strong track record of introducing to our clients new products and solutions that increase convenience, enhance ease of use, improve integration with their other business management systems and offer greater functionality. In addition, we plan to take advantage of our proprietary, integrated gateway and service capabilities to provide PayFac services in our strategic vertical markets. Through continued product innovation and enhancement, we believe we can increase client retention and improve our ability to win new business.

Grow With Our Existing Distribution Partners and Clients

We focus on strategic vertical markets where there is a large addressable market, the client base is highly fragmented and penetration of electronic payments is below that of the overall economy. We intend to grow organically with our existing distribution partners by providing compelling integrated payment technology and proprietary software solutions to clients. We believe that by cross-selling new and value-added services and promoting our omni-channel capabilities to our existing clients, we will help our clients succeed and grow their payment volume.

Further Penetrate the Installed Merchant Base of Our Distribution Partners

We intend to continue to actively pursue the merchant base of our distribution partners. A significant number of businesses and other organizations within these channels are not currently using our solutions and have not yet been proactively approached. Many already have their electronic payments processed through another provider, while others are not yet accepting electronic payments. We intend to continue to capitalize on this significant opportunity by leveraging our relationships with our distribution partners, our extensive marketing capabilities, our vertically-focused sales force and our innovative payment technology.

Selectively Pursue Platform and Tuck-in Acquisitions

We intend to pursue platform acquisitions of vertically-focused integrated payment and software solution providers in new vertical markets. We also intend to continue to complement our organic expansion with accretive tuck-in acquisitions that enhance our market position within our existing strategic vertical markets. We expect that these acquisitions will expand our integrated platform, existing payment solutions and client reach. Since our formation in 2012, we have completed a total of nine platform and twelve tuck-in acquisitions that enabled us to enter new, or expand within existing, vertical markets. We have demonstrated the ability to execute and integrate acquisitions that augment our products and services and enhance the solution set we offer to our clients.

We intend to continue to funnel acquisition targets through our strong pipeline, while we also engage new candidates. We target companies that have a strong management team with significant expertise in a particular vertical market and that offer attractive growth potential. Once we have completed an acquisition, we monitor the acquired company's performance and seek to improve its operations. Our corporate structure enables us to provide financial and strategic support, including capital, recruitment, back-office and IT functions to the companies we acquire. This decentralized management structure allows us to create management teams positioned to maximize the growth potential in existing and new vertical markets.

Risk Factors

An investment in our Class A common stock involves a high degree of risk. You should carefully consider the risks summarized below. These risks are discussed more fully in the section titled "Risk Factors" immediately following this prospectus summary. These risks include, but are not limited to, the following:

- our ability to generate revenues sufficient to maintain profitability and positive cash flow;
- competition in our industry and our ability to compete effectively;
- our dependence on non-exclusive distribution partners to market our products and services;
- our ability to keep pace with rapid developments and changes in our industry and provide new products and services;
- liability and reputation damage from unauthorized disclosure, destruction or modification of data or disruption of our services;
- technical, operational and regulatory risks related to our information technology systems and third-party providers' systems;
- reliance on third parties for significant services;
- exposure to economic conditions and political risks affecting consumer and commercial spending, including the use of credit cards;
- our ability to increase our existing vertical markets, expand into new vertical markets and execute our growth strategy;
- our ability to successfully complete acquisitions and effectively integrate those acquisitions into our services;
- degradation of the quality of our products, services and support;
- our ability to retain clients, many of which are SMBs, which can be difficult and costly to retain;
- our ability to successfully manage our intellectual property;
- our ability to attract, recruit, retain and develop key personnel and qualified employees;
- risks related to laws, regulations and industry standards;
- our indebtedness and potential increases in our indebtedness;

- operating and financial restrictions imposed by our Senior Secured Credit Facility (as defined below); and
- the other factors described in “Risk Factors.”

Reorganization Transactions

i3 Verticals, Inc., a Delaware corporation, was formed on January 17, 2018 to serve as the issuer of the Class A common stock offered by this prospectus. We conduct all of our business operations through i3 Verticals, LLC and its subsidiaries. We will consummate the following reorganizational transactions in connection with this offering. Certain defined terms are provided below. Some of the members of our management and members of our board of directors (the “Board of Directors”) will receive cash and shares of our Class B common stock in the transactions described below. See “Certain Relationships and Related Party Transactions—Purchase of Common Units from Members of Management and Directors” and “Principal Stockholders.” Unless otherwise indicated, this prospectus assumes the shares of Class A common stock are offered at \$ _____ per share (the midpoint of the price range listed on the cover page of this prospectus).

- We will amend and restate the existing limited liability company agreement of i3 Verticals, LLC to, among other things, (1) convert all existing Class A units, common units (including common units issued upon the exercise of existing warrants held by the existing Warrant Holders) and Class P units (“profits interests”) of ownership interest in i3 Verticals, LLC into either _____ Class A voting common units of i3 Verticals, LLC (such holders of Class A voting common units referred to herein as the “Continuing Equity Owners”) or _____ Class B non-voting common units of i3 Verticals, LLC (such holders of Class B non-voting common units referred to herein as the “Former Equity Owners”) (collectively, the “Initial Recapitalization”), and (2) appoint i3 Verticals, Inc. as the sole managing member of i3 Verticals, LLC upon its acquisition of common units in connection with this offering.
- We will amend and restate i3 Verticals, Inc.’s certificate of incorporation to provide for, among other things, Class A common stock and Class B common stock. Each share of Class A common stock and Class B common stock will entitle its holder to one vote on all matters to be voted on by stockholders. Shares of our Class B common stock, however, may be held only by the Continuing Equity Owners and their permitted transferees in proportion to the number of outstanding common units of i3 Verticals, LLC they hold as described in “Description of Capital Stock—Class B Common Stock.” Class B common stock has no economic rights.
- Immediately following the Initial Recapitalization, we will consummate a merger by and among i3 Verticals, LLC, i3 Verticals, Inc. and a to-be-formed wholly-owned subsidiary of i3 Verticals, Inc. (“MergerSub”) whereby: (1) MergerSub will merge with and into i3 Verticals, LLC, with i3 Verticals, LLC as the surviving entity; (2) Class A voting common units will be converted into newly issued common units in i3 Verticals, LLC together with an equal number of shares of Class B common stock of i3 Verticals, Inc., and (3) Class B common units will be converted into Class A common stock of i3 Verticals, Inc.
- We will issue _____ shares of our Class A common stock pursuant to a voluntary private conversion of certain subordinated notes (the “Junior Subordinated Notes”) by certain related and unrelated creditors of i3 Verticals, LLC. In this conversion, certain eligible holders of Junior Subordinated Notes have elected to convert approximately \$ _____ in aggregate indebtedness into Class A common stock.
- We will issue _____ shares of our Class A common stock to the purchasers in this offering (or _____ shares if the underwriters exercise in full their option to purchase additional shares of Class A common stock, or the “overallotment option”) in exchange for net proceeds of approximately \$ _____ million (or approximately \$ _____ million if the underwriters exercise the overallotment option in full).
- We will use all of the net proceeds from this offering to purchase (1) _____ newly issued common units (or _____ common units if the underwriters exercise their overallotment option in full) directly from i3 Verticals, LLC at a price per unit equal to the initial public offering price per share of Class A common stock in this offering less the underwriting discounts and commissions, and (2) _____ common units directly from certain of the Continuing Equity Owners at the initial public offering price of Class A common stock in this offering less underwriting discounts and commissions. We will own _____ % of i3 Verticals, LLC’s outstanding common units following this offering (or _____ % if the underwriters exercise their overallotment option in full).
- i3 Verticals, LLC intends to use the net proceeds from the sale of common units to i3 Verticals, Inc. to repay as described under “Use of Proceeds” a total of approximately \$ _____ in outstanding debt under (a) the Junior Subordinated Notes, (b) notes payable in the aggregate principal amount of \$10.5

million (the "Mezzanine Notes") to three related creditors and (c) the senior secured credit facility of i3 Verticals, LLC (the "Senior Secured Credit Facility"), which includes a term loan and a revolving loan facility. i3 Verticals, LLC intends to repay the Junior Subordinated Notes and the Mezzanine Notes in full.

- i3 Verticals, Inc. will enter into (1) a tax receivable agreement, which we refer to as the Tax Receivable Agreement, with i3 Verticals, LLC and each of the Continuing Equity Owners and (2) a registration rights agreement, which we refer to as the Registration Rights Agreement, with certain Continuing Equity Owners. For a description of the terms of the Tax Receivable Agreement and the Registration Rights Agreement, see "Certain Relationships and Related Party Transactions."

We collectively refer to the foregoing organizational transactions as the "Reorganization Transactions."

Immediately following the consummation of the Reorganization Transactions (including this offering):

- i3 Verticals, Inc. will be a holding company and its principal asset will consist of common units it purchased from i3 Verticals, LLC and certain of the Continuing Equity Owners and common units it acquired from the Former Equity Owners.
- i3 Verticals, Inc. will be the sole managing member of i3 Verticals, LLC and will control the business and affairs of i3 Verticals, LLC and its subsidiaries. We will have a board of directors and executive officers, but will have no employees. The functions of all of our employees are expected to reside at i3 Verticals, LLC or its subsidiaries.
- i3 Verticals, Inc. will own, directly or indirectly, common units of i3 Verticals, LLC, representing approximately % of the economic interest in i3 Verticals, LLC (or common units, representing approximately % of the economic interest in i3 Verticals, LLC, if the underwriters exercise their overallotment option in full).
- The purchasers in this offering (1) will own shares of Class A common stock of i3 Verticals, Inc. (or shares of Class A common stock of i3 Verticals, Inc. if the underwriters exercise their overallotment option in full), representing approximately % of the combined voting power of all of the common stock of i3 Verticals, Inc. and approximately % of the economic interest in i3 Verticals, Inc. (or approximately % of the combined voting power and approximately % of the economic interest if the underwriters exercise their overallotment option in full), and (2) through i3 Verticals, Inc.'s ownership of i3 Verticals, LLC's common units, indirectly will hold approximately % of the economic interest in i3 Verticals, LLC (or approximately % if the underwriters exercise their overallotment option in full).
- The Continuing Equity Owners (1) will own common units of i3 Verticals, LLC, representing approximately % of the economic interest in i3 Verticals, LLC (or approximately % of the economic interest in i3 Verticals, LLC if the underwriters exercise their overallotment option in full), and (2) will own shares of Class B common stock of i3 Verticals, Inc., representing approximately % of the combined voting power of all of the common stock of i3 Verticals, Inc. (or approximately % if the underwriters exercise their overallotment option in full).
- The Former Equity Owners (1) will own shares of Class A common stock of i3 Verticals, Inc., representing approximately % of the combined voting power of all of the common stock of i3 Verticals, Inc. and approximately % of the economic interest in i3 Verticals, Inc. (or approximately % of the combined voting power and approximately % of the economic interest if the underwriters exercise their overallotment option in full), and (2) through i3 Verticals, Inc.'s ownership of i3 Verticals, LLC's common units, indirectly will hold approximately % of the economic interest in i3 Verticals, LLC.

As the sole managing member of i3 Verticals, LLC, we will operate and control all of the business and affairs of i3 Verticals, LLC and, through i3 Verticals, LLC and its subsidiaries, conduct the business.

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

- "Continuing Equity Owners" refers collectively to the Class A unit, common unit and Class P unit holders prior to the Reorganization Transactions, and each of their permitted transferees that will own common units in i3 Verticals, LLC after the Reorganization Transactions and who may, following the consummation of this offering, redeem at each of their options their common units for, at our election (determined solely by our independent directors (within the meaning of the rules of the Nasdaq) who are disinterested), cash or newly-issued shares of our Class A common stock as described in "Certain Relationships and Related

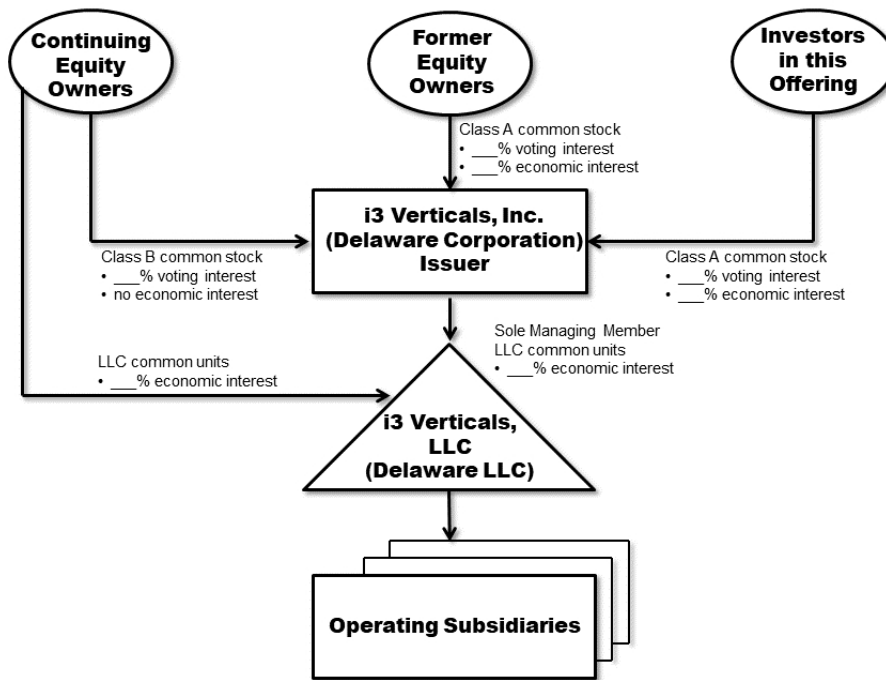
Party Transactions—i3 Verticals LLC Agreement—Agreement in Effect Upon Consummation of this Offering.”

- “i3 Verticals LLC Agreement” refers to i3 Verticals, LLC’s Limited Liability Company Agreement, which will become effective on or before the consummation of this offering.
- “Former Equity Owners” refers to the Original Equity Owners that are not Continuing Equity Owners and whose ownership interest will be converted into shares of our Class A common stock in connection with the consummation of the Reorganization Transactions.
- “Original Equity Owners” refers to the owners of ownership interests in i3 Verticals, LLC, collectively, before the Reorganization Transactions, which include the holders of Class A units, common units, Class P units (vested and unvested) and Warrant Holders.
- “Warrant Holders” refers to lenders under our Junior Subordinated Notes and Mezzanine Notes that currently hold warrants to purchase common units in i3 Verticals, LLC that, if not exercised before this offering is consummated, will be converted into warrants to purchase shares of our Class A common stock.

For more information regarding our structure, see “Our Organizational Structure.”

Ownership Structure

The diagram below depicts our organizational structure after giving effect to the Reorganization Transactions, including this offering, assuming no exercise by the underwriters of their overallotment option.



Certain Interests of Management, Directors and Continuing Equity Owners

Some of the members of our management and of our Board of Directors will receive certain payments and shares of our Class B common stock in connection with the Reorganization Transactions. See “Certain Relationships and Related Party Transactions—Certain Interests of Management and Directors in the Reorganization Transactions.” We intend to purchase ___ common units (or ___ common units if the underwriters exercise their overallotment option in full) from certain of our Continuing Equity Owners at a price per common unit equal to the price paid by the underwriters for shares of our Class A common stock in this offering. See “Use of Proceeds” and “Principal Stockholders.”

Our Corporate Information

i3 Verticals, Inc., the issuer of the Class A common stock in this offering, was incorporated as a Delaware corporation on January 17, 2018. i3 Verticals, LLC (formerly known as Charge Payment, LLC) was organized as a Delaware limited liability company on September 7, 2012. Our corporate headquarters are located at 40 Burton Hills Blvd., Suite 415, Nashville, TN 37215. Our telephone number is (615) 465-4487, and our principal website address is www.i3verticals.com. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

After giving effect to the Reorganization Transactions, including this offering, i3 Verticals, Inc. will be a holding company whose principal asset will consist of % of the outstanding common units of i3 Verticals, LLC (or % if the underwriters exercise their overallotment option in full).

Implications of Being an Emerging Growth Company

We qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the “JOBS Act.” An emerging growth company may take advantage of certain reduced reporting and other requirements that are otherwise generally applicable to public companies. As a result:

- we are required to have only two years of audited financial statements and only two years of related selected financial data and related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure;
- we are not required to engage an auditor to report on our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- we are not required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board, or the PCAOB, regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- we are not required to submit certain executive compensation matters to stockholder advisory votes, such as “say-on-pay,” “say-on-frequency” and “say-on-golden parachutes”; and
- we are not required to comply with certain disclosure requirements related to executive compensation, such as the requirement to disclose the correlation between executive compensation and performance and the requirement to present a comparison of our Chief Executive Officer's compensation to our median employee compensation.

We may take advantage of these reduced reporting and other requirements until the last day of our fiscal year following the fifth anniversary of the completion of this offering, or such earlier time that we are no longer an emerging growth company. However, if certain events occur before the end of such five-year period, including if we have more than \$1.07 billion in annual revenue, have more than \$700 million in market value of our common stock held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period, we will cease to be an emerging growth company prior to the end of such five-year period. We may choose to take advantage of some but not all of these reduced burdens. We have elected to adopt the reduced requirements with respect to our financial statements and the related selected financial data and Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure. As a result, the information that we provide to stockholders may be different than the information you may receive from other public companies in which you hold equity.

As mentioned above, the JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected not to opt out of the extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make a comparison of our financial statements with the financial statements of a public company that is not an emerging growth company, or the financial statements of an emerging growth company that has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

The Offering

Class A common stock offered	shares
Overallotment option	shares
Class A common stock to be outstanding after this offering	shares, representing approximately % of the combined voting power of all of the common stock of i3 Verticals, Inc. (or shares, representing approximately % of the combined voting power of all of the common stock of i3 Verticals, Inc. if the underwriters exercise their overallotment option in full) and 100% of the economic interest in i3 Verticals, Inc.
Class B common stock to be outstanding after this offering	shares, representing approximately % of the combined voting power of all of the common stock of i3 Verticals, Inc. (or shares, representing approximately % of the combined voting power of all of the common stock of i3 Verticals, Inc. if the underwriters exercise their overallotment option in full) and no economic interest in i3 Verticals, Inc.
Use of proceeds	<p>We estimate that the net proceeds to us from this offering will be approximately \$, or approximately \$ if the underwriters exercise their overallotment option in full, assuming an initial public offering price of \$ per share (which is the midpoint of the range set forth on the cover page of this prospectus), after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each \$1 increase (decrease) in the public offering price per share would increase (decrease) our net proceeds, after deducting estimated underwriting discounts and commissions, by \$ (assuming no exercise of the underwriters' overallotment option).</p> <p>We intend to use the net proceeds of this offering to purchase (1) common units (or common units if the underwriters exercise their overallotment option in full) directly from i3 Verticals, LLC at a price per common unit equal to the price paid by the underwriters for shares of our Class A common stock in this offering, and (2) common units (or common units if the underwriters exercise their overallotment option in full) from certain of our Continuing Equity Owners at a price per common unit equal to the price paid by the underwriters for shares of our Class A common stock in this offering. i3 Verticals, LLC intends to use the proceeds to repay approximately \$ of the indebtedness outstanding under the Junior Subordinated Notes, the Mezzanine Notes and the Senior Secured Credit Facility. See "Use of Proceeds" and "Certain Relationships and Related Party Transactions."</p>
Voting rights	Each share of our Class A common stock and Class B common stock will entitle its holder to one vote on all matters to be voted on by stockholders. Holders of Class A common stock and holders of Class B common stock will vote together as a single class on all matters presented to stockholders for their vote or approval, except as otherwise required by law or our amended and restated certificate of incorporation. Class B common stock has no economic rights. See "Description of Capital Stock."

Ratio of shares of Class A common stock to common units

The i3 Verticals LLC Agreement will require that we at all times maintain (x) a one-to-one ratio between the number of shares of Class A common stock issued by us and the number of common units of i3 Verticals, LLC owned by us and (y) a one-to-one ratio between the number of shares of Class B common stock owned by the Continuing Equity Owners and the number of common units of i3 Verticals, LLC owned by the Continuing Equity Owners. This construct is intended to result in the Continuing Equity Owners having a voting interest in us that is identical to the Continuing Equity Owners' percentage economic interest in i3 Verticals, LLC. The Continuing Equity Owners will own all of our outstanding Class B common stock.

Exchange and redemption rights of holders of common units

Pursuant to the i3 Verticals LLC Agreement, the Continuing Equity Owners, from time to time following the offering, may require us to exchange or redeem all or a portion of their common units of i3 Verticals, LLC for newly issued shares of our Class A common stock on a one-for-one basis, or, at our discretion, cash. Shares of our Class B common stock will be canceled on a one-for-one basis if we, at the election of a Continuing Equity Owner, exchange or redeem common units of such Continuing Equity Owner pursuant to the terms of the i3 Verticals LLC Agreement. The decision whether to tender common units of i3 Verticals, LLC to us will be made solely at the discretion of the Continuing Equity Owners. We will exercise discretion regarding the form of consideration in an exchange or redemption.

Tax Receivable Agreement

Our acquisition of common units of i3 Verticals, LLC in connection with this offering and future and certain past redemptions and exchanges of common units for shares of our Class A common stock (or cash) are expected to produce favorable tax attributes for us. Upon the completion of this offering, we will be a party to the Tax Receivable Agreement. Under this agreement, we generally will be required to pay to our Continuing Equity Owners 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we are deemed to realize as a result of certain tax attributes of their common units sold to us (or exchanged in a taxable sale) and that are created as a result of (i) the redemption or exchange of their common units for shares of Class A common stock and (ii) tax benefits attributable to payments made under the Tax Receivable Agreement (including imputed interest).

Dividend policy

We do not expect to pay any dividends on our common stock in the foreseeable future. See "Dividend Policy."

Directed share program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the Class A common stock offered by this prospectus for sale to certain business and other associates of ours. Any of these directed shares purchased by our executive officers, directors and certain of our other stockholders will be subject to a 180-day lock-up restriction. We will offer these shares to the extent permitted under applicable regulations in the United States through a directed share program. The number of shares of our Class A common stock available for sale to the general public will be reduced by the number of directed shares purchased by participants in the program. Any directed shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares of our Class A common stock offered by this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act of 1933, as amended, in connection with the sale of shares through the directed share program. See "Underwriting."

Risk factors

You should read the "Risk Factors" section of this prospectus beginning on page 19 for a discussion of factors to consider carefully before deciding to invest in shares of our Class A common stock.

Proposed Nasdaq Global Select Market symbol

IIIV.

Unless we indicate otherwise or the context otherwise requires, all information in this prospectus:

- gives effect to the amendment and restatement of i3 Verticals, LLC's existing limited liability company agreement that results in a conversion of all existing unit ownership interests in i3 Verticals, LLC into common units, as well as the filing of our amended and restated certificate of incorporation;
- gives effect to the other Reorganization Transactions, including the consummation of this offering and the amendment and restatement of our certificate of incorporation and bylaws;
- excludes shares of Class A common stock reserved for issuance under our 2018 Equity Incentive Plan, or "2018 Plan";
- excludes shares of Class A common stock that may be issuable upon exercise, redemption or exchange by the Continuing Equity Owners (or at our election, a direct exchange); and
- assumes no exercise by the underwriters of their overallotment option.

Trademarks

This prospectus includes our service marks and trade names, including i3 Verticals®, PaySchools® and Axia®, which are protected under applicable intellectual property laws and are our property. This prospectus also contains trademarks, trade names and service marks of other companies, which are the property of their respective owners. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus may appear without the ®, ™ or SM symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

Market and Industry Data

Unless otherwise indicated, information contained in this prospectus concerning our industry, competitive position and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources and management estimates. Management estimates are derived from

publicly available information released by independent industry analysts and other third-party sources, as well as data from our internal research, and are based on assumptions we made upon reviewing such data, and our experience in, and knowledge of, such industry and markets, which we believe to be reasonable. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present the summary historical consolidated financial and other data for i3 Verticals, LLC and its subsidiaries and the summary pro forma consolidated financial and other data for i3 Verticals, Inc. i3 Verticals, LLC is the predecessor of the issuer, i3 Verticals, Inc., for financial reporting purposes. The summary consolidated statement of operations data for the fiscal years ended September 30, 2017 and 2016, and the summary consolidated balance sheet data as of September 30, 2017 are derived from the audited consolidated financial statements of i3 Verticals, LLC included elsewhere in this prospectus. The summary unaudited condensed consolidated statements of operations data for the six months ended March 31, 2018 and 2017 and the unaudited condensed consolidated balance sheet data as of March 31, 2018 are derived from unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for the fair presentation of the unaudited interim condensed consolidated financial statements.

The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period. The information set forth below should be read together with the "Selected Historical Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

The summary unaudited pro forma condensed consolidated financial data of i3 Verticals, Inc. presented below have been derived from our unaudited condensed pro forma consolidated financial statements included elsewhere in this prospectus. The summary condensed unaudited pro forma consolidated financial data as of and for the fiscal year ended September 30, 2017 give effect to the Reorganization Transactions, including the consummation of this offering and the use of proceeds described in "Our Organizational Structure" and "Use of Proceeds," as if all such transactions had occurred on October 1, 2016, with respect to the summary unaudited pro forma condensed consolidated statement of operations, and as of March 31, 2018, with respect to the summary unaudited pro forma consolidated balance sheet. The unaudited pro forma condensed consolidated financial information includes various estimates which are subject to material change and may not be indicative of what our operations or financial position would have been had this offering and related transactions taken place on the dates indicated, or that may be expected to occur in the future. See "Unaudited Pro Forma Consolidated Financial Information" for a complete description of the adjustments and assumptions underlying the summary unaudited pro forma consolidated financial data.

The summary historical consolidated financial and other data of i3 Verticals, Inc. has not been presented because i3 Verticals, Inc. is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented in this section.

Pro Forma i3 Verticals, Inc.

<i>(in thousands)</i>	Six months ended March 31, 2018		Year ended September 30, 2017		Six months ended March 31,		Year ended September 30,					
	(unaudited)		(unaudited)		2018	2017	2017	2016				
Statement of Operations Data												
Revenue			\$	154,920	\$	124,466	\$	262,571	\$	199,644		
Interchange and network fees				102,872		89,116		189,112		140,998		
Other costs of services				19,058		13,615		28,798		21,934		
Selling general and administrative				19,041		12,936		27,194		20,393		
Depreciation and amortization				5,876		5,071		10,085		9,898		
Change in fair value of contingent consideration				2,129		923		(218)		2,458		
Total other expenses				13,251		3,243		6,521		5,813		
Provision (benefit) for income taxes				(139)		(70)		177		243		
Net income (loss)	\$	—	\$	—	\$	(7,168)	\$	(368)	\$	902	\$	(2,093)

Other Financial Data (unaudited)

Payment volume ⁽¹⁾	\$	5,584,924	\$	4,870,125	\$	10,269,435	\$	8,143,463
Number of clients ⁽²⁾		24		22		24		22
Net revenue ⁽³⁾	\$	52,048	\$	35,350	\$	73,459	\$	58,646
Adjusted net income ⁽³⁾	\$	3,818	\$	833	\$	2,066	\$	1,565
Adjusted EBITDA ⁽³⁾	\$	14,561	\$	9,077	\$	19,264	\$	17,606

**Pro Forma i3
Verticals Inc.**

<i>(in thousands)</i>	March 31,		March 31,		September 30,		
	2018	2018	2017	2017	2016	2016	
Balance Sheet Data (at end of period):							
Cash and cash equivalents		\$	755	\$	955	\$	3,776
Total assets			169,970		139,991		100,282
Long-term debt, including current portion			132,786		110,836		83,537
Total liabilities			166,164		129,122		102,770
Total members' equity (deficit)			(4,295)		3,146		(9,510)

(1) Payment volume is the net dollar value of both 1) Visa, Mastercard and other payment network transactions processed by our clients and settled to clients by us and 2) Automated Clearing House ("ACH") transactions processed by our clients and settled to clients by us.

(2) Number of clients represents an approximate number of our clients who are actively processing payment volume as of the end of the period.

(3) Net revenue is calculated as revenue less certain network fees and other costs described below. Adjusted net income is calculated as net income before certain non-cash changes in the fair value of contingent consideration, non-cash changes in the fair value of warrant liabilities, other non-core cash items and the other items described below. Adjusted EBITDA is equal to adjusted net income before interest, income taxes, depreciation and amortization. Net revenue, adjusted net income and adjusted EBITDA eliminate the effects of items that we do not consider indicative of our core operating performance. As a result, we consider net revenue, adjusted net income and adjusted EBITDA to be important indicators of our operational strength and the performance of our business. Management believes the use of net revenue, adjusted net income and adjusted EBITDA are appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future. By providing these non-GAAP financial measures, together with a reconciliation to GAAP results, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our business strategies. We believe investors use net revenue, adjusted net income and adjusted EBITDA as supplemental measures to evaluate the overall operating performance of companies in our industry. The way we present net revenue, adjusted net income and adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Net revenue, adjusted net income and adjusted EBITDA are not intended as alternatives to revenue or net income (loss), as applicable, as indicators of our operating performance, or as alternatives to any other measure of performance in conformity with GAAP. You should therefore not place undue reliance on net revenue, adjusted net income and adjusted EBITDA or ratios calculated using those measures. Our GAAP-based measures can be found in our consolidated financial statements and related notes included elsewhere in this prospectus. In particular, adjusted EBITDA has significant limitations as an analytical tool because it excludes certain material costs. For example, it does not include interest expense, which has been a necessary element of our costs. In addition, the exclusion of amortization expense associated with our intangible assets further limits the usefulness of this measure. Because adjusted EBITDA does not account for these expenses, its utility as a measure of our operating performance has material limitations. Accordingly, management

does not view adjusted EBITDA in isolation and also uses other measures, such as cost of services and goods and net income (loss) to measure operating performance. The reconciliation of our revenues to net revenue is as follows:

<i>(in thousands)</i>	Pro Forma i3 Verticals, Inc.		Six months ended March 31,		Year ended September 30,	
	Six months ended March 31, 2018	Year ended September 30, 2017	2018	2017	2017	2016
	Revenue			\$ 154,920	\$ 124,466	\$ 262,571
Interchange and network fees			102,872	89,116	189,112	140,998
Net Revenue	\$ —	\$ —	\$ 52,048	\$ 35,350	\$ 73,459	\$ 58,646

The reconciliation of our net income (loss) to adjusted net income and adjusted EBITDA is as follows:

<i>(in thousands)</i>	Pro Forma i3 Verticals, Inc.		Six months ended March 31,		Year ended September 30,	
	Six months ended March 31, 2018	Year ended September 30, 2017	2018	2017	2017	2016
	Net income (loss)	\$ —	\$ —	\$ (7,168)	\$ (368)	\$ 902
Plus:						
Offering-related expenses ^(a)			124	—	—	—
Non-cash change in fair value of contingent consideration ^(b)			2,129	923	(218)	2,458
Non-cash change in fair value of warrant liability ^(c)			8,245	—	(415)	(28)
Share-based compensation ^(d)			—	—	—	—
Acquisition-related expenses ^(e)			447	276	766	1,217
Other taxes ^(f)			41	2	36	11
Legal settlement ^(g)			—	—	995	—
Adjusted net income	\$ —	\$ —	\$ 3,818	\$ 833	\$ 2,066	\$ 1,565
Plus:						
Interest expense, net			5,006	3,243	6,936	5,900
Provision (benefit) for income taxes			(139)	(70)	177	243
Depreciation and amortization			5,876	5,071	10,085	9,898
Adjusted EBITDA	\$ —	\$ —	\$ 14,561	\$ 9,077	\$ 19,264	\$ 17,606

(a) Includes costs associated with forming i3 Verticals, Inc. and other expenses directly related to the Reorganization Transactions.

(b) 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.

(c) Non-cash change in warrant liability reflects the fair value change in certain warrants for our common units associated with our Mezzanine Notes. These warrants are accounted for as liabilities on our Consolidated Balance Sheets.

(d) We did not expense any share-based compensation for the periods presented, but we currently anticipate share-based compensation in the periods following this offering.

(e) Acquisition-related expenses are the professional service and related costs directly related to our acquisitions and are not part of our core performance.

(f) Other taxes consist of franchise taxes, commercial activity taxes and other non-income based taxes. Taxes related to salaries or employment are not included.

(g) Legal settlement is a charge from certain legal proceedings and is further discussed in "Business—Legal Proceedings."

RISK FACTORS

An investment in our Class A common stock involves a high degree of risk. You should carefully consider the following risks and all of the other information contained in this prospectus before deciding whether to invest in our Class A common stock. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our Class A common stock could decline and you could lose all or part of your investment in our Class A common stock. Some statements in this prospectus, including such statements in the following risk factors, constitute forward-looking statements. See the section entitled "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to Our Business and Industry

We have a history of operating losses and will need to generate significant revenues to maintain profitability and positive cash flow.

Since inception in 2012, we have been engaged in growth activities and have made a significant number of acquisitions in an effort to grow our business. This acquisition activity requires substantial capital and other expenditures. As a result, 2017 was the first fiscal year for which we attained profitability, and we may incur losses again in the future. Although we had net income of \$0.9 million for the year ended September 30, 2017, we had a net loss of \$2.1 million for the year ended September 30, 2016. Further, for the six month period ended March 31, 2018, we had a net loss of \$7.2 million and a net loss of \$0.4 million for the comparable six month period ended March 31, 2017. A substantial portion of our historical revenue growth has resulted from acquisitions. For the year ended September 30, 2017, revenues attributable to the acquisitions we completed in 2016 and 2017 were \$91.2 million, or 34.7% of our total revenues. We expect our cash needs to increase significantly for the next several years as we:

- make additional acquisitions;
- market our products and services;
- expand our client support and service operations;
- hire additional marketing, client support and administrative personnel; and
- implement new and upgraded operational and financial systems, procedures and controls.

As a result of these continuing expenses, we need to generate significant revenues to maintain profitability and positive cash flow. To date, our operations have been supported by equity and debt financings. We currently intend to use \$ million of the estimated net proceeds from this offering to repay a portion of our outstanding debt. If we do not continue to increase our revenues, our business, results of operations and financial condition could be materially and adversely affected.

The payment processing industry is highly competitive. Such competition could adversely affect the fees we receive, and as a result, our margins, business, financial condition and results of operations.

The market for payment processing services is highly competitive and has relatively low barriers to entry. Other providers of payment processing services have established a sizable market share in the merchant acquiring sector and service more clients than we do. Our growth will depend, in part, on a combination of the continued growth of the electronic payment market and our ability to increase our market share.

Our payment and software solutions compete against many forms of financial services and payment systems, including electronic, mobile and integrated payment platforms as well as cash and checks. Our competitors include traditional merchant acquirers such as financial institutions, affiliates of financial institutions and well-established payment processing companies that target our existing clients and potential clients directly, including Bank of America Merchant Services, Chase Paymentech, Elavon, Inc. (a subsidiary of U.S. Bancorp), First Data Corporation, Global Payments, Inc., WorldPay, Inc. and Total Systems Services, Inc. In addition, we compete with vendors that are specifically targeting ISVs and VARs as distribution partners for their merchant acquiring services, such as Stripe, Inc., Square, Inc., PayPal Holdings, Inc., Braintree (owned by PayPal), Adyen, Ltd., and OpenEdge (a division of Global Payments).

Many of our competitors have substantially greater financial, technological, management and marketing resources than we have. Accordingly, if these competitors specifically target our business model, they may be able to offer more attractive fees or payment terms and advances to our clients and more attractive compensation to our distribution partners. They also may be able to offer and provide products and services that we do not offer. There are also a large number of small providers of processing services that provide various ranges of services to our clients and our potential clients. This competition may effectively limit the prices we can charge and requires us to control costs aggressively in order to maintain acceptable profit margins. Further, if the use of payment cards other than Visa or Mastercard grows, or if there is increased use of certain debit cards, our average profit per transaction could be reduced. Competition could also result in a loss of existing distribution partners and clients and greater difficulty attracting new distribution partners and clients. One or more of these factors could have a material adverse effect on our business, financial condition and results of operations.

To acquire and retain clients, we depend in part on distribution partners that generally do not serve us exclusively, may not aggressively market our products and services, are subject to attrition and are not under our control.

We rely heavily on the efforts of our distribution partners to market our products and services to existing clients and potential clients. Generally, our agreements with distribution partners are not exclusive and these partners retain the right to refer potential clients to other merchant acquirers. Gaining and maintaining loyalty or exclusivity may require financial concessions to maintain current distribution partners or to lure potential distribution partners from our competitors who may be offering significantly more attractive pricing terms, such as increased signing bonuses or residuals payable to our referral partners, which could have a negative impact on our results of operations. If these distribution partners switch to another merchant acquirer, focus more heavily on promoting the products and services of one or more other merchant acquirers, cease operations or become insolvent, we may no longer receive new referrals from them or receive fewer new referrals from them, and we also risk losing existing clients with whom the distribution partner has a relationship. Additionally, some of our distribution partners are subject to the requirements imposed by our bank sponsors, which may result in fines to them for non-compliance and may, in some cases, result in these entities ceasing to market our products and services. If we are unable to maintain our existing base of distribution partners or develop relationships with new distribution partners, our business, financial condition and results of operations would be materially adversely affected. Further, we may be named in legal proceedings in connection with the actions of our distribution partners where it is alleged that our distribution partners have intentionally or negligently misrepresented pricing or other contractual terms to clients or potential clients related to our processing solutions or related products. Our distribution partners are independent businesses and we have no control over their day-to-day business activities, including their client marketing and solicitation practices. While in some cases we may have indemnification rights against our distribution partners for these activities, there is no guarantee that we will be able to successfully enforce those indemnification rights or that our distribution partners are adequately capitalized in a manner necessary to satisfy their indemnification obligations to us. If one or more judgments or settlements in any litigation or other investigation, plus related defense and investigation costs, significantly exceed our insurance coverage and we are unable to enforce our indemnification rights against a distribution partner or partners, our business, financial condition and results of operations could materially suffer.

If we cannot keep pace with rapid developments and changes in our industry, the use of our products and services could decline, causing a reduction in our revenues.

The electronic payments market is subject to constant and significant changes. This market is characterized by rapid technological evolution, new product and service introductions, evolving industry standards, changing client needs and the entrance of non-traditional competitors, including products and services that enable card networks and banks to transact with consumers directly. To remain competitive, we continually pursue initiatives to develop new products and services to compete with these new market entrants. These projects carry risks, such as cost overruns, delays in delivery, performance problems and lack of client acceptance. In addition, new products and offerings may not perform as intended or generate the business or revenue growth expected. Additionally, we look for acquisition opportunities, investments and alliance relationships with other businesses that will increase our market penetration and enhance our technological capabilities, product offerings and distribution capabilities. Any delay in the delivery of new products and services or the failure to differentiate our products and services or to accurately predict and address market demand could render our products and services less desirable, or even obsolete, to our clients and to our distribution partners. Furthermore, even though

the market for integrated payment processing products and services is evolving, it may develop too rapidly or not rapidly enough for us to recover the costs we have incurred in developing new products and services targeted at this market. Any of the foregoing could have a material and adverse effect on our operating results and financial condition.

The continued growth and development of our payment processing activities will depend on our ability to anticipate and adapt to changes in consumer behavior. For example, consumer behavior may change regarding the use of payment card transactions, including the relative increased use of cash, crypto-currencies, other emerging or alternative payment methods and payment card systems that we or our processing partners do not adequately support or that do not provide adequate commissions to parties like us. Any failure to timely integrate emerging payment methods into our software, to anticipate consumer behavior changes or to contract with processing partners that support such emerging payment technologies could cause us to lose traction among our customers or referral sources, resulting in a corresponding loss of revenue, if those methods become popular among end-users of their services.

The products and services we deliver are designed to process complex transactions and provide reports and other information on those transactions, all at very high volumes and processing speeds. Our technology offerings must also integrate with a variety of network, hardware, mobile and software platforms and technologies, and we need to continuously modify and enhance our products and services to adapt to changes and innovation in these technologies. Any failure to deliver an effective, reliable and secure service or any performance issue that arises with a new product or service could result in significant processing or reporting errors or other losses. If we do not deliver a promised new product or service to our clients or distribution partners in a timely manner or the product or service does not perform as anticipated, our development efforts could result in increased costs and a loss in business that could reduce our earnings and cause a loss of revenue. We also rely in part on third parties, including some of our competitors and potential competitors, for the development of and access to new technologies, including software and hardware. Our future success will depend in part on our ability to develop or adapt to technological changes and evolving industry standards. If we are unable to develop, adapt to or access technological changes or evolving industry standards on a timely and cost-effective basis, our business, financial condition and results of operations would be materially adversely affected.

Unauthorized disclosure, destruction or modification of data or disruption of our services could expose us to liability, protracted and costly litigation and damage our reputation.

We are responsible both for our own business and to a significant degree for certain of our distribution partners and third-party vendors under the rules and regulations established by the payment networks, such as Visa and Mastercard, Discover and American Express, and the debit networks. We and other third parties collect, process, store and transmit sensitive data, such as names, addresses, social security numbers, credit or debit card numbers and expiration dates, drivers' license numbers and bank account numbers, and we have ultimate liability to the payment networks and member financial institutions that register us with the payment networks for our failure, or the failure of certain distribution partners and third parties with whom we contract, to protect this data in accordance with payment network requirements. The loss, destruction or unauthorized modification of client or cardholder data could result in significant fines, sanctions and proceedings or actions against us by the payment networks, governmental bodies, consumers or others, which could have a material adverse effect on our business, financial condition and results of operations. Any such proceeding or action could damage our reputation, force us to incur significant expenses in defense of these proceedings, distract our management, increase our costs of doing business and may result in the imposition of monetary liability.

We could be subject to breaches of security by hackers. Although we proactively employ multiple measures to defend our systems against intrusions and attacks and to protect the data we collect, our measures may not prevent unauthorized access or use of sensitive data. A breach of our system or a third-party system upon which we rely may subject us to material losses or liability, including payment network fines, assessments and claims for unauthorized purchases with misappropriated credit, debit or card information, impersonation or other similar fraud claims. A misuse of such data or a cybersecurity breach could harm our reputation and deter our clients and potential clients from using electronic payments generally and our products and services specifically, thus reducing our revenue. In addition, any such misuse or breach could cause us to incur costs to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits and result in the imposition of material penalties and fines under state and federal laws or by the payment

networks. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. A significant cybersecurity breach could also result in payment networks prohibiting us from processing transactions on their networks or the loss of our financial institution sponsorship that facilitates our participation in the payment networks, either of which could materially impede our ability to conduct business.

Although we generally require that our agreements with our distribution partners and service providers who have access to client and customer data include confidentiality obligations that restrict these parties from using or disclosing any client or customer data except as necessary to perform their services under the applicable agreements, we cannot assure you that these contractual measures will prevent the unauthorized disclosure of business or client data, nor can we be sure that such third parties would be willing or able to satisfy liabilities arising from their breach of these agreements. Any failure to adequately take these protective measures could result in protracted or costly litigation.

In addition, our agreements with our bank sponsors (as well as payment network requirements) require us to take certain protective measures to ensure the confidentiality of business and consumer data. Any failure to adequately comply with these protective measures could result in fees, penalties, litigation or termination of our bank sponsor agreements.

Any significant unauthorized disclosure of sensitive data entrusted to us would cause significant damage to our reputation, and impair our ability to attract new integrated technology and distribution partners, and may cause parties with whom we already have such agreements to terminate them.

If we fail to comply with the applicable requirements of the Visa and Mastercard payment networks, those payment networks could seek to fine us, suspend us or terminate our registrations through our bank sponsors.

We do not directly access the payment card networks, such as Visa and Mastercard, that enable our acceptance of credit cards and debit cards, including some types of prepaid cards. Accordingly, we must rely on banks or other payment processors to process transactions and must pay fees for the services. To provide our merchant acquiring services, we are registered through our bank sponsors with the Visa and Mastercard networks as service providers for member institutions. Approximately 99% of our \$10.3 billion in payment volume in fiscal year 2017 was attributable to transactions processed on the Visa and Mastercard networks. As such, we, our bank sponsors and many of our clients are subject to complex and evolving payment network rules. The payment networks routinely update and modify requirements applicable to merchant acquirers, including rules regulating data integrity, third-party relationships (such as those with respect to bank sponsors and ISOs), merchant chargeback standards and Payment Card Industry Data Security Standards (PCI DSS). The rules of the card networks are set by their boards, which may be influenced by card issuers, some of which offer competing transaction processing services.

If we or our bank sponsors fail to comply with the applicable rules and requirements of the Visa or Mastercard payment networks, Visa or Mastercard could suspend or terminate our registration. Further, our transaction processing capabilities, including with respect to settlement processes, could be delayed or otherwise disrupted, and recurring non-compliance could result in the payment networks seeking to fine us, or suspend or terminate our registrations which allow us to process transactions on their networks, which would make it impossible for us to conduct our business on its current scale.

Under certain circumstances specified in the payment network rules, we may be required to submit to periodic audits, self-assessments or other assessments of our compliance with the PCI DSS. Such activities may reveal that we have failed to comply with the PCI DSS. In addition, even if we comply with the PCI DSS, there is no assurance that we will be protected from a security breach. The termination of our registration with the payment networks, or any changes in payment network or issuer rules that limit our ability to provide merchant acquiring services, could have an adverse effect on our payment processing volumes, revenues and operating costs. If we are unable to comply with the requirements applicable to our settlement activities, the payment networks may no longer allow us to provide these services, which would require us to spend additional resources to obtain settlement services from a third-party provider. In addition, if we were precluded from processing Visa and Mastercard electronic payments, we would lose substantially all of our revenues.

We are also subject to the operating rules of the National Automated Clearing House Association ("NACHA"). NACHA is a self-regulatory organization which administers and facilitates private-sector operating rules for ACH payments and defines the roles and responsibilities of financial institutions and other ACH network participants. The NACHA Rules and Operating Guidelines impose obligations on us and our partner financial institutions. These obligations include audit and oversight by the financial institutions and the imposition of mandatory corrective action, including termination, for serious violations. If an audit or self-assessment under PCI DSS or NACHA identifies any deficiencies that we need to remediate, the remediation efforts may distract our management team and be expensive and time consuming.

If our bank sponsorships are terminated and we are not able to secure or successfully migrate client portfolios to new bank sponsors, we will not be able to conduct our business.

If the banks that sponsor us with the Visa and Mastercard networks stop sponsoring us, we would need to find other financial institutions to provide those services, which could be difficult and expensive. If we are unable to find a replacement financial institution to provide sponsorship, we may no longer be able to provide processing services to affected clients, which would negatively impact our revenues and earnings. Furthermore, some agreements with our bank sponsors give them substantial discretion in approving certain aspects of our business practices, including our solicitation, application and qualification procedures for clients and the terms of our agreements with clients. Our bank sponsors' discretionary actions under these agreements could have a material adverse effect on our business, financial condition, and results of operations.

We have faced, and may in the future face, significant chargeback liability if our clients refuse or cannot reimburse chargebacks resolved in favor of their customers, and may not accurately anticipate these liabilities.

We have potential liability for chargebacks associated with our clients' processing transactions. If a billing dispute between a client and a cardholder is not ultimately resolved in favor of our client, the disputed transaction is "charged back" to the client's bank and credited to the account of the cardholder. Anytime our client is unable to satisfy a chargeback, we are responsible for that chargeback.

If we are unable to collect the chargeback from the client's account or reserve account (if applicable), or if the client refuses or is financially unable due to bankruptcy or other reasons to reimburse us for the chargeback, we bear the loss for the amount of the refund paid to the cardholder's bank. We incurred chargeback losses of \$0.2 million, or less than 0.1% of revenues, in our 2017 fiscal year and \$0.3 million, or 0.1% of revenues, in our 2016 fiscal year. Any increase in chargebacks not paid by our clients could have a material adverse effect on our business, financial condition and results of operations.

We are potentially liable for losses caused by fraudulent credit card transactions. Card fraud occurs when a client's customer uses a stolen card (or a stolen card number in a card-not-present transaction) to purchase merchandise or services. In a traditional card-present transaction, if the client swipes the card, receives authorization for the transaction from the card issuing bank and verifies the signature on the back of the card against the paper receipt signed by the customer, the card issuing bank remains liable for any loss. In a fraudulent card-not-present transaction, even if the client receives authorization for the transaction, the client is liable for any loss arising from the transaction. Many of the SMB clients that we serve are small and transact a substantial percentage of their sales over the Internet or in response to telephone or mail orders. Because their sales are card-not-present transactions, these clients are more vulnerable to customer fraud than larger clients. Because we target these SMB clients, we experience chargebacks arising from cardholder fraud more frequently than providers of payment processing services that service larger businesses and organizations.

Business fraud occurs when a business or organization, rather than a cardholder, knowingly uses a stolen or counterfeit card or card number to record a false sales transaction, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Business fraud also occurs when employees of businesses change the business demand deposit accounts to their personal bank account numbers, so that payments are improperly credited to the employee's personal account. We have established systems and procedures to detect and reduce the impact of business fraud, but we cannot assure you that these measures are or will be effective. Incidents of fraud could increase in the future. Failure to effectively manage risk and prevent fraud could increase our chargeback liability and other liability.

On occasion, we experience increases in interchange and sponsorship fees; if we cannot pass these increases along to our clients, our profit margins will be reduced.

We pay interchange fees or assessments to issuing banks through the card associations for each transaction that is processed using their credit and debit cards. From time to time, the card associations increase the interchange fees that they charge processors and the sponsoring banks. At their sole discretion, our sponsoring banks have the right to pass any increases in interchange fees on to us. In addition, our sponsoring banks may seek to increase their sponsorship fees to us, all of which are based upon the dollar amount of the payment transactions we process. If we are not able to pass these fee increases along to clients through corresponding increases in our processing fees, our profit margins will be reduced.

Our systems and our third-party providers' systems may fail or our third-party providers may discontinue providing their services or technology generally or to us specifically, which in either case could interrupt our business, cause us to lose business and increase our costs.

We rely on third parties for specific services, software and hardware used in providing our products and services. Some of these organizations and service providers are our competitors or provide similar services and technology to our competitors, and we may not have long-term contracts with them. If these contracts are canceled or we are unable to renew them on commercially reasonable terms, or at all, our business, financial condition and results of operation could be adversely impacted. The termination by our service or technology providers of their arrangements with us or their failure to perform their services efficiently and effectively may adversely affect our relationships with our clients and, if we cannot find alternate providers quickly, may cause those clients to terminate their processing agreements with us.

We also rely in part on third parties for the development and access to new technologies, or for updates to existing products and services for which they provide ongoing support. Failure by these third-party providers to devote an appropriate level of attention to our products and services could result in delays in introducing new products or services, or delays in resolving any issues with existing products or services for which third-party providers provide ongoing support.

Our systems and operations or those of our third-party technology vendors could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, computer viruses, denial-of-service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency and similar events. Our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur. Likewise, while we have disaster recovery policies and arrangements in place, they have not been tested under actual disasters or similar events. Defects in our systems or those of third parties, errors or delays in the processing of payment transactions, telecommunications failures or other difficulties could result in:

- loss of revenues;
- loss of clients;
- loss of client and cardholder data;
- fines imposed by payment networks;
- harm to our business or reputation resulting from negative publicity;
- exposure to fraud losses or other liabilities;
- additional operating and development costs; or
- diversion of management, technical and other resources, among other consequences.

We are subject to economic and political risk, the business cycles of our clients and distribution partners and the overall level of consumer and commercial spending, which could negatively impact our business, financial condition and results of operations.

The electronic payment industry depends heavily on the overall level of consumer and commercial spending. We are exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income and changes in consumer purchasing habits. A sustained deterioration in general economic conditions, particularly in the United States, or increases in interest rates, could adversely affect our financial

performance by reducing the number or aggregate volume of transactions made using electronic payments. A reduction in the amount of consumer or commercial spending could result in a decrease in our revenue and profits. If our clients make fewer purchases or sales of products and services using electronic payments, or consumers spend less money through electronic payments, we will have fewer transactions to process at lower dollar amounts, resulting in lower revenue.

A weakening in the economy could have a negative impact on our clients, as well as their customers who purchase products and services using the payment processing systems to which we provide access, which could, in turn, negatively affect our business, financial condition and results of operations. In addition, a weakening in the economy could force SMBs to close at higher than historical rates in part because many of them are not as well capitalized as larger organizations, which could expose us to potential credit losses and future transaction declines. Further, credit card issuers may reduce credit limits and become more selective in their card issuance practices. We also have a certain amount of fixed and semi-fixed costs, including rent, debt service and salaries, which could limit our ability to quickly adjust costs and respond to changes in our business and the economy.

A decline in the use of cards and ACH as payment mechanisms for consumers and businesses or adverse developments in the electronic payment industry in general could adversely affect our business, financial condition and operating results.

If consumers and businesses do not continue to use cards or ACH as payment mechanisms for their transactions or if the mix of payments among the types of cards and ACH changes in a way that is adverse to us, it could have a material adverse effect on our business, financial condition and results of operations. Regulatory changes may also result in our clients seeking to charge their customers additional fees for use of credit or debit cards. Additionally, in recent years, increased incidents of security breaches have caused some consumers to lose confidence in the ability of businesses to protect their information, causing certain consumers to discontinue use of electronic payment methods. Security breaches could result in financial institutions canceling large numbers of credit and debit cards, or consumers or businesses electing to cancel their cards following such an incident.

We may not be able to continue to expand our share of our existing vertical markets or expand into new vertical markets, which would inhibit our ability to grow and increase our profitability.

Our future growth and profitability depend, in part, upon our continued expansion within the vertical markets in which we currently operate, the emergence of other vertical markets for electronic payments and our integrated solutions, and our ability to penetrate new vertical markets and our current distribution partners' customer base. As part of our strategy to expand into new vertical markets, we look for acquisition opportunities and partnerships with other businesses that will allow us to increase our market penetration, technological capabilities, product offerings and distribution capabilities. We may not be able to successfully identify suitable acquisition or partnership candidates in the future, and if we do, they may not provide us with the benefits we anticipated.

Our expansion into new vertical markets also depends upon our ability to adapt our existing technology or to develop new technologies to meet the particular needs of each new vertical market. We may not have adequate financial or technological resources to develop effective and secure services or distribution channels that will satisfy the demands of these new vertical markets. Penetrating these new vertical markets may also prove to be more challenging or costly or take longer than we may anticipate. If we fail to expand into new vertical markets and increase our penetration into existing vertical markets, we may not be able to continue to grow our revenues and earnings.

We may not be able to successfully execute our strategy of growth through acquisitions.

A significant part of our growth strategy is to enter into new vertical markets through platform acquisitions of vertically-focused integrated payment and software solutions providers and to expand within our existing vertical markets through selective tuck-in acquisitions. Since our formation in 2012, we have completed a total of nine platform and twelve tuck-in acquisitions that enabled us to enter new, or expand within existing, vertical markets.

Although we expect to continue to execute our acquisition strategy:

- we may not be able to identify suitable acquisition candidates or acquire additional assets on favorable terms;
- we may compete with others to acquire assets, which competition may increase, and any level of competition could result in decreased availability or increased prices for acquisition candidates;
- we may compete with others for select acquisitions and our competition may consist of larger, better-funded organizations with more resources and easier access to capital;
- we may experience difficulty in anticipating the timing and availability of acquisition candidates;
- we may not be able to obtain the necessary financing, on favorable terms or at all, to finance any of our potential acquisitions; and
- we may not be able to generate cash necessary to execute our acquisition strategy.

The occurrence of any of these factors could adversely affect our growth strategy.

Revenues and profits generated via acquisition may be less than anticipated and we may fail to uncover all liabilities of acquisition targets through the due diligence process prior to an acquisition, resulting in unanticipated costs, losses or a decline in profits, as well as potential impairment charges.

In evaluating and determining the purchase price for a prospective acquisition, we estimate the future revenues and profits from that acquisition based largely on historical financial performance. Following an acquisition, we may experience some attrition in the number of clients serviced by an acquired provider of payment processing services or included in an acquired portfolio of merchant accounts. Should the rate of post-acquisition client attrition exceed the rate we forecasted, the revenues and profits from the acquisition may be less than we estimated, which could result in losses or a decline in profits, as well as potential impairment charges.

We perform a due diligence review of each of our acquisition partners. This due diligence review, however, may not adequately uncover all of the contingent or undisclosed liabilities we may incur as a consequence of the proposed acquisition, exposing us to potentially significant, unanticipated costs, as well as potential impairment charges.

We may encounter delays, operational difficulties and non-recurring costs in completing the necessary transfer of data processing functions and connecting systems links required by an acquisition, resulting in increased costs for, and a delay in the realization of revenues from, that acquisition.

The acquisition of a provider of payment processing services, as well as a portfolio of merchant accounts, requires the transfer of various data processing functions and connecting links to our systems and those of our third-party service providers. If the transfer of these functions and links does not occur rapidly and smoothly, payment processing delays and errors may occur, resulting in a loss of revenues, increased client attrition and increased expenditures to correct the transitional problems, which could preclude our attainment of, or reduce, our anticipated revenue and profits.

In connection with some acquisitions, we may incur non-recurring severance expenses, restructuring charges or change of control payments. These expenses, charges or payments, as well as the initial costs of integrating the personnel and facilities of an acquired business with those of our existing operations, may adversely affect our operating results during the initial financial periods following an acquisition. In addition, the integration of newly acquired companies may lead to diversion of management attention from other ongoing business concerns.

A decrease in the quality of the products and services we offer, including support services, could adversely impact our ability to attract and retain clients and distribution partners.

Our clients expect a consistent level of quality in the provision of our products and services. The support services that we provide are also a key element of the value proposition to our clients. If the reliability or functionality of our products and services is compromised or the quality of those products or services is otherwise

degraded, or if we fail to continue to provide a high level of support, we could lose existing clients and find it harder to attract new clients and distribution partners.

Changes in tax laws or their interpretations, or becoming subject to additional U.S., state or local taxes that cannot be passed through to our clients, could negatively affect our business, financial condition and results of operations.

We are subject to extensive tax liabilities, including federal and state and transactional taxes such as excise, sales/use, payroll, franchise, withholding, and ad valorem taxes. Changes in tax laws or their interpretations could decrease the amount of revenues we receive, the value of any tax loss carryforwards and tax credits recorded on our balance sheet and the amount of our cash flow, and have a material adverse impact on our business, financial condition and results of operations. Some of our tax liabilities are subject to periodic audits by the respective taxing authority which could increase our tax liabilities. Furthermore, companies in the payment processing industry, including us, may become subject to incremental taxation in various tax jurisdictions. Taxing jurisdictions have not yet adopted uniform positions on this topic. If we are required to pay additional taxes and are unable to pass the tax expense through to our clients, our costs would increase and our net income would be reduced, which could have a material adverse effect on our business, financial condition and results of operations.

On December 22, 2017, President Trump signed into law H.R. 1, originally known as the "Tax Cuts and Jobs Act," which includes significant changes to the taxation of business entities. These changes include, among others, a reduction in the corporate income tax rate. We continue to examine the impact this tax reform legislation may have on our business. Notwithstanding the reduction in the corporate income tax rate, the overall impact of this tax reform is uncertain, and our business and financial condition could be adversely affected. This prospectus does not discuss such tax legislation or the manner in which it might affect purchasers of our common stock. We urge our stockholders, including purchasers of Class A common stock in this offering, to consult with their legal and tax advisors with respect to any such legislation and the potential tax consequences of investing in our common stock.

Many of our clients are SMBs, which can be more difficult and costly to retain than larger enterprises and may increase the effect of economic fluctuations on us.

Many of our clients are SMBs. To continue to grow our revenue, we must add new SMB clients, sell additional products and services to existing SMB clients and encourage existing SMB clients to continue doing business with us. However, retaining SMB clients can be more difficult than retaining large enterprises because SMBs often have higher rates of business failures and more limited resources and are typically less able to make technology-related decisions based on factors other than price.

SMBs are typically more susceptible to the adverse effects of economic fluctuations. Adverse changes in the economic environment or business failures of our SMB clients may have a greater impact on us than on our competitors who do not focus on SMBs to the extent that we do. As a result, we may need to onboard new clients at an accelerated rate or decrease our expenses to reduce negative impacts on our business, financial condition and results of operations.

We may not be able to successfully manage our intellectual property.

Our intellectual property is critical to our future success, particularly in our strategic verticals where we may offer proprietary software solutions to our clients. We rely on a combination of contractual license rights and copyright, trademark and trade secret laws to establish and protect our proprietary technology. Third parties may challenge, invalidate, circumvent, infringe or misappropriate our intellectual property or the intellectual property of our third party licensors, or such intellectual property may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly redesign efforts, discontinuance of certain service offerings or other competitive harm. Others, including our competitors, may independently develop similar technology, duplicate our products and services, design around or reverse engineer our intellectual property, and in such cases neither we nor our third-party licensors may be able to assert intellectual property rights against such parties. Further, our contractual license arrangements may be subject to termination or renegotiation with unfavorable terms to us, and our third-party licensors may be subject to bankruptcy, insolvency and other adverse business dynamics, any of which might affect our ability to use and

exploit the products licensed to us by these third-party licensors. We may have to litigate to enforce or determine the scope and enforceability of our intellectual property rights (including litigation against our third-party licensors), which is expensive, could cause a diversion of resources and may not prove successful. The loss of intellectual property protection or the inability to obtain third-party intellectual property could harm our business and ability to compete.

We may be subject to infringement claims.

We may be subject to costly litigation if our products or services are alleged to infringe upon or otherwise violate a third party's proprietary rights. Third parties may have, or may eventually be issued, patents that could be infringed by our products and services. Any of these third parties could make a claim of infringement against us with respect to our products and services. We may also be subject to claims by third parties for patent infringement, breach of copyright, trademark, license usage or other intellectual property rights. Any claim from third parties may result in a limitation on our ability to use the intellectual property subject to these claims. Additionally, in recent years, individuals and groups have been purchasing intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies like ours. Even if we believe that intellectual property related claims are without merit, defending against such claims is time consuming and expensive and could result in the diversion of the time and attention of our management and employees. Claims of intellectual property infringement also might require us to redesign affected products or services, enter into costly settlement or license agreements, pay costly damage awards for which we may not have insurance, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our products or services. Even if we have an agreement for indemnification against such costs, the indemnifying party, if any in such circumstances, may be unable to uphold its contractual obligations. If we cannot or do not license the infringed technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be adversely affected.

If we lose key personnel, or if their reputations are damaged, our business, financial condition and results of operations may be adversely affected, and proprietary information of our company could be shared with our competitors.

We depend on the ability and experience of a number of our key personnel, particularly Messrs. Daily, Whitson, Stanford and Bertke, who have substantial experience with our operations, the rapidly changing payment processing industry and the vertical markets in which we offer our products and services. Many of our key personnel have worked for us for a significant amount of time or were recruited by us specifically due to their experience. Our success depends in part upon the reputation and influence within the industry of our senior managers who have, over the years, developed long standing and favorable relationships with our vendors, card associations, bank sponsors and other payment processing and service providers. For example, Mr. Daily filed for personal bankruptcy protection under Chapter 11 in 2009. While Mr. Daily's bankruptcy has been closed and a final decree was issued in 2011, there can be no assurance that unfavorable publicity arising from it will not have an adverse effect on our business. See "Management—Certain Legal Proceedings." It is possible that the loss of the services of one or a combination of our senior executives or key managers could have a material adverse effect on our business, financial condition and results of operations. In addition, contractual obligations related to confidentiality and assignment of intellectual property rights may be ineffective or unenforceable, and departing employees may share our proprietary information with competitors in ways that could adversely impact us.

In a dynamic industry like ours, our success and growth depend on our ability to attract, recruit, retain and develop qualified employees.

Our business functions at the intersection of rapidly changing technological, social, economic and regulatory developments that require a wide-ranging set of expertise and intellectual capital. For us to continue to successfully compete and grow, we must attract, recruit, develop and retain the necessary personnel who can provide the needed expertise across the entire spectrum of our intellectual capital needs. While we have a number of key personnel who have substantial experience with our operations, we must also develop our personnel to provide succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of human capital. The market for qualified personnel is competitive, and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. Our effort to retain and develop personnel may also result in significant additional expenses,

which could adversely affect our profitability. We can make no assurances that qualified employees will continue to be employed or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on our business, financial condition and results of operations.

Our operating results and operating metrics are subject to seasonality and volatility, which could result in fluctuations in our quarterly revenues and operating results or in perceptions of our business prospects.

We have experienced in the past, and expect to continue to experience, seasonal fluctuations in our revenues as a result of consumer spending patterns. Historically our revenues have been strongest in our first, third and fourth fiscal quarters and weakest in our second fiscal quarter. This is due to the increase in the number and amount of electronic payment transactions related to seasonal retail events, such as holiday and vacation spending. The number of business days in a month or quarter also may affect seasonal fluctuations. We also experience volatility in certain other metrics, such as clients, transactions and dollar volume. Volatility in our key operating metrics or their rates of growth could have a negative impact on our financial results and investor perceptions of our business prospects.

We are a decentralized company, which presents certain risks, including the risk that we may be slower or less able to identify or react to problems affecting a key business than we would in a more centralized environment, which could materially and adversely affect our business, financial condition and results of operations.

We are a decentralized company. While we believe this structure has catalyzed our growth and enabled us to remain responsive to opportunities and to our clients' needs, it necessarily places significant control and decision-making powers in the hands of local management. This presents various risks, including the risk that we may be slower or less able to identify or react to problems affecting a key business than we would in a more centralized environment. In addition, it means that we may be slower to detect compliance related problems and that "company-wide" business initiatives, such as the integration of disparate information technology systems, are often more challenging and costly to implement, and their risk of failure higher, than they would be in a more centralized environment. Depending on the nature of the problem or initiative in question, such failure could materially and adversely affect our business, financial condition or results of operations.

We are the subject of various claims and legal proceedings and may become the subject of claims, litigation or investigations which could have a material adverse effect on our business, financial condition or results of operations.

In the ordinary course of business, we are the subject of various claims and legal proceedings and may become the subject of claims, litigation or investigations, including commercial disputes and employee claims, such as claims of age discrimination, sexual harassment, gender discrimination, immigration violations or other local, state and federal labor law violations, and from time to time may be involved in governmental or regulatory investigations or similar matters arising out of our current or future business. Any claims asserted against us or our management, regardless of merit or eventual outcome, could harm our reputation or the reputation of our management and have an adverse impact on our relationship with our clients, distribution partners and other third parties and could lead to additional related claims. In light of the potential cost and uncertainty involved in litigation, we have in the past and may in the future settle matters even when we believe we have a meritorious defense. Certain claims may seek injunctive relief, which could disrupt the ordinary conduct of our business and operations or increase our cost of doing business. Our insurance or indemnities may not cover all claims that may be asserted against us. Furthermore, there is no guarantee that we will be successful in defending ourselves in pending or future litigation or similar matters under various laws. Any judgments or settlements in any pending litigation or future claims, litigation or investigation could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Regulation

We are subject to extensive government regulation, and any new laws and regulations, industry standards or revisions made to existing laws, regulations or industry standards affecting the electronic payments industry, or our actual or perceived failure to comply with such obligations, may have an unfavorable impact on our business, financial condition and results of operations.

We are subject to numerous federal and state regulations that affect the electronic payments industry. Regulation of our industry has increased significantly in recent years and is constantly evolving. Changes to statutes, regulations or industry standards, including interpretation and implementation of statutes, regulations or standards, could increase our cost of doing business or affect the competitive balance. We are also subject to U.S. financial services regulations, numerous consumer protection laws, escheat regulations and privacy and information security regulations, among other laws, rules and regulations. Failure to comply with regulations may have an adverse effect on our business, including the limitation, suspension or termination of services provided to, or by, third parties, and the imposition of penalties or fines. To the extent these regulations negatively impact the business, operations or financial condition of our clients, our business and results of operations could be materially and adversely affected because, among other matters, our clients could have less capacity to purchase products and services from us, could decide to avoid or abandon certain lines of business, or could seek to pass on increased costs to us by negotiating price reductions. We could be required to invest a significant amount of time and resources to comply with additional regulations or oversight or to modify the manner in which we contract with or provide products and services to our clients; and those regulations could directly or indirectly limit how much we can charge for our services. We may not be able to update our existing products and services, or develop new ones, to satisfy our clients' needs. Any of these events, if realized, could have a material adverse effect on our business, results of operations and financial condition.

These and other laws and regulations, even if not directed at us, may require us to make significant efforts to change our products and services and may require that we incur additional compliance costs and change how we price our products and services to our clients and distribution partners. Implementing new compliance efforts is difficult because of the complexity of new regulatory requirements, and we are devoting and will continue to devote significant resources to ensure compliance. Furthermore, regulatory actions may cause changes in business practices by us and other industry participants which could affect how we market, price and distribute our products and services, and which could materially adversely affect our business, financial condition and results of operations. In addition, even an inadvertent failure to comply with laws and regulations, as well as rapidly evolving social expectations of corporate fairness, could damage our business or our reputation.

Compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and other federal and state regulations may increase our compliance costs, limit our revenues and otherwise negatively affect our business.

Since the enactment of the Dodd-Frank Act, there have been substantial reforms to the supervision and operation of the financial services industry, including numerous new regulations that have imposed compliance costs and, in some cases, limited revenue sources for us and our financial institution partners and clients. Among other things, the Dodd-Frank Act established the Consumer Financial Protection Bureau (the "CFPB"), which is empowered to conduct rule-making and supervision related to, and enforcement of, federal consumer financial protection laws. The CFPB has issued guidance that applies to "supervised service providers," which the CFPB has defined to include service providers, like us, to CFPB supervised banks and nonbanks. In addition, federal and state agencies have recently proposed or enacted cybersecurity regulations, such as the Cybersecurity Requirements for Financial Services Companies issued by the New York State Department of Financial Services and the Advance Notice of Proposed Rulemaking on Enhanced Cyber Risk Management Standards issued by The Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation in October 2016. Such cybersecurity regulations are applicable to large bank holding companies and their subsidiaries, as well as to service providers to those organizations. Any new rules and regulations implemented by the CFPB, state or other authorities or in connection with the Dodd-Frank Act could, among other things, slow our ability to adapt to a rapidly changing industry, require us to make significant additional investments to comply with them, redirect time and resources to compliance obligations, modify our products or services or the manner in which they are provided, or limit or change the amount or types of revenue we are able to generate.

Interchange fees, which the payment processor typically pays to the card issuer in connection with credit and debit card transactions, are subject to increasingly intense legal, regulatory and legislative scrutiny. In particular, the Dodd-Frank Act regulates and limits debit card fees charged by certain card issuers, allowing businesses and organizations to set minimum dollar amounts for the acceptance of credit cards. Specifically, under the so-called "Durbin Amendment" to the Dodd-Frank Act, the interchange fees that certain issuers charge businesses and organizations for debit transactions are regulated by the Federal Reserve and must be "reasonable and proportional" to the cost incurred by the issuer in authorizing, clearing and settling the transactions. Rules released by the Federal Reserve in July 2011 to implement the Durbin Amendment mandate a cap on debit transaction interchange fees for card issuers with assets of \$10 billion or greater. Since October 2011, a payment network may not prohibit a card issuer from contracting with any other payment network for the processing of electronic debit transactions involving the card issuer's debit cards, and card issuers and payment networks may not inhibit the ability of businesses and organizations to direct the routing of debit card transactions over any payment networks that can process the transactions.

Rules implementing the Dodd-Frank Act also contain certain prohibitions on payment network exclusivity and merchant routing restrictions. These restrictions could negatively affect the number of debit transactions, and prices charged per transaction, which would negatively affect our business.

If we violate the Family Educational Rights and Privacy Act ("FERPA") and the Protection of Pupil Rights Amendment ("PPRA"), it could result in a material breach of contract with one or more of our clients in our education vertical and could harm our reputation. Further, if we disclose student information in violation of FERPA or PPRA, our access to student information could be suspended.

Our systems and solutions must also comply, in certain circumstances, with FERPA and PPRA, as well as rapidly emerging state student data privacy laws that require schools to protect student data and to adopt privacy policies which can significantly vary from one state to another. FERPA generally prohibits an educational institution from disclosing personally identifiable information from a student's education records without the parent's consent unless certain statutory exceptions apply. Our school clients and their students disclose to us, and we may store, certain information that originates from or comprises a student education record under FERPA. PPRA puts limits on "survey, analysis or evaluations" that may come into play when schools employ internet-based educational services. Schools are required to develop policies that address, among other things, the collection, disclosure or use of personal information collected from students for the purpose of marketing or selling that information, and can place restrictions on third parties' use of that data. As an entity that provides services to educational institutions, we are indirectly subject to FERPA's and PPRA's privacy requirements, and we may not transfer or otherwise disclose or use any personally identifiable information from a student record to another party other than on a basis and in a manner permitted under the statutes. If we violate FERPA or PPRA, it could result in a material breach of contract with one or more of our clients and could harm our reputation. Further, if we disclose student information in violation of FERPA or PPRA, our access to student information could be suspended.

We must comply with laws and regulations prohibiting unfair or deceptive acts or practices, and any failure to do so could materially and adversely affect our business.

We and many of our clients are subject to Section 5 of the Federal Trade Commission Act prohibiting unfair or deceptive acts or practices. In addition, provisions of the Dodd-Frank Act that prohibit unfair, deceptive or abusive acts or practices ("UDAAP"), the Telemarketing Sales Act and other laws, rules and or regulations, may directly impact the activities of certain of our clients, and in some cases may subject us, as the electronic payment processor or provider of certain services, to investigations, fees, fines and disgorgement of funds if we were deemed to have improperly aided and abetted or otherwise provided the means and instrumentalities to facilitate the illegal or improper activities of the client through our services. Various federal and state regulatory enforcement agencies including the Federal Trade Commission and state attorneys general have authority to take action against non-banks that engage in unfair or deceptive acts or practices or UDAAP, or violate other laws, rules and regulations. To the extent we are processing payments or providing products and services for a client that may be in violation of laws, rules and regulations, we may be subject to enforcement actions and as a result may incur losses and liabilities that may adversely affect our business.

Numerous other federal laws affect our business, and any failure to comply with those laws could harm our business.

Our PayFac solutions present certain regulatory challenges, principally those relating to money transmitter issues. To address these challenges we, along with our third-party service providers, use structural arrangements designed to prevent us from receiving or controlling our client's funds and therefore remove our activities from the scope of money transmitter regulation. There can be no assurance that these structural arrangements will remain effective as money transmitter laws continue to evolve or that the applicable regulatory bodies, particularly state agencies, will view our PayFac activities as compliant.

Our business may also be subject to the Fair Credit Reporting Act (the "FCRA"), which regulates the use and reporting of consumer credit information and also imposes disclosure requirements on entities that take adverse action based on information obtained from credit reporting agencies. We could be liable if our practices under the FCRA do not comply with the FCRA or regulations under it.

The Housing Assistance Tax Act of 2008 included an amendment to the Internal Revenue Code of 1986, as amended, or the "Code," that requires information returns to be made for each calendar year by payment processing entities and third-party settlement organizations with respect to payments made in settlement of electronic payment transactions and third-party payment network transactions occurring in that calendar year. Reportable transactions are also subject to backup withholding requirements. We could be liable for penalties if our information returns are not in compliance with these regulations.

Our solutions may be required to conform, in certain circumstances, to requirements set forth in the Health Insurance Portability and Accountability Act of 1996, which governs the privacy and security of "protected health information."

Depending on how our products and services evolve, we may be subject to a variety of additional laws and regulations, including those governing money transmission, gift cards and other prepaid access instruments, electronic funds transfers, anti-money laundering, counter-terrorist financing, restrictions on foreign assets, gambling, banking and lending, U.S. Safe Harbor regulations, and import and export restrictions. Additionally, we are contractually required to comply with certain anti-money laundering regulations in connection with our payment processing activities. These regulations are generally governed by the Financial Crimes Enforcement Network of the U.S. Department of the Treasury ("FinCEN") and the Office of Foreign Assets Control ("OFAC"). Our efforts to comply with these laws and regulations could be costly and result in diversion of management time and effort and may still not guarantee compliance. Regulators continue to increase their scrutiny of compliance with these obligations, which may require us to further revise or expand our compliance program, including the procedures we use to verify the identity of our clients and our clients' customers, and to monitor transactions. If we are found to be in violation of any such legal or regulatory requirements, we may be subject to monetary fines or other penalties such as a cease and desist order, or we may be required to make product changes, any of which could have an adverse effect on our business and financial results.

Governmental regulations designed to protect or limit access to or use of consumer information could adversely affect our ability to effectively provide our products and services.

In addition to those regulations discussed previously that are imposed by the card networks and NACHA, governmental bodies in the United States have adopted, or are considering the adoption of, laws and regulations restricting the use, collection, storage, transfer and disposal of, and requiring safeguarding of, non-public personal information. Our operations are subject to certain provisions of these laws. Relevant federal privacy laws include, in addition to FERPA and PPRA described above, the Gramm-Leach-Bliley Act of 1999, which applies directly to a broad range of financial institutions and indirectly, or in some instances directly, to companies that provide services to financial institutions. The U.S. Children's Online Privacy Protection Act ("COPPA") also regulates the collection of information by operators of websites and other electronic solutions that are directed to children under 13 years of age. These laws and regulations restrict the collection, processing, storage, use and disclosure of personal information, require notice to individuals of privacy practices and provide individuals with certain rights to prevent the use and disclosure of protected information. These laws also impose requirements for safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. In addition, there are state laws restricting the ability to collect and utilize certain types of information such as Social

Security and driver's license numbers. Certain state laws impose similar privacy obligations as well as obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and consumer reporting agencies and businesses and governmental agencies that own data.

In connection with providing products and services to our clients, we are required by regulations and by our contracts with them and with our financial institution distribution partners to provide assurances regarding the confidentiality and security of non-public consumer information. These contracts may require periodic audits by independent companies regarding our compliance with applicable standards. The compliance standards relate to the security of our infrastructure, and include components and operational procedures designed to safeguard the confidentiality and security of individuals' non-public personal information that our clients share with us. Our ability to maintain compliance with these standards and satisfy these audits will affect our ability to attract, grow and maintain business in the future. If we fail to comply with the laws and regulations relating to data privacy and information security, we could be exposed to suits for breach of contract or to regulatory enforcement proceedings. In addition, our relationships and reputation could be harmed, which could inhibit our ability to retain existing clients and distribution partners and obtain new clients and distribution partners.

If more restrictive privacy laws or rules are adopted by authorities in the future on the federal or state level, our compliance costs may increase and our ability to perform due diligence on, and monitor the risk of, our current and potential clients may decrease, which could create liability for us. Additionally, if we suffer compliance failures or a data breach, or any similar event causing reputational harm, our opportunities for growth may be curtailed, and our potential liability for security breaches may increase, all of which could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Indebtedness

Our indebtedness could adversely affect our financial health and competitive position.

As of _____, 2018, as adjusted to reflect the application of the proceeds from this offering, we had \$ _____ million of indebtedness outstanding under our Senior Secured Credit Facility, consisting of \$ _____ million outstanding under our term loan and \$ _____ million outstanding under our revolving loan, of which approximately \$ _____ million bears interest at a floating rate. Although we may enter into interest rate swap agreements in the future, we and our subsidiaries are exposed to interest rate increases on the floating portion of our Senior Secured Credit Facility that are not covered by interest rate swaps. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosure About Market Risk."

To service this debt and any additional debt we may incur in the future, we need to generate cash. Our ability to generate cash is subject, to a certain extent, to our ability to successfully execute our business strategy, including acquisition activity, as well as general economic, financial, competitive, regulatory and other factors beyond our control. We cannot assure you that our business will be able to generate sufficient cash flow from operations or that future borrowings or other financing will be available to us in an amount sufficient to enable us to service our debt and fund our other liquidity needs. To the extent we are required to use our cash flow from operations or the proceeds of any future financing to service our debt instead of funding working capital, capital expenditures, acquisition activity or other general corporate purposes, we will be less able to plan for, or react to, changes in our business, industry and in the economy generally. This will place us at a competitive disadvantage compared to our competitors that have less debt. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all, or that the terms of that debt will allow any of the above alternative measures or that these measures would satisfy our scheduled debt service obligations. If we are unable to generate sufficient cash flow to repay or refinance our debt on favorable terms, it could significantly adversely affect our financial condition and the value of our outstanding debt. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations.

In addition, the credit agreement governing our Senior Secured Credit Facility contains, and any agreements evidencing or governing other future debt may contain, certain restrictive covenants that limit our ability, among other things, to engage in certain activities that are in our long-term best interests, including our ability to:

- incur liens on property, assets or revenues;
- incur or guarantee additional debt or amend our debt and other material agreements;
- declare or make distributions and redeem or repurchase equity interests or issue preferred stock;
- prepay, redeem or repurchase debt;
- make loans and investments;
- enter into any sale-and-leaseback of property;
- engage in certain business activities; and
- engage in mergers and asset sales.

The restrictive covenants in the credit agreement governing our Senior Secured Credit Facility also require us to maintain specified financial ratios. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Senior Secured Credit Facility." While we have not previously breached and are not in breach of any of these covenants, there can be no guarantee that we will not breach these covenants in the future. Our ability to comply with these covenants and restrictions may be affected by events and factors beyond our control. Our failure to comply with any of these covenants or restrictions could result in an event of default under our Senior Secured Credit Facility. An event of default would permit the lending banks under the facility to take certain actions, including terminating all outstanding commitments and declaring all amounts outstanding under our credit facility to be immediately due and payable, including all outstanding borrowings, accrued and unpaid interest thereon, and all other amounts owing or payable with respect to such borrowings and any terminated commitments. In addition, the lenders would have the right to proceed against the collateral we granted to them, which includes substantially all of our assets.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions or unforeseen circumstances, and may determine to engage in equity or debt financings or enter into credit facilities or refinance existing debt for other reasons. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all. As discussed above, the credit agreement governing our Senior Secured Credit Facility contains restrictive covenants that limit our ability to incur additional debt and engage in other capital-raising activities. Any debt financing we obtain in the future could involve covenants that further restrict our capital raising activities and other financial and operational matters, which may make it more difficult for us to operate our business, obtain additional capital and pursue business opportunities, including potential acquisitions. Furthermore, if we raise additional funds by issuing equity or convertible debt or other equity-linked securities, our existing stockholders could suffer significant dilution. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

Disruptions in the financial and credit markets may materially and adversely impact consumer spending patterns and affect the availability and cost of credit.

Our ability to make scheduled payments or to refinance our debt and to obtain financing for acquisitions or other general corporate and commercial purposes will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and to financial, business and other factors beyond our control, including global credit markets and the financial services industry. These factors may adversely impact the availability of credit already arranged, and the availability and cost of credit in the future. There can be no assurance that we will be able to arrange credit on terms we believe are acceptable or that permit us to finance our business with historical margins.

Despite our current level of debt, we may be able to incur more debt, including secured debt, and undertake additional financial obligations. Incurring such debt or undertaking such additional financial obligations could further exacerbate the risk our indebtedness poses to our financial condition.

We may be able to incur significant additional debt, including secured debt, in the future. Although the credit agreement governing our Senior Secured Credit Facility restricts our ability to incur additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and debt we incur in compliance with these restrictions could be substantial. These restrictions also do not prevent us from incurring obligations that do not constitute “indebtedness” or “debt” under the various instruments governing our debt, may be waived by certain votes of lenders and, if we refinance existing debt, such refinanced debt may contain fewer restrictions on our activities. To the extent we increase our debt above our currently anticipated debt levels, the related risks that we face could intensify.

Risks Related to Our Organizational Structure and Our Company

We are a holding company with no operations of our own, and our principal asset after completion of the Reorganization Transactions and this offering will be our membership interest in i3 Verticals, LLC. Accordingly, we depend on distributions from i3 Verticals, LLC to pay our taxes and other expenses.

We are a holding company with no operations of our own and currently have no significant assets other than our ownership of common units of i3 Verticals, LLC. We currently have no independent means of generating revenue. Consequently, our ability to obtain operating funds depends upon distributions from i3 Verticals, LLC. Furthermore, i3 Verticals, LLC will be treated as a partnership for U.S. federal income tax purposes and, as such, will not itself be subject to U.S. federal income tax. Instead, its net taxable income will generally be allocated to its members, including us, pro rata according to the number of membership interests each member owns. Accordingly, we will incur income taxes on our proportionate share of any net taxable income of i3 Verticals, LLC in addition to expenses related to our operations, and our ability to obtain funds to pay these income taxes currently depends upon distributions from i3 Verticals, LLC. We intend to cause i3 Verticals, LLC to distribute cash to us in an amount at least equal to the amount necessary to cover our respective tax liabilities, if any, with respect to our allocable share of the net income of i3 Verticals, LLC and to cover dividends, if any, we declare, as well as any payments due under the Tax Receivable Agreement. See the detailed discussion under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Senior Secured Credit Facility” for a discussion of the restrictive covenants, including i3 Verticals, LLC’s obligations to maintain specified financial ratios, that may limit its ability to make certain distributions to us.

To the extent that we need funds to pay our taxes or other liabilities or to fund our operations, and i3 Verticals, LLC is restricted from making distributions to us under applicable agreements under which it is bound, including its financing agreements, laws or regulations, does not have sufficient cash to make these distributions or is otherwise unable to provide such funds, we may have to borrow funds to meet these obligations and operate our business, and our liquidity and financial condition could be materially adversely affected. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid.

The interests of our other Continuing Equity Owners in our business may conflict with yours.

The Continuing Equity Owners, who collectively will hold approximately % of the combined voting power of our common stock immediately after the consummation of this offering, may receive payments from us under the Tax Receivable Agreement in connection with our purchase of common units of i3 Verticals, LLC directly from some of the Continuing Equity Owners in connection with this offering as described under “Use of Proceeds,” and upon a later redemption or exchange of their common units in i3 Verticals, LLC, including the issuance of shares of our Class A common stock upon any such redemption or exchange. As a result, the interests of the Continuing Equity Owners may conflict with the interests of holders of our Class A common stock. For example, the Continuing Equity Owners may have different tax positions from us which could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when we should terminate the Tax Receivable Agreement and accelerate our obligations thereunder. In addition, the structuring of future transactions may take into consideration tax or other considerations of the Continuing Equity Owners even in situations where no similar considerations are relevant to

us. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement" for a discussion of the Tax Receivable Agreement and the related likely benefits to be realized by the Continuing Equity Owners.

Any payments made under the Tax Receivable Agreement to our equity holders that are parties to such agreement could be significant and will reduce the amount of overall cash flow that would otherwise be available to us.

As a result of our purchase of any common units from some of the Continuing Equity Owners and of any redemptions or exchanges of common units with us for shares of our Class A common stock or, at our option, cash to be paid from i3 Verticals, LLC, we expect to become entitled to the tax benefits attributable to tax basis adjustments involving an amount generally equal to the difference between the value of the shares of Class A common stock we issue in such redemption or exchange or the cash purchase price for the acquired Class A units, and the equity holder's share of the tax basis in i3 Verticals, LLC's tangible and intangible assets that is attributable to the acquired Class A units. We have agreed in the Tax Receivable Agreement entered into with i3 Verticals, LLC and certain of our Continuing Equity Owners to pay to each such holder (either directly or indirectly by contributing such payment to i3 Verticals, LLC for remittance to the Continuing Equity Owners) with respect to a redemption or exchange by that holder approximately 85% of the amount, if any, by which our U.S. federal and state income tax payments are reduced as a result of tax benefits attributable to the redemption or exchange by that holder for the period beginning with the remainder of the tax year in which the applicable redemption or exchange occurs and continuing for each succeeding tax year beginning on or before the _____ anniversary of the date of such redemption or exchange. See "Certain Relationships and Related Party Transactions."

The tax basis adjustments, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of any redemptions or exchanges between us and each holder, the amount and timing of our income and the amount and timing of the amortization and depreciation deductions and other tax benefits attributable to the tax basis adjustments. The payment obligations under the Tax Receivable Agreement are obligations of i3 Verticals, Inc., and we expect that the payments required under the Tax Receivable Agreement will be substantial. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the Tax Receivable Agreement, we expect that the reduction in tax payments for us associated with sales of the corresponding common units as described above would aggregate to approximately \$ _____ over _____ years from the date of this offering based on an initial public offering price of \$ _____ per share, and assuming all future sales would occur one year after this offering. Under such scenario, we would be required to pay the other parties to the Tax Receivable Agreement 85% of such amount, or \$ _____ over the _____-year period from the date of this offering. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us, and payments under the Tax Receivable Agreement by us, will be calculated using the market value of our Class A common stock at the time of the sale and the prevailing tax rates applicable to us over the life of the Tax Receivable Agreement and will be dependent on us generating sufficient future taxable income to realize the benefit.

We may not be able to realize all or a portion of the tax benefits that are expected to result from future redemptions or exchanges of common units by holders.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Continuing Equity Owners that will not benefit the holders of our Class A common stock to the same extent as it will benefit the Continuing Equity Owners. Under the Tax Receivable Agreement, we are entitled to retain (a) 15% of the U.S. federal and state income tax savings we realize as a result of increases in tax basis created by any future redemptions or exchanges of common units held by our equity holders that are parties to the Tax Receivable Agreement for shares of our Class A common stock or cash for the tax years following a redemption or exchange covered by the Tax Receivable Agreement, and (b) all of the U.S. federal and state income tax savings we realize from such redemptions or exchanges for tax periods ending after those covered by the Tax Receivable Agreement. Our ability to realize, and benefit from, these tax savings depends on several assumptions, including that we will earn sufficient taxable income each year during the period over which the deductions arising from any such basis increases and payments are available and that there are no adverse changes in applicable law or regulations. If our actual taxable income were insufficient or there were adverse

changes in applicable law or regulations, we may be unable to realize all or a portion of these expected benefits, and our cash flows and stockholders' equity could be negatively affected.

In certain cases, payments under the Tax Receivable Agreement to the Continuing Equity Owners may be accelerated or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

The Tax Receivable Agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control or if, at any time, we elect an early termination of the Tax Receivable Agreement, then our obligations, or our successor's obligations, under the Tax Receivable Agreement to make payments thereunder would be based on certain assumptions, including an assumption that we would have sufficient taxable income to fully use all potential future tax benefits that are subject to the Tax Receivable Agreement.

As a result of the foregoing, (a) we could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement and (b) if we elect to terminate the Tax Receivable Agreement early, we would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to fund or finance our obligations under the Tax Receivable Agreement.

In certain circumstances, i3 Verticals, LLC will be required to make distributions to us and the Continuing Equity Owners, and the distributions that i3 Verticals, LLC will be required to make may be substantial.

Funds used by i3 Verticals, LLC to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, the tax distributions that i3 Verticals, LLC will be required to make may be substantial, and will likely exceed (as a percentage of i3 Verticals, LLC's net income) the overall effective tax rate applicable to a similarly situated corporate taxpayer.

As a result of potential differences in the amount of net taxable income allocable to us and to the Continuing Equity Owners, as well as the use of an assumed tax rate in calculating i3 Verticals, LLC's distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreement. To the extent, as currently expected, we do not distribute such cash balances as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to i3 Verticals, LLC, the Continuing Equity Owners would benefit from any value attributable to such accumulated cash balances as a result of their ownership of Class A common stock following a redemption or exchange of their common units.

We will not be reimbursed for any payments made to the Continuing Equity Owners under the Tax Receivable Agreement if any tax benefits are disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine, and the Internal Revenue Service (the "IRS") or another tax authority may challenge all or part of the tax basis increases, as well as other related tax positions we take, and a court could sustain such challenge. If the outcome of any such challenge would reasonably be expected to materially affect a recipient's payments under the Tax Receivable Agreement, then we will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of each Continuing Equity Owner that directly or indirectly owns at least % of the outstanding i3 Verticals, LLC interests. We will not be reimbursed for any cash payments previously made to the Continuing Equity Owners under the Tax Receivable Agreement if any tax benefits we initially claimed and for which we made a payment to a Continuing Equity Owner are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments we make to a Continuing Equity Owner will be netted against any future cash payments that we might otherwise be required to make to such Continuing Equity Owner under the terms of the Tax Receivable Agreement. However, we might not

determine that we have effectively made an excess cash payment to a Continuing Equity Owner for a number of years following the initial time of such payment and, if any of our tax reporting positions are challenged by a taxing authority, we will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. As a result, we could make payments under the Tax Receivable Agreement in excess of the tax savings that we realize in respect of the tax attributes with respect to the Continuing Equity Owners that are the subject of the Tax Receivable Agreement.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act and Nasdaq rules. The requirements of these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls for financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. As a publicly-traded company, we will be required to develop and implement substantial control systems, policies and procedures to satisfy requirements applicable to public companies, including periodic reporting with the Securities and Exchange Commission ("SEC") and Nasdaq obligations. We cannot assure you that management's past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate our company and execute our business strategy. Failure to do so, either as a result of our inability to effectively manage our business in a public company environment or of any other reason, could jeopardize our status as a public company, and the loss of such status may materially and adversely affect us and our stockholders. In addition, failure to comply with any laws or regulations applicable to us as a public company may result in legal proceedings and/or regulatory investigations, and may cause reputational damage.

We expect to incur significant additional annual expenses related to these steps associated with, among other things, director fees, reporting requirements, transfer agent fees, additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We also expect that the new rules and regulations to which we will be subject as a result of being a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage for such directors and officers. Any of these factors could make it more difficult for us to attract and retain qualified members of our Board of Directors.

Our internal control over financial reporting may not be effective and our independent registered public accounting firm may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business, financial condition, results of operations and reputation.

Prior to the completion of this offering, we are not required to comply with SEC rules that implement Section 404 of the Sarbanes-Oxley Act, and we are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon completion of this offering, we will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to conduct an annual review and evaluation of our internal control and furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting each fiscal year beginning with the year following our first annual report required to be filed with the SEC. However, because we will be an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an emerging growth company. Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that will need to be evaluated frequently. Establishing these internal controls will be costly and may divert management's attention.

When evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the

requirements of Section 404 of the Sarbanes-Oxley Act. In addition, if we fail to achieve and maintain the adequacy of our internal control, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude, on an ongoing basis, that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or with adequate compliance, we may be subject to sanctions or investigation by regulatory authorities, such as the SEC, or suffer other adverse regulatory consequences, including violation of Nasdaq rules. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. A loss of confidence in the reliability of our financial statements also could occur if we or our independent registered public accounting firm were to report a material weakness in our internal control over financial reporting. In addition, we may be required to incur costs in improving our internal control system, including the costs of the hiring of additional personnel. Any such action could negatively affect our business, financial condition, results of operations and cash flows and could also lead to a decline in the price of our Class A common stock.

Certain provisions of Delaware law and anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws may have an anti-takeover effect and may delay, defer, or prevent a merger, acquisition, tender offer, takeover attempt, or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions will provide for, among other things:

- prohibiting the use of cumulative voting for the election of directors;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; and
- certain limitations on convening special stockholder meetings.

In addition, while we expect to opt out of Section 203 of the Delaware General Corporation Law, or the "DGCL," our amended and restated certificate of incorporation will contain similar provisions providing that we may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our Board of Directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the votes of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our Board of Directors and by the affirmative vote of holders of at least 66 2/3% of the votes of our outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of the votes of our outstanding voting stock. For purposes of this provision, "voting stock" means any class or series of stock entitled to vote generally in the election of directors.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with our company for a three-year period. This provision may encourage companies interested in acquiring our company to negotiate in advance with our Board of Directors because the stockholder approval requirement would be avoided if our Board of Directors approves either the

business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our Board of Directors and may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

These provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage, delay or prevent a transaction involving a change in control of our company that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our Class A common stock if they are viewed as discouraging future takeover attempts. These provisions could also make it more difficult for stockholders to nominate directors for election to our Board of Directors and take other corporate actions.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our amended and restated certificate of incorporation will authorize us to issue one or more series of preferred stock. Our Board of Directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

Risks Related to this Offering and Ownership of Our Class A Common Stock

Immediately following the consummation of this offering, the Continuing Equity Owners will own common units in i3 Verticals, LLC, and the Continuing Equity Owners will have the right to redeem their common units in i3 Verticals, LLC pursuant to the terms of the i3 Verticals LLC Agreement for shares of Class A common stock or cash.

After this offering, we will have an aggregate of _____ shares of Class A common stock authorized but unissued (or _____ if the underwriters exercise their overallotment option in full), including approximately _____ shares of Class A common stock issuable, at our election, upon redemption of i3 Verticals, LLC common units that will be held by the Continuing Equity Owners. i3 Verticals, LLC will enter into the i3 Verticals LLC Agreement, and subject to certain restrictions in that agreement and as described elsewhere in this prospectus, the Continuing Equity Owners will be entitled to have their common units redeemed from time to time at each of their options (subject in certain circumstances to time-based and service-based vesting requirements and limitations on the common units that will be converted from Class P units in connection with the Reorganization Transactions) for, at our election, newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the i3 Verticals LLC Agreement. At our election, however, we may effect a direct exchange by i3 Verticals, Inc. of such Class A common stock or such cash, as applicable, for such common units in lieu of redemption. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. See "Certain Relationships and Related Party Transactions—i3 Verticals LLC Agreement." We also intend to enter into a Registration Rights Agreement pursuant to which the shares of Class A common stock issued to certain Continuing Equity Owners upon such redemption and the shares of Class A common stock issued to certain Continuing Equity Owners in connection with the Reorganization Transactions will be eligible for resale registration, subject to certain limitations set forth in the Registration Rights Agreement. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

We cannot predict the size of future issuances of our Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock may have on the market price of our Class A common stock. Sales or distributions of substantial amounts of our Class A common stock, including shares issued in connection with an acquisition, or the perception that such sales or distributions could occur, may cause the market price of our Class A common stock to decline.

You may be diluted by future issuances of preferred stock or additional Class A common stock or common units in connection with our incentive plans, acquisitions or otherwise; future sales of such shares in the public market, or the expectations that such sales may occur, could lower our stock price.

Our amended and restated certificate of incorporation will authorize us to issue shares of our Class A common stock and options, rights, warrants and appreciation rights relating to our Class A common stock for the consideration and on the terms and conditions established by our Board of Directors in its sole discretion. We could issue a significant number of shares of Class A common stock in the future in connection with investments or acquisitions. Any of these issuances could dilute our existing stockholders, and such dilution could be significant. Moreover, such dilution could have a material adverse effect on the market price for the shares of our Class A common stock.

The future issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of shares of our Class A common stock, either by diluting the voting power of our Class A common stock if the preferred stock votes together with the common stock as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote, even if the action were approved by the holders of our shares of our Class A common stock.

The future issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our Class A common stock by making an investment in the Class A common stock less attractive. For example, investors in the Class A common stock may not wish to purchase Class A common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase Class A common stock at the lower conversion price, causing economic dilution to the holders of Class A common stock.

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of Class A common stock issued or issuable under our stock plans. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market following the expiration of the applicable lock-up period. We expect that the initial registration statement on Form S-8 will cover shares of our Class A common stock.

A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.

We and our officers and directors, subject to certain exceptions, will agree that, without the prior written consent of Cowen and Company, LLC and Raymond James & Associates, Inc., the representatives of the underwriters (the "Representatives"), on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus: (1) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, any shares of Class A common stock or any securities convertible into, exchangeable for or that represent the right to receive shares of Class A common stock; (2) file any registration statement with the SEC relating to the offering of any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock; or (3) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Class A common stock, subject to certain exceptions. The Representatives, in their sole discretion, may release the Class A common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. See "Underwriting."

The market price of our Class A common stock may decline significantly when the restrictions on resale by our existing stockholders lapse. A decline in the market price of our Class A common stock might impede our ability to raise capital through the issuance of additional shares of Class A common stock or other equity securities.

Sales of shares of our Class A common stock in connection with the Registration Rights Agreement, or the prospect of any such sales, could materially affect the market price of our Class A common stock and could impair our ability to raise capital through future sales of equity securities.

In connection with the completion of this offering, we intend to enter into a Registration Rights Agreement with certain Continuing Equity Owners. Any sales in connection with the Registration Rights Agreement, or the prospect of any such sales, could materially impact the market price of our Class A common stock and could impair our ability to raise capital through future sales of equity securities. For a further description of our Registration Rights Agreement, see “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

See “Shares Eligible for Future Sale” for a more detailed description of the restrictions on selling shares of our Class A common stock after this offering.

In the future, we may also issue additional securities if we need to raise capital, including, but not limited to, in connection with acquisitions, which could constitute a material portion of our then-outstanding shares of Class A common stock.

We do not anticipate paying any cash dividends on our Class A common stock in the foreseeable future.

We currently intend to retain our future earnings, if any, for the foreseeable future, to repay indebtedness and to fund the development and growth of our business. We do not intend to pay any dividends to holders of our Class A common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors taking into account various factors, including our business, operating results and financial condition, current and anticipated cash needs, plans for expansion, any legal or contractual limitations on our ability to pay dividends under our Senior Secured Credit Facility or otherwise. As a result, if our Board of Directors does not declare and pay dividends, the capital appreciation in the price of our Class A common stock, if any, will be your only source of gain on an investment in our Class A common stock, and you may have to sell some or all of your Class A common stock to generate cash flow from your investment.

In addition, even if we decide in the future to pay any dividends, we are a holding company with no independent operations of our own, and we will depend on distributions from i3 Verticals, LLC to pay taxes, make payments under the Tax Receivable Agreement or pay any cash dividends on our Class A common stock. Deterioration in the financial conditions, earnings or cash flow of i3 Verticals, LLC and its subsidiaries for any reason could limit or impair its ability to pay cash distributions or other distributions to us, thereby rendering us unable to pay dividends.

An active market for our Class A common stock may not develop.

Before this offering, there has not been a public market for our Class A common stock. We cannot assure you that a regular trading market of our Class A common stock will develop on the Nasdaq Global Select Market or elsewhere or, if developed, that any such trading market will be sustained or how liquid such trading market will become. If an active trading market does not develop, you may have difficulty selling any shares of our Class A common stock that you purchase. The initial public offering price for the shares of our Class A common stock will be determined by negotiations between us and the Representatives and may not be indicative of prices that will prevail in the open market following this offering. The market price of shares of our Class A common stock may decline below the initial public offering price, and you may not be able to resell your shares of our Class A common stock at or above the initial public offering price. Accordingly, we cannot assure you of your ability to sell your Class A common stock when desired, or at all, or the prices that you may obtain for such Class A common stock.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our Class A common stock, its trading price and volume could decline.

We expect the trading market for our Class A common stock to be influenced by the research and reports that industry or securities analysts publish about us, our business or our industry. As a new public company, we do not

currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our stock may be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline and our Class A common stock to be less liquid. Moreover, if one or more of the analysts who cover us downgrades our stock or publishes inaccurate or unfavorable research about our business, or if our results of operations do not meet their expectations, our stock price could decline.

Our stock price could be extremely volatile and may decline substantially from the initial public offering price. As a result, you may not be able to resell your shares at or above the price you paid for them.

Even if a trading market develops, the market price of our Class A common stock may be highly volatile and could be subject to wide fluctuations. Volatility in the market price of our Class A common stock, as well as general economic, market or political conditions, may prevent you from being able to sell your shares at or above the price you paid for your shares and may otherwise negatively affect the liquidity of our Class A common stock. You may experience a decrease, which could be substantial, in the value of your stock, including decreases unrelated to our operating performance or prospects, and you could lose part or all of your investment. The price of our Class A common stock could be subject to wide fluctuations in response to a number of factors, including those described elsewhere in this prospectus and others such as:

- our ability to generate revenues sufficient to maintain profitability and positive cash flow;
- competition in our industry and our ability to compete effectively;
- our dependence on non-exclusive distribution partners to market our products and services;
- our ability to keep pace with rapid developments and changes in our industry and provide new products and services;
- liability and reputation damage from unauthorized disclosure, destruction or modification of data or disruption of our services;
- technical, operational and regulatory risks related to our information technology systems and third-party providers' systems;
- reliance on third parties for significant services;
- exposure to economic conditions and political risks affecting consumer and commercial spending, including the use of credit cards;
- our ability to increase our existing vertical markets, expand into new vertical markets and execute our growth strategy;
- our ability to successfully complete acquisitions and effectively integrate those acquisitions into our services;
- degradation of the quality of our products, services and support;
- our ability to retain clients, many of which are SMBs, which can be difficult and costly to retain;
- our ability to successfully manage our intellectual property;
- our ability to attract, recruit, retain and develop key personnel and qualified employees;
- risks related to laws, regulations and industry standards;
- our indebtedness and potential increases in our indebtedness;
- operating and financial restrictions imposed by our Senior Secured Credit Facility; and
- the other factors described in "Risk Factors."

In response to any one or more of these events, the market price of shares of our Class A common stock could decrease significantly. In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

Taking advantage of the reduced disclosure requirements applicable to “emerging growth companies” may make our Class A common stock less attractive to investors.

We qualify as an “emerging growth company” as defined in the JOBS Act. An emerging growth company may take advantage of certain reduced reporting and other requirements that are otherwise generally applicable to public companies, as described above. We currently intend to take advantage of each of these exemptions. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make a comparison of our financial statements with the financial statements of a public company that is not an emerging growth company, or the financial statements of an emerging growth company that has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used. We could be an emerging growth company until the last day of the fiscal year following the fifth anniversary of this offering. We cannot predict if investors will find our Class A common stock less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our Class A common stock.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." All statements other than statements of historical facts contained in this prospectus may be forward-looking statements. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "pro forma," "continues," "anticipates," "expects," "seeks," "projects," "intends," "plans," "may," "will," "would" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this prospectus, including in our unaudited pro forma consolidated financial statements, and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, future acquisitions and the industries in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the "Risk Factors" section of this prospectus, which include, but are not limited to, the following:

- our ability to generate revenues sufficient to maintain profitability and positive cash flow;
- competition in our industry and our ability to compete effectively;
- our dependence on non-exclusive distribution partners to market our products and services;
- our ability to keep pace with rapid developments and changes in our industry and provide new products and services;
- liability and reputation damage from unauthorized disclosure, destruction or modification of data or disruption of our services;
- technical, operational and regulatory risks related to our information technology systems and third-party providers' systems;
- reliance on third parties for significant services;
- exposure to economic conditions and political risks affecting consumer and commercial spending, including the use of credit cards;
- our ability to increase our existing vertical markets, expand into new vertical markets and execute our growth strategy;
- our ability to successfully complete acquisitions and effectively integrate those acquisitions into our services;
- degradation of the quality of our products, services and support;
- our ability to retain clients, many of which are SMBs, which can be difficult and costly to retain;
- our ability to successfully manage our intellectual property;
- our ability to attract, recruit, retain and develop key personnel and qualified employees;
- risks related to laws, regulations and industry standards;
- our indebtedness and potential increases in our indebtedness;
- operating and financial restrictions imposed by our Senior Secured Credit Facility; and
- the other factors described in "Risk Factors."

Those factors should not be construed as exhaustive and should be read with the other cautionary statements in this prospectus.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry developments may differ materially from statements made in or suggested by the forward-looking statements contained in this prospectus. The matters summarized under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus could cause our actual results to differ significantly from those contained in our forward-looking statements. In addition, even if our results of operations, financial condition and liquidity, and industry developments are consistent with the forward-looking

statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

In light of these risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. Any forward-looking statement that we make in this prospectus speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statement or to publicly announce the results of any revision to any of those statements to reflect future events or developments, except as required by applicable law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

OUR ORGANIZATIONAL STRUCTURE

i3 Verticals, Inc., a Delaware corporation, was formed on January 17, 2018 to serve as the issuer of the Class A common stock offered by this prospectus. Before this offering, we conducted all of our business operations through i3 Verticals, LLC and its subsidiaries. We will consummate the Reorganization Transactions (excluding this offering) on or before the consummation of this offering.

Existing Organization

i3 Verticals, LLC is treated as a partnership for U.S. federal income tax purposes and, as such, is generally not subject to any U.S. federal entity-level income taxes. Taxable income or loss of i3 Verticals, LLC is included in the U.S. federal income tax returns of the members of i3 Verticals, LLC. Prior to the consummation of this offering, the Original Equity Owners were the only members of i3 Verticals, LLC, and included certain of our current and former executive officers, employees and directors.

Reorganization Transactions

We will consummate the following reorganizational transactions in connection with this offering:

- We will amend and restate the existing limited liability company agreement of i3 Verticals, LLC to, among other things, (1) convert all existing Class A units, common units (including common units issued upon the exercise of existing warrants held by the existing Warrant Holders) and Class P units of ownership interest in i3 Verticals, LLC into either Class A voting common units of i3 Verticals, LLC or Class B non-voting common units of i3 Verticals, LLC, and (2) appoint i3 Verticals, Inc. as the sole managing member of i3 Verticals, LLC upon its acquisition of common units in connection with this offering.
- We will amend and restate i3 Verticals, Inc.'s certificate of incorporation to provide for, among other things, Class A common stock and Class B common stock. Each share of Class A common stock and Class B common stock will entitle its holder to one vote on all matters to be voted on by stockholders. Shares of our Class B common stock, however, may be held only by the Continuing Equity Owners and their permitted transferees in proportion to the number of outstanding common units of i3 Verticals, LLC they hold as described in "Description of Capital Stock—Class B Common Stock." Class B common stock has no economic rights.
- Immediately following the Initial Recapitalization, we will consummate a merger by and among i3 Verticals, LLC, i3 Verticals, Inc. and MergerSub whereby: (1) MergerSub will merge with and into i3 Verticals, LLC, with i3 Verticals, LLC as the surviving entity; (2) Class A voting common units will be converted into newly issued common units in i3 Verticals, LLC together with an equal number of shares of Class B common stock of i3 Verticals, Inc., and (3) Class B common units will be converted into Class A common stock of i3 Verticals, Inc.
- We will issue shares of our Class A common stock pursuant to a voluntary private conversion of Junior Subordinated Notes by certain related and unrelated creditors of i3 Verticals, LLC. In this conversion, certain eligible holders of Junior Subordinated Notes have elected to convert approximately \$ in aggregate indebtedness into Class A common stock.
- We will issue shares of our Class A common stock to the purchasers in this offering (or shares if the underwriters exercise their overallotment option in full) in exchange for net proceeds of approximately \$ million (or approximately \$ million if the underwriters exercise the overallotment option in full).
- We will use all of the net proceeds from this offering to purchase (1) newly issued common units (or common units if the underwriters exercise their overallotment option in full) directly from i3 Verticals, LLC at a price per unit equal to the initial public offering price per share of Class A common stock in this offering less the underwriting discounts and commissions, and (2) common units directly from certain of the Continuing Equity Owners at the initial public offering price of Class A common stock in this offering less underwriting discounts and commissions. We will own % of i3 Verticals, LLC's outstanding common units following this offering (or % if the underwriters exercise their overallotment option in full).
- i3 Verticals, LLC intends to use the net proceeds from the sale of common units to i3 Verticals, Inc. to repay as described under "Use of Proceeds" a total of approximately \$ in outstanding debt

under (a) the Junior Subordinated Notes, (b) the Mezzanine Notes and (c) the Senior Secured Credit Facility. i3 Verticals, LLC intends to repay the Junior Subordinated Notes and the Mezzanine Notes in full.

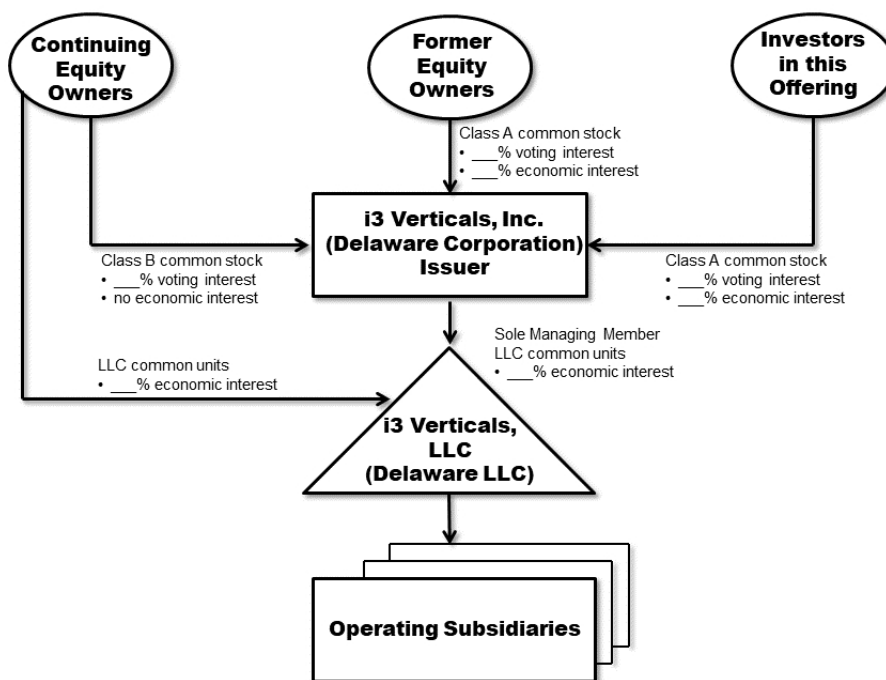
- i3 Verticals, Inc. will enter into (1) the Tax Receivable Agreement with i3 Verticals, LLC and each of the Continuing Equity Owners and (2) the Registration Rights Agreement with certain Continuing Equity Owners. For a description of the terms of the Tax Receivable Agreement and the Registration Rights Agreement, see “Certain Relationships and Related Party Transactions.”
- The Former Equity Owners (1) will own _____ shares of Class A common stock of i3 Verticals, Inc., representing approximately _____ % of the combined voting power of all of the common stock of i3 Verticals, Inc. and approximately _____ % of the economic interest in i3 Verticals, Inc. (or approximately _____ % of the combined voting power and approximately _____ % of the economic interest if the underwriters exercise their overallotment option in full), and (2) through i3 Verticals, Inc.’s ownership of i3 Verticals, LLC’s common units, indirectly will hold approximately _____ % of the economic interest in i3 Verticals, LLC.

We collectively refer to the foregoing organizational transactions as the “Reorganization Transactions.”

Organizational Structure Following this Offering

- i3 Verticals, Inc. will be a holding company and its principal asset will consist of common units it purchased from i3 Verticals, LLC and certain of the Continuing Equity Owners and common units it acquired from the Former Equity Owners.
- i3 Verticals, Inc. will be the sole managing member of i3 Verticals, LLC and will control the business and affairs of i3 Verticals, LLC and its subsidiaries. We will have a board of directors and executive officers, but will have no employees. The functions of all of our employees are expected to reside at i3 Verticals, LLC or its subsidiaries.
- i3 Verticals, Inc. will own, directly or indirectly, _____ common units of i3 Verticals, LLC, representing approximately _____ % of the economic interest in i3 Verticals, LLC (or _____ common units, representing approximately _____ % of the economic interest in i3 Verticals, LLC, if the underwriters exercise their overallotment option in full).
- The purchasers in this offering:
 - will own _____ shares of Class A common stock of i3 Verticals, Inc. (or _____ shares of Class A common stock of i3 Verticals, Inc. if the underwriters exercise their overallotment option in full), representing approximately _____ % of the economic interest in i3 Verticals, Inc. and approximately _____ % of the combined voting power of all of the common stock of i3 Verticals, Inc. (or approximately _____ % of the economic interest and approximately _____ % of the combined voting power if the underwriters exercise their overallotment option in full), and
 - will indirectly hold approximately _____ % of the economic interest in i3 Verticals, LLC (or approximately _____ % if the underwriters exercise their overallotment option in full).
- The Continuing Equity Owners:
 - will own _____ common units of i3 Verticals, LLC, representing approximately _____ % of the economic interest in i3 Verticals, LLC (or approximately _____ % of the economic interest in i3 Verticals, LLC if the underwriters exercise their overallotment option in full), and
 - will own _____ shares of Class B common stock of i3 Verticals, Inc., representing approximately _____ % of the combined voting power of all of the common stock of i3 Verticals, Inc. (or approximately _____ % if the underwriters exercise their overallotment option in full).
- The Former Equity Owners:
 - will own _____ shares of Class A common stock of i3 Verticals, Inc., representing approximately _____ % of the economic interest in i3 Verticals, Inc. and approximately _____ % of the combined voting power of all of the common stock of i3 Verticals, Inc. (or approximately _____ % of the economic interest and approximately _____ % of the combined voting power if the underwriters exercise their overallotment option in full), and
 - will indirectly hold approximately _____ % of the economic interest of i3 Verticals, LLC through i3 Verticals, Inc.’s ownership of i3 Verticals, LLC’s common units.

The diagram below depicts our organizational structure after giving effect to the Reorganization Transactions, including this offering, assuming no exercise by the underwriters of their overallotment option.



As the sole managing member of i3 Verticals, LLC, we will operate and control all of the business and affairs of i3 Verticals, LLC and, through i3 Verticals, LLC and its subsidiaries, conduct the business. Following the Reorganization Transactions, including this offering, we will record a significant non-controlling interest in our consolidated subsidiary, i3 Verticals, LLC relating to the ownership interest of the Continuing Equity Owners. Accordingly, i3 Verticals, Inc. will hold ___% of the economic interest in i3 Verticals, LLC, and will control the management of i3 Verticals, LLC as the sole managing member. As a result, i3 Verticals, Inc. will consolidate i3 Verticals, LLC and record a non-controlling interest in consolidated entity for the economic interest in i3 Verticals, LLC held by the Continuing Equity Owners.

Incorporation of i3 Verticals, Inc.

i3 Verticals, Inc., the issuer of the Class A common stock offered by this prospectus, was incorporated as a Delaware corporation on January 17, 2018. i3 Verticals, Inc. has not engaged in any material business or other activities except in connection with its formation. The amended and restated certificate of incorporation of i3 Verticals, Inc. that will become effective immediately before the consummation of this offering will authorize two classes of common stock, Class A common stock and Class B common stock, each having the terms described in "Description of Capital Stock."

Reclassification and Amendment and Restatement of the i3 Verticals LLC Agreement

Prior to or substantially concurrently with the consummation of this offering, the existing limited liability company agreement of i3 Verticals, LLC will be amended and restated to, among other things, modify its capital

structure by creating a single new class of units that we refer to as "common units" and providing for a right of redemption of common units (subject in certain circumstances to time-based and service-based vesting requirements) in exchange for, at our election, shares of our Class A common stock or cash. See "Certain Relationships and Related Party Transactions—i3 Verticals LLC Agreement."

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$ million, or approximately \$ million if the underwriters exercise their overallotment option in full, assuming an initial public offering price of \$ per share (which is the midpoint of the range set forth on the cover page of this prospectus), after deducting estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay.

We intend to use the net proceeds of this offering to purchase (1) common units (or common units if the underwriters exercise their overallotment option in full) directly from i3 Verticals, LLC at a price per common unit equal to the price paid by the underwriters for shares of our Class A common stock in this offering, and (2) common units (or common units if the underwriters exercise their overallotment option in full) from certain of the Continuing Equity Owners at a price per common unit equal to the price paid by the underwriters for shares of our Class A common stock in this offering.

i3 Verticals, LLC intends to use the \$ million in net proceeds it receives from the sale of common units to i3 Verticals, Inc. (together with any additional proceeds it may receive if the underwriters exercise their overallotment option) as follows:

- to repay the Mezzanine Notes in full;
- to repay the Junior Subordinated Notes in full; and
- to repay approximately \$ million of the outstanding borrowings under our Senior Secured Credit Facility, including \$ million outstanding under our term loan and \$ million outstanding under our revolving loan.

As of 2018, we owed \$ under the Mezzanine Notes, which bear a fixed interest rate of 12.0% per annum and mature on November 29, 2020. We used the proceeds from the issuance of the Mezzanine Notes to fund certain of our acquisitions and for working capital. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

As of 2018, we owed \$ under the Junior Subordinated Notes, which bear a fixed interest rate of 10.0% per annum and mature on the later of (a) February 14, 2019, or (b) the maturity date of the later to mature of (i) the Mezzanine Notes and (ii) the Senior Secured Credit Facility. We used the proceeds from the issuance of the Junior Subordinated Notes to fund an acquisition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

As of 2018, under our Senior Secured Credit Facility, we owed \$ million under our term loan and \$ million under our revolving loan. Our Senior Secured Credit Facility matures on the earlier of October 30, 2022 or 181 days before the maturity date of the Mezzanine Notes. As of , 2018, the interest rate on the borrowings outstanding under our term loan was % per annum and under our revolving loan was % per annum. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

As a result of the repayment of all indebtedness outstanding under the Junior Subordinated Notes and the Mezzanine Notes, our affiliates will receive approximately \$ million of the net proceeds from this offering, based on amounts outstanding under the Junior Subordinated Notes and the Mezzanine Notes, in each case as of , 2018. See "Certain Relationships and Related Party Transactions."

Assuming no exercise of the underwriters' overallotment option, each \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the net proceeds to us from this offering by approximately \$ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay.

Each 1,000,000 share increase (decrease) in the number of shares offered in this offering would increase (decrease) the net proceeds to us from this offering by approximately \$ million, assuming no change in the

assumed initial public offering price per share, which is the midpoint of the price range set forth on the front cover of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay.

DIVIDEND POLICY

We currently anticipate that we will retain all available funds for use in the operation and expansion of our business and to repay indebtedness, and we do not anticipate paying any cash dividends on our Class A common stock in the foreseeable future. To the extent that we elect to pay dividends in the future, Class B common stock will not be entitled to any dividend payments. Additionally, our ability to pay any cash dividends on our Class A common stock is limited by restrictions on the ability of i3 Verticals, LLC and our other subsidiaries to pay dividends or make distributions under the terms of our Senior Secured Credit Facility. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Senior Secured Credit Facility.”

We are a holding company and our principal asset immediately following this offering will be our membership interest in i3 Verticals, LLC. We will be the sole managing member of i3 Verticals, LLC and intend to cause i3 Verticals, LLC to make distributions to us in an amount sufficient to cover cash dividends, if any, our Board of Directors declares in the future. If i3 Verticals, LLC makes those distributions to us, the other members of i3 Verticals, LLC will be entitled to receive proportionately equivalent distributions.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization as of March 31, 2018 of:

- i3 Verticals, LLC and its subsidiaries on an actual basis;
- i3 Verticals, Inc. and its subsidiaries on a pro forma basis after giving effect to the Reorganization Transactions, excluding this offering; and
- i3 Verticals, Inc. and its subsidiaries on a pro forma basis after giving effect to the Reorganization Transactions, and further adjusted to include the sale of shares of Class A common stock in this offering at an assumed initial public offering price of \$ per share (which is the midpoint of the range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay, and the application of the net proceeds from this offering as described under "Use of Proceeds."

This table should be read in conjunction with "Our Organizational Structure," "Use of Proceeds," "Unaudited Pro Forma Consolidated Financial Information," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto appearing elsewhere in this prospectus.

	As of March 31, 2018		
	i3 Verticals, LLC Actual	Pro Forma i3 Verticals, Inc. (unaudited) (amounts in thousands)	Pro Forma As Adjusted i3 Verticals, Inc. ⁽²⁾
Cash and cash equivalents	\$ 755	\$	\$
Debt, including current portion			
Senior Secured Credit Facility	108,250		
Mezzanine Notes	10,500		
Junior Subordinated Notes	16,108		
Debt issuance costs	(2,072)		
Total long term debt, including current portion	132,786		
Redeemable Class A Units; 4,900 Units authorized, issued and outstanding	8,101		
Total members'/stockholders' equity:			
Members' equity (deficit)			
Class A units, 13,892 units authorized, issued and outstanding	36,596		
Common units, 4,606 units authorized, 1,749 units issued and outstanding	1,344		
Class P units, 8,256 units authorized, issued and outstanding	—		
Stockholders' equity (deficit)			
Class A common stock, par value \$0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—		
Class B common stock, par value \$0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—		
Additional paid-in capital	—		
Accumulated deficit	(42,235)		
Total members'/stockholders' deficit	(4,295)		
Non-controlling interest ⁽¹⁾	—		
Total capitalization	\$ 136,592		

(1) On a pro forma basis and a pro forma as adjusted basis, includes the ownership interests not owned by i3 Verticals, Inc., which represents % and % of the outstanding common units of i3 Verticals, LLC, respectively. The Continuing Equity Owners will hold the % and % non-controlling interest in i3 Verticals, LLC on a pro forma and pro forma as adjusted basis, respectively.

(2) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease each of cash, additional paid-in capital, total members' / stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately \$ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay.

DILUTION

The Continuing Equity Owners will own common units in i3 Verticals, LLC after the Reorganization Transactions. Because the Continuing Equity Owners do not own any Class A common stock or have any right to receive distributions from i3 Verticals, Inc., we have presented dilution in pro forma net tangible book value per share both before and after this offering assuming that all of the holders of common units (other than i3 Verticals, Inc.) had their common units redeemed or exchanged for newly-issued shares of Class A common stock on a one-for-one basis (rather than for cash) and the cancellation for no consideration of all of their shares of Class B common stock (which are not entitled to receive distributions or dividends, whether cash or stock from i3 Verticals, Inc.) in order to more meaningfully present the dilutive impact on the investors in this offering. We refer to the assumed redemption or exchange of all common units for shares of Class A common stock as described in the previous sentence as the "Assumed Redemption."

Dilution is the amount by which the offering price paid by the purchasers of the Class A common stock in this offering exceeds the pro forma net tangible book value per share of Class A common stock after the offering. i3 Verticals, LLC's pro forma net tangible book value as of March 31, 2018 prior to this offering and after the Assumed Redemption was \$. Pro forma net tangible book value per share prior to this offering is determined by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of Class A common stock deemed to be outstanding after giving effect to the Assumed Redemption.

If you invest in our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma net tangible book value per share of our Class A common stock after this offering.

Pro forma net tangible book value per share after this offering is determined by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of Class A common stock deemed to be outstanding, after giving effect to the Reorganization Transactions, including this offering and the application of the proceeds from this offering as described in "Use of Proceeds," and the Assumed Redemption. Our pro forma net tangible book value as of March 31, 2018 after this offering would have been approximately \$ million, or \$ per share of Class A common stock. This amount represents an immediate increase in pro forma net tangible book value of \$ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately \$ per share to new investors purchasing shares of Class A common stock in this offering. We determine dilution by subtracting the pro forma net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of Class A common stock. The following table illustrates this dilution:

Assumed initial public offering price per share	\$
Pro forma net tangible book value per share as of March 31, 2018 after giving effect to the Reorganization Transactions	
Increase per share attributable to investors in this offering	
Pro forma net tangible book value per share after this offering	\$
Dilution per share to new Class A common stock investors	\$

If the underwriters exercise their overallotment option in full, the pro forma net tangible book value after the offering would be \$ per share, the increase in pro forma net tangible book value per share to existing stockholders would be \$ per share and the dilution in pro forma net tangible book value to new investors would be \$ per share, in each case assuming an initial public offering price of \$ per share, which is the midpoint of the price range listed on the cover page of this prospectus.

The following table sets forth, on a pro forma basis after giving pro forma effect to the Reorganization Transactions, as of March 31, 2018, the number of shares of Class A common stock purchased from us, the total consideration paid, or to be paid, and the average price per share paid, or to be paid, by existing owners and by the new investors, assuming all common units are redeemed or exchanged for an equal number of shares of Class A common stock pursuant to the i3 Verticals LLC Agreement, at an assumed initial public offering price of

\$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and offering expenses that we expect to pay:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Original Equity Owners		%	\$	%	\$
New investors					
Total		100.0%	\$	100.0%	\$

The foregoing tables assume no exercise of the underwriters' overallotment option. If the underwriters exercise their overallotment option, there will be further dilution to new investors.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share, which is the midpoint of the price range listed on the cover page of this prospectus, would increase (decrease) the pro forma net tangible book value per share after this offering by approximately \$ _____, and dilution in pro forma net tangible book value per share to new investors by approximately \$ _____, assuming that the number of shares we offer, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay.

If the underwriters exercise their overallotment option to in full, our existing stockholders would own _____ shares, or _____ %, in the aggregate, and our new investors would own _____ shares, or _____ %, in the aggregate, of the total number of shares of our Class A common stock outstanding upon completion of this offering.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

We have derived the unaudited pro forma consolidated statement of operations for the year ended September 30, 2017 set forth below by the application of pro forma adjustments to the audited consolidated financial statements of i3 Verticals, LLC and subsidiaries included elsewhere in this prospectus. We have derived the unaudited pro forma condensed consolidated statement of operations for the six months ended March 31, 2018 and the unaudited pro forma condensed consolidated balance sheet as of March 31, 2018 set forth below by the application of pro forma adjustments to the unaudited condensed consolidated financial statements of i3 Verticals, LLC and subsidiaries included elsewhere in this prospectus.

The unaudited pro forma consolidated statement of operations for the year ended September 30, 2017 and for the six months ended March 31, 2018, and the unaudited pro forma consolidated balance sheet as of March 31, 2018, present our unaudited pro forma consolidated results of operations and financial position to give pro forma effect to all of the Reorganization Transactions (excluding this offering) described in "Our Organizational Structure," the sale of shares of Class A common stock in this offering (excluding shares issuable upon exercise of the underwriters' over-allotment option), and the application of the net proceeds by us and i3 Verticals, LLC from this offering and the other transactions described elsewhere in this section, as if all such transactions had been completed as of October 1, 2016 with respect to the unaudited pro forma consolidated statement of operations, and as of March 31, 2018, with respect to the unaudited pro forma consolidated balance sheet. The unaudited pro forma consolidated financial statements reflect pro forma adjustments that are described in the accompanying notes and are based on available information and certain assumptions we believe are reasonable, but are subject to change. We have made, in our opinion, all adjustments that are necessary to present fairly the pro forma financial information.

The pro forma adjustments principally give effect to the following items:

- the Reorganization Transactions (excluding this offering) described in "Our Organizational Structure";
- this offering and our payment of fees and expenses related to this offering and the use of a portion of the proceeds by i3 Verticals, LLC (from the sale of common units to us using the proceeds of this offering) to repay approximately \$ of the indebtedness outstanding under the Junior Subordinated Notes, the Mezzanine Notes and the Senior Secured Credit Facility as described under "Use of Proceeds";
- the purchase of all of the outstanding stock of San Diego Cash Register Company, Inc. ("SDCR, Inc.");
- the purchase of certain assets and assumed certain liabilities of Fairway Payments, LLC ("Fairway"); and
- a provision for federal, state and local income taxes of i3 Verticals, Inc. as a taxable corporation at an effective rate of 39.6% for the six months ended March 31, 2018 and the year ended September 30, 2017, which includes a provision for U.S. federal income taxes and assumes the highest statutory rates applied to income apportioned to each state and local jurisdiction, and is computed using the federal income tax rate in effect during the fiscal year.

The unaudited pro forma consolidated financial information presented assumes no exercise by the underwriters of their over-allotment option.

As described in greater detail under "Certain Relationships and Related Party Transactions—Tax Receivable Agreement," in connection with the closing of this offering, we will enter into the Tax Receivable Agreement with i3 Verticals, LLC and the Continuing Equity Owners. The Tax Receivable Agreement will require us to pay the Continuing Equity Owners 85% of the amount of tax benefits, if any, that i3 Verticals, Inc. actually realizes (or in some circumstances is deemed to realize) as a result of (1) increases in tax basis resulting from our purchase of common units of i3 Verticals, LLC directly from some of the Continuing Equity Owners in connection with any future redemptions we fund or exchanges of common units for our Class A common stock and (2) certain additional tax benefits attributable to payments under the Tax Receivable Agreement. Regarding clause (1) of the preceding sentence, see "Certain Relationships and Related Party Transactions—i3 Verticals LLC Agreement—Agreement in Effect Upon Consummation of this Offering—Common Unit Redemption Right." Due to the uncertainty in the amount and timing of future redemptions or exchanges of common units by the Continuing Equity Owners, the unaudited pro forma consolidated financial information assumes that no future redemptions or exchanges of common units have occurred other than as described in the "Use of Proceeds" section with respect to the intention to use the net proceeds of this offering to purchase common units from certain of the Continuing

Equity Owners at a price per common unit equal to the price paid by the underwriters for shares of our Class A common stock in this offering.

As described in "Our Organizational Structure," the unaudited pro forma consolidated financial statements reflect the acquisition of the equity interests in i3 Verticals, LLC and do not reflect a change in the recorded book basis of i3 Verticals, LLC, because those transactions are between entities under common control.

As a public company, we will implement additional procedures and processes to address the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We have not included any pro forma adjustments relating to these costs. i3 Verticals, Inc. was formed on January 17, 2018 and will have no material assets or results of operations until the completion of this offering and therefore its historical financial position and results of operations are not shown in a separate column in the unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial information is presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had the Reorganization Transactions, including this offering, been consummated on the dates indicated, and does not purport to be indicative of statements of financial condition data or results of operations as of any future date or for any future period. You should read our unaudited pro forma consolidated financial information and the accompanying notes in conjunction with all of the historical financial statements and related notes included elsewhere in this prospectus and the financial and other information appearing elsewhere in this prospectus, including information contained in "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

i3 Verticals, Inc. and Subsidiaries
Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of March 31, 2018
(In thousands)

	Historical i3 Verticals, LLC (a)	Reorganization Transactions	As Adjusted Before Offering	Offering Adjustments	Pro Forma i3 Verticals, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ 755	\$	\$	\$	\$
Accounts receivable, net	8,672				
Settlement assets	439				
Prepaid expenses and other current assets	2,865				
Total current assets	12,731				
Property and equipment, net	2,136				
Restricted cash	664				
Capitalized software, net	3,486				
Goodwill	80,373				
Intangible assets, net	67,866				
Other assets	2,714				
Total assets	\$ 169,970	\$	\$	\$	\$
Liabilities and equity					
Liabilities					
Current liabilities					
Accounts payable	\$ 2,631	\$	\$	\$	\$
Current portion of long-term debt	5,000				
Accrued expenses and other current liabilities	14,387				
Settlement obligations	439				
Deferred revenue	2,927				
Current portion of Tax Receivable Agreement liability	—			(h)	
Total current liabilities	25,384				
Long-term debt, excluding current portion	127,786			(f)(g)	
Other long-term liabilities	12,994				
Tax Receivable Agreement liability, net of current portion	—			(h)	
Total liabilities	166,164				
Commitments and contingencies					
Redeemable Class A Units; 4,900 Units authorized, issued and outstanding	8,101		(b)		
Equity					
Members' equity (deficit)					
Class A Units; 13,892 Units authorized, issued and outstanding	36,596		(b)		
Common Units; 4,606 Units authorized; 1,749 Units issued and outstanding	1,344		(b)		
Class P Units; 8,256 Units authorized, issued and outstanding	—		(b)		
Class A voting common units	—		(b)(c)		
Class B non-voting common units	—		(b)(c)		
Stockholders' equity (deficit)					
Class A common stock, par value \$0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—		(c)		(e)(g)
Class B common stock, par value \$0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—		(c)		
Additional paid-in-capital	—		(c)		(e)(f)(h)
Accumulated equity (deficit)	(42,235)		(d)(f)		(d)(h)(i)
Members'/Stockholders' equity (deficit)	(4,295)				
Non-controlling interest	—		(d)		(d)
Total liabilities, Redeemable Class A Units and members'/stockholders' equity (deficit)	\$ 169,970	\$	\$	\$	\$

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Balance Sheet

i3 Verticals, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

- (a) i3 Verticals, Inc. was formed on January 17, 2018, and will have no material assets or results of operations until the completion of this offering and therefore its historical financial position is not shown in a separate column in this unaudited pro forma condensed consolidated balance sheet.
- (b) In connection with the Reorganization Transactions, we will convert all existing Class A units, common units (including common units issued upon the exercise of existing warrants held by the existing Warrant Holders) and Class P units (profits interests) of ownership interest in i3 Verticals, LLC into either (i) Class A voting common units of i3 Verticals, LLC (such holders of Class A voting common units, the Continuing Equity Owners) or (ii) Class B non-voting common units of i3 Verticals, LLC (such holders of Class B non-voting common units, the Former Equity Owners) (collectively, the Initial Recapitalization).
- (c) Immediately following the Initial Recapitalization and prior to this offering, we will consummate a merger by and among i3 Verticals, LLC, i3 Verticals, Inc. and a to-be-formed wholly-owned subsidiary of i3 Verticals, Inc. (MergerSub) whereby:
- (1) MergerSub will merge with and into i3 Verticals, LLC, with i3 Verticals, LLC as the surviving entity.
 - (2) The Class A voting common units held by the Continuing Equity Holders will be converted into newly issued common units in i3 Verticals, LLC together with an equal number of shares of Class B common stock of i3 Verticals, Inc. Holders of our Class B common stock along with the holders of our Class A common stock will have certain voting rights as described under “Description of Capital Stock,” but holders of our Class B common stock will not be entitled to receive any distributions from or participate in any dividends declared by our Board of Directors.
 - (3) The Class B common units held by Former Equity Owners will be converted into _____ shares of Class A common stock of i3 Verticals, Inc.
- (d) Upon completion of the Reorganization Transactions, we will become the sole managing member of i3 Verticals, LLC. As a result, we will consolidate the financial results of i3 Verticals, LLC and will report a non-controlling interest related to the Class B common stock held by the Continuing Equity Owners on our consolidated balance sheet. The computation of the non-controlling interest following the consummation of this offering is as follows:

	Units	Percentage
Interest in i3 Verticals, LLC by i3 Verticals, Inc.		
Non-controlling interest in i3 Verticals, LLC by Continuing Equity Owners		

If the underwriters were to exercise their option to purchase additional shares of our Class A common stock in full, i3 Verticals, Inc. would own _____ % of the common units of the i3 Verticals, LLC and the Continuing Equity Owners would own the remaining _____ % of the common units of i3 Verticals, LLC.

Following the consummation of this offering, the common units of i3 Verticals, LLC held by the Continuing Equity Owners will represent the non-controlling interest. Each Continuing Equity Owner may redeem at such Continuing Equity Owner’s option such owner’s common units for, at our election either (i) cash or (ii) newly-issued shares of our Class A common stock as described in “Certain Relationships and Related Party Transactions—i3 Verticals, LLC Agreement—Agreement in Effect Upon Consummation of this Offering.”

i3 Verticals, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

The Reorganization Transactions adjustments include adjustments to transfer pro forma i3 Verticals, LLC members' deficit to accumulated deficit and report a non-controlling interest equal to the Continuing Equity Owners' economic interest in i3 Verticals, LLC of _____ after giving effect to the Former Equity Owners' conversion of their ownership interest in units of i3 Verticals, LLC for shares of Class A common stock of i3 Verticals, Inc. The following table describes such Reorganization Transactions adjustments (\$ in thousands):

Members' deficit at i3 Verticals, LLC	
Non-controlling interest in i3 Verticals, LLC by Continuing Equity Owners	
Members' deficit attributable to Continuing Equity Owners' non-controlling interest	

Offering adjustments include adjustments to report a non-controlling interest equal to the Continuing Equity Owners' economic interest in i3 Verticals, LLC of _____ %, after giving effect to the issuance of shares of Class A common stock in this offering and the Former Equity Owners' conversion of their ownership interest in common units of i3 Verticals, LLC for shares of Class A common stock, based on the pro forma i3 Verticals, LLC members' deficit adjusted for the net proceeds received from the sale of common units to i3 Verticals, Inc., less offering expenses paid by i3 Verticals, LLC that are included in additional paid-in capital, and the loss on debt repayment.

Members' deficit at i3 Verticals, LLC	
Purchase of i3 Verticals, LLC common units with net proceeds of the offering	
Offering expenses paid by i3 Verticals, LLC	
Accumulated deficit — Write off of prorated portion of original issue discount and capitalized finance costs	
i3 Verticals, LLC members' equity after the offering	
Non-controlling interest in i3 Verticals, LLC by Continuing Equity Owners	
Members' deficit attributable to Continuing Equity Owners non-controlling interest	
Less: Non-controlling interest related to the Reorganization Transactions	

- (e) We estimate that the net proceeds to us from this offering, after deducting estimated underwriting discounts and commissions but before estimated offering expenses of \$ _____ million, will be approximately \$ _____ million. This amount has been determined based on the assumption that the underwriters' option to purchase additional shares in our Class A common stock is not exercised. A reconciliation on the gross proceeds from this offering to the net cash proceeds is set forth below:

Assumed initial public offering price per share	
Shares of Class A common stock issued in this offering	
Gross proceeds	
Less: underwriting discounts and commissions and offering expenses	
Net cash proceeds	

- (f) We will issue _____ shares of our Class A common stock pursuant to a voluntary private conversion of Junior Subordinated Notes by certain related and unrelated creditors of i3 Verticals, LLC. In this conversion, certain eligible holders of Junior Subordinated Notes have elected to convert \$ _____ in aggregate indebtedness into Class A common stock.

- (g) i3 Verticals, LLC intends to use the \$ _____ million in net proceeds it receives from the sale of common units to i3 Verticals, Inc. as follows:

- to repay the Mezzanine Notes in full in the amount of \$ _____ ;
- to repay the Junior Subordinated Notes in full in the amount of \$ _____ ; and

i3 Verticals, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

- to repay approximately \$ millio n of the outstanding borrowings under our Senior Secured Credit Facility, including \$ million outstanding under our term loan and \$ million outstanding under our revolving loan.

(h) We expect to obtain an increase in the tax basis of our share of the assets of i3 Verticals, LLC when common units are redeemed or exchanged by the Continuing Equity Owners. This increase in tax basis may have the effect of reducing the amounts that we would otherwise pay in the future to various tax authorities. The increase in tax basis may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets. In connection with the consummation of this offering, we will enter into the Tax Receivable Agreement with i3 Verticals, LLC and each of the Continuing Equity Owners that will require us to pay to the Continuing Equity Owners 85% of the amount of tax benefits, if any, that we actually realize, or in some cases are deemed to realize, as a result of (i) increases in the tax basis of the assets of i3 Verticals, LLC resulting from the purchase of common units in exchange for Class A common stock in connection with the consummation of this offering and any future redemptions or exchanges of common units or any prior sales of interests in i3 Verticals, LLC and (ii) certain other tax benefits related to payments we make under the Tax Receivable Agreement. See “Certain Relationships and Related Party Transactions — Tax Receivable Agreement.”

The net impact of the adjustments to net deferred taxes and the Tax Receivable Agreement liability of \$ has been recorded as an increase to additional paid-in capital, as these adjustments arise from equity transactions of the Company.

The amounts to be recorded for both the net deferred tax assets and the liability for our obligations under the Tax Receivable Agreement have been estimated. All of the effects of changes to both the net deferred tax assets and our obligations under the Tax Receivable Agreement after the date of the purchase will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

(i) The reconciliation of i3 Verticals, LLC members' deficit to i3 Verticals, Inc. accumulated deficit as of March 31, 2018 is as follows (\$ in thousands):

Accumulated deficit — “Reorganization Transactions” Column	
Members' deficit at i3 Verticals, LLC	
Non-controlling interest in i3 Verticals, LLC by Continuing Equity Owners	
Compensation expense recognized upon exercise of the outstanding Profit Units	
Retained earnings	
Accumulated deficit — “Offering Adjustments” Column	
Offset to the non-controlling interest	
(Accumulated deficit)/retained earnings — “Offering Adjustments” column	
Accumulated deficit, Historical i3 Verticals, LLC	
Total pro forma i3 Verticals, Inc. Retained Earnings	

i3 Verticals, Inc. and Subsidiaries
Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations
For The Six Months Ended March 31, 2018
(In thousands, except per share data)

	Historical i3 Verticals, LLC (a)	Historical SDCR, Inc. (b)	Business Combination Adjustments (c)	i3 Verticals, LLC Pro Forma
Revenue	\$ 154,920	\$ 1,543	\$ —	\$ 156,463
Operating expenses				
Interchange and network fees	102,872	—	—	102,872
Other costs of services	19,058	802	—	19,860
Selling general and administrative	19,041	757	(455) ^(c)	19,343
Depreciation and amortization	5,876	5	62 ^(c)	5,943
Change in fair value of contingent consideration	2,129	—	—	2,129
Total operating expenses	<u>148,976</u>	<u>1,564</u>	<u>(393)</u>	<u>150,147</u>
Income (loss) from operations	5,944	(21)	393	6,316
Other expenses				
Interest expense, net	5,006	—	104 ^(c)	5,110
Change in fair value of warrant liability	8,245	—	—	8,245
Other (income) expenses	—	(2)	—	(2)
Total other (income) expenses	<u>13,251</u>	<u>(2)</u>	<u>104</u>	<u>13,353</u>
Income (loss) before income taxes	(7,307)	(19)	289	(7,037)
Provision (benefit) for income taxes	(139)	(8)	47 ^(c)	(100)
Net income (loss)	<u>\$ (7,168)</u>	<u>\$ (11)</u>	<u>\$ 242</u>	<u>\$ (6,937)</u>

i3 Verticals, Inc. and Subsidiaries
Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations
For The Six Months Ended March 31, 2018
(In thousands, except per share data)

	<u>i3 Verticals, LLC Pro Forma</u>	<u>Reorganization Transactions</u>	<u>As Adjusted Before Offering</u>	<u>Offering Adjustments</u>	<u>Pro Forma i3 Verticals, Inc.</u>
Revenue	\$ 156,463	\$	\$	\$	\$
Operating expenses					
Interchange and network fees	102,872				
Other costs of services	19,860				
Selling general and administrative	19,343			(d)	
Depreciation and amortization	5,943				
Change in fair value of contingent consideration	2,129				
Total operating expenses	150,147				
Income from operations	6,316				
Other expenses					
Interest expense, net	5,110			(g)	
Change in fair value of warrant liability	8,245				
Other (income) expenses	(2)				
Total other expenses	13,353				
Income (loss) before income taxes	(7,037)				
Provision (benefit) for income taxes	(100)			(e)	
Net loss	\$ (6,937)	\$	\$	\$	\$
Net loss attributable to non-controlling interests	—			(f)	
Net loss attributable to i3 Verticals, Inc.	\$ (6,937)	\$	\$	\$	\$
Pro forma net income per share data:					
Weighted average shares of Class A common stock outstanding:					
Basic					
Diluted					
Net income available to Class A common stock per share:					
Basic					
Diluted					

See accompanying Notes to the Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations

i3 Verticals, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations

- (a) i3 Verticals, Inc. was formed on January 17, 2018 and will have no results of operations until the completion of this offering. Therefore, its historical results of operations are not shown in a separate column in this unaudited pro forma interim condensed consolidated statement of operations.
- (b) SDCR, Inc.'s financial statements presented in the accompanying unaudited pro forma interim condensed consolidated statement of operations reflect the historical results of operations for the one month ended October 31, 2017. The operating results of SDCR, Inc. since the date of acquisition have been included in our historical results of operations for the six months ended March 31, 2018.
- (c) In accordance with the rules of Article 11 of Regulation S-X, the following adjustments were made for the acquisition of SDCR, Inc. (amounts in thousands):

	Selling general and administrative	Depreciation and amortization	Interest expense, net	Provision for income taxes
Adjust executive compensation ⁽¹⁾	\$ (297)	\$ —	\$ —	\$ —
Adjust amortization expense ⁽²⁾	—	62	—	—
Remove transaction costs ⁽³⁾	(158)	—	—	—
Adjust interest expense ⁽⁴⁾	—	—	104	—
Adjust income tax expense ⁽⁵⁾	—	—	—	47
Total	\$ (455)	\$ 62	\$ 104	\$ 47

- (1) Adjusted executive compensation is based on arrangements negotiated in conjunction with the acquisitions. The adjustments account for market-based compensation considerations and the actual historical compensation of specific executives who were offered new employment arrangements in connection with the acquisitions. We adjusted such compensation to reflect amounts they are expected to receive under their respective employment arrangements post-acquisition.
- (2) Increased amortization expense reflects identified intangible assets in the acquisition of SDCR, Inc. The weighted-average amortization period for all intangibles acquired is eleven years.
- (3) Direct, incremental transaction costs, which are reflected in our interim condensed consolidated results of operations for the six months ended March 31, 2018, are removed.
- (4) Interest has been adjusted to reflect the increased borrowings to fund the acquisition using a 6.25% interest rate, which represents our incremental borrowing rate as of October 31, 2017. If the interest rate were increased or decreased by 0.125%, it would result in a \$6,000 change in net interest expense for the six months ended March 31, 2018.
- (5) Income tax expense has been adjusted to reflect the increased pre-tax income for SDCR, Inc., a C corporation subject to an estimated federal and state blended tax rate of 39.6%.

- (d) Represents the increase in compensation expense we expect to incur following the completion of this offering. We expect to grant options to purchase approximately _____ shares of our Class A common stock to certain of our directors, executive officers and other employees in connection with this offering. This amount was calculated assuming the stock options were granted on October 1, 2017 with the stock options having an exercise price equal to \$ _____ per share, the assumed initial public offering price based on the midpoint of the price range set forth on the cover page of this prospectus. The grant date fair values of the stock options were determined using the Black-Scholes valuation model using the following assumptions:

Expected volatility _____
Expected dividend yield _____
Expected term (in years) _____
Risk-free interest rate _____

- (e) i3 Verticals, LLC has been, and will continue to be, treated as a partnership for U.S. federal and state income tax purposes. As such, income generated by i3 Verticals, LLC will flow through to its partners, including us,

i3 Verticals, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations

and is generally not subject to tax at the i3 Verticals, LLC level. Following the Reorganization Transactions, we will be subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income of i3 Verticals, LLC. As a result, the unaudited pro forma consolidated statements of income reflect adjustments to our income tax expense to reflect an effective income tax rate of % for the six months ended March 31, 2018, which was calculated assuming the U.S. federal rates currently in effect and the highest statutory rates apportioned to each applicable state, local and foreign jurisdiction.

The income tax expense for the offering adjustments is determined using the Continuing Equity Owners' economic interest in i3 Verticals, LLC of % after giving effect to the issuance of shares of Class A common stock in this offering and the Former Equity Owners' conversion of their ownership interest in common units of i3 Verticals, LLC for shares of Class A common stock, based on the pro forma i3 Verticals, LLC income before income taxes adjusted for stock option expense and the reduction in interest expense as a result of the repayment of our Mezzanine Notes in full in the amount of \$ million, our Junior Subordinated Notes in full in the amount of \$ million, and \$ million of outstanding borrowings under our Senior Secured Credit Facility. The effective tax rate derived from the face of the unaudited pro forma consolidated statement of income will be lower than the stated effective tax rate because the effective tax rate is applied to only % of the income before taxes based on i3 Verticals, Inc.'s economic interest in i3 Verticals, LLC. Our pro forma allocable share of taxable income from i3 Verticals, LLC was \$ million, and our income tax was \$ million for the six months ended March 31, 2018.

- (f) Upon completion of the Reorganization Transactions, i3 Verticals, Inc. will become the sole managing member of i3 Verticals, LLC. As a result, we will consolidate the financial results of i3 Verticals, LLC and will report a non-controlling interest related to the common units of i3 Verticals, LLC held by the Continuing Equity Owners on our consolidated statements of income. Following this offering, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock, i3 Verticals, Inc. will own % of the common units of i3 Verticals, LLC and the Continuing Equity Owners will own the remaining % of the common units of i3 Verticals, LLC. Net income attributable to non-controlling interest will represent % of the income before income taxes of i3 Verticals, Inc. These amounts have been determined based on the assumption that the underwriters' option to purchase additional shares of Class A common stock is not exercised. If the underwriters exercise their option to purchase additional shares of Class A common stock in full, i3 Verticals Inc. will own % of the common units of i3 Verticals, LLC, the Continuing Equity Owners will own the remaining % of the common units of i3 Verticals, LLC and net income attributable to non-controlling interest will represent % of the income before income taxes of i3 Verticals, Inc.

The Reorganization Transaction adjustments include adjustments to report pro forma i3 Verticals, LLC net income attributable to non-controlling interests equal to the Continuing Equity Owners' economic interest in i3 Verticals, LLC of % after giving effect to the Former Equity Owners' conversion of Class B common units for shares of Class A common stock.

The offering adjustments include adjustments to report a non-controlling interest equal to the Continuing Equity Owners' economic interest in i3 Verticals, LLC of %, after giving effect to the issuance of shares of Class A common stock in this offering and the Former Equity Owners' conversion of their ownership interest in common units of i3 Verticals, LLC for shares of Class A common stock based on the pro forma i3 Verticals, LLC net income, adjusted for (i) equity-based compensation expense and (ii) the reduction in interest expense as a result of the repayment of our Mezzanine Notes in full, our Junior Subordinated Notes in full and \$ of outstanding borrowings under our Senior Secured Credit Facility.

- (g) As described in "Use of Proceeds," we intend to use the net proceeds from this offering (assuming that the underwriters' option to purchase additional shares of our Class A common stock is not exercised) to purchase common units directly from i3 Verticals, LLC at a price per unit equal to the initial public offering price per share of Class A common stock in this offering less the underwriting discounts and commissions. i3 Verticals, LLC intends to use the \$ million in net proceeds it receives from the sale of common units to i3 Verticals,

i3 Verticals, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations

Inc. to repay our Mezzanine Notes in full in the amount of \$, our Junior Subordinated Notes in full in the amount of \$ of outstanding borrowings under our Senior Secured Credit Facility. Accordingly, pro forma adjustments have been made to reflect a reduction in interest expense of \$ million for the six months ended March 31, 2018, computed at weighted-average interest rate of %, as if the outstanding borrowings had been repaid on October 1, 2017.

- (h) Pro forma basic net income per share is computed by dividing the net income available to Class A common stockholders by the weighted-average shares of Class A common stock outstanding during the period. Pro forma diluted net income per share is computed by adjusting the net income available to Class A common stockholders and the weighted-average shares of Class A common stock outstanding to give effect to potentially dilutive securities. Shares of our Class B common stock are not entitled to receive any distributions or dividends and have no rights to convert into Class A common stock. When a common unit is exchanged for, at our election, cash or Class A common stock by a Continuing Equity Owner who holds shares of our Class B common stock, such Continuing Equity Owner will be required to surrender a share of Class B common stock, which we will cancel for no consideration. Therefore, we did not include shares of our Class B common stock in the computation of pro forma basic or diluted net loss per share. The following table sets forth a reconciliation of the numerators and denominators used to compute pro forma basic and diluted net loss per share (in thousands, except per share data):

	Pro Forma i3 Verticals, Inc. Six months ended March 31, 2018
Basic net income (loss) per share:	
<i>Numerator</i>	
Net income (loss)	
Less: Net income (loss) attributable to non-controlling interests	
Net income (loss) attributable to Class A common stockholders	
<i>Denominator</i>	
Shares of Class A common stock held by Former Equity Owners	
Shares of Class A common stock sold in this offering ⁽¹⁾	
Vested portion of Class A options ⁽²⁾	
Weighted average shares of Class A common stock outstanding	
Basic net income (loss) per share	
Diluted net income (loss) per share:	
<i>Numerator</i>	
Net income (loss)	
Reallocation of net income (loss) assuming conversion of common units ⁽³⁾	
Net income (loss) attributable to Class A common stockholders	
<i>Denominator</i>	
Weighted average shares of Class A common stock outstanding	
Weighted average effect of dilutive securities	
Weighted average shares of Class A common stock outstanding - diluted	
Diluted net income (loss) per share	

(1) We plan to use a portion of the net proceeds from this offering (assuming that the underwriters' option to purchase additional shares of our Class A common stock is not exercised) to purchase common units directly from i3 Verticals, LLC at a price per unit equal to

i3 Verticals, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations

the offering price per share of Class A common stock in this offering less the underwriting discounts and commissions and, in turn, i3 Verticals, LLC intends to use the \$ million in net proceeds it receives from the sale of common units to i3 Verticals, Inc. to repay our Mezzanine Notes in full, our Junior Subordinated Notes in full and \$ million of outstanding borrowings under our Senior Secured Credit Facility.

- (2) In calculating pro forma basic net income per share for the six months ended March 31, 2018, unvested options to purchase approximately shares of our Class A common stock that we expect to grant to certain of our directors, executive officers and other employees in connection with this offering that would have vested as of September 30, 2017 have not been included because their exercise price is equal to the initial public offering price per share of our Class A common stock in this offering and therefore they have no effect on pro forma diluted net income per share.
- (3) The reallocation of net income (loss) assuming conversion of common units represents the tax effected net income (loss) attributable to non-controlling interest using the effective income tax rates described in footnote (c) above and assuming all common units of i3 Verticals, LLC were exchanged for Class A common stock at the beginning of the period. The common units of i3 Verticals, LLC held by the Continuing Equity Owners are potentially dilutive securities, and the computations of pro forma diluted net income (loss) per share assume that all common units of i3 Verticals, LLC were exchanged for shares of Class A common stock at the beginning of the period. This adjustment was made only for purposes of calculating pro forma diluted net income per share and does not necessarily reflect the amount of exchanges that may occur subsequent to this offering.
- (4) Includes outstanding shares of Class A common stock issuable upon the exchange of common units to be held by the Continuing Equity Owners prior to this offering and shares of unvested common units and options.

i3 Verticals, Inc. and Subsidiaries
Unaudited Pro Forma Consolidated Statement of Operations
Fiscal Year Ended September 30, 2017
(In thousands, except per share data)

	Historical i3 Verticals, LLC (a)	Historical Fairway (b)	Historical SDCR, Inc. (c)	Business Combination Adjustments (d)	i3 Verticals, LLC Pro Forma
Revenue	\$ 262,571	\$ 27,857	\$ 18,512	\$ —	\$ 308,940
Operating expenses					
Interchange and network fees	189,112	16,577	—	—	205,689
Other costs of services	28,798	3,518	9,622	—	41,938
Selling general and administrative	27,194	2,316	9,079	(4,038) ^(d)	34,551
Depreciation and amortization	10,085	123	63	1,904 ^(d)	12,175
Change in fair value of contingent consideration	(218)	—	—	—	(218)
Total operating expenses	<u>254,971</u>	<u>22,534</u>	<u>18,764</u>	<u>(2,134)</u>	<u>294,135</u>
Income (loss) from operations	7,600	5,323	(252)	2,134	14,805
Other expenses					
Interest expense, net	6,936	286	—	3,112 ^(d)	10,334
Change in fair value of warrant liability	(415)	—	—	—	(415)
Other (income) expenses	—	1	(29)	—	(28)
Total other (income) expenses	<u>6,521</u>	<u>287</u>	<u>(29)</u>	<u>3,112</u>	<u>9,891</u>
Income (loss) before income taxes	1,079	5,036	(223)	(978)	4,914
Provision (benefit) for income taxes	177	—	(94)	627 ^(d)	710
Net income (loss)	<u>\$ 902</u>	<u>\$ 5,036</u>	<u>\$ (129)</u>	<u>\$ (1,605)</u>	<u>\$ 4,204</u>

i3 Verticals, Inc. and Subsidiaries
Unaudited Pro Forma Consolidated Statement of Operations (Continued)
Fiscal Year Ended September 30, 2017
(In thousands, except per share data)

	i3 Verticals, LLC Pro Forma	Reorganization Transactions	As Adjusted Before Offering	Offering Adjustments	Pro Forma i3 Verticals, Inc.
Revenue	\$ 308,940	\$	\$	\$	\$
Operating expenses					
Interchange and network fees	205,689				
Other costs of services	41,938				
Selling general and administrative	34,551			(e)	
Depreciation and amortization	12,175				
Change in fair value of contingent consideration	(218)				
Total operating expenses	294,135				
Income from operations	14,805				
Other expenses					
Interest expense, net	10,334			(h)	
Change in fair value of warrant liability	(415)				
Other (income) expenses	(28)				
Total other expenses	9,891				
Income before income taxes	4,914				
Provision for income taxes	710			(i)	
Net income	\$ 4,204	\$	\$	\$	\$
Net income attributable to non-controlling interests	—			(g)	
Net income attributable to i3 Verticals, Inc.	\$ 4,204	\$	\$	\$	\$
Pro forma net income per share data:					
Weighted average shares of Class A common stock outstanding:					
Basic					
Diluted					
Net income available to Class A common stock per share:					
Basic					
Diluted					

See accompanying Notes to the Unaudited Pro Forma Consolidated Statement of Operations

i3 Verticals, Inc. and Subsidiaries
Notes to Unaudited Pro Forma Consolidated Statement of Operations

- (a) i3 Verticals, Inc. was formed on January 17, 2018 and will have no results of operations until the completion of this offering and therefore its historical results of operations are not shown in a separate column in this unaudited pro forma consolidated statement of operations.
- (b) We purchased Fairway on August 1, 2017 after its conversion to a Virginia limited liability company. The audited historical financial statements of Fairway Payments, Inc. for the seven months ended July 31, 2017 and the year ended December 31, 2016, prior to its conversion to a limited liability company, are included within this prospectus. The operating results of Fairway since the date of acquisition have been included in our consolidated results of operations for the year ended September 30, 2017. We have included the audited Fairway Payments, Inc. results of operations for the seven months ended July 31, 2017 in this unaudited pro forma statement of operations. We have also included Fairway Payments, Inc.'s historical results of operations for the three months ended December 31, 2016 in this unaudited pro forma statement of operations. The following shows the calculation of the pro forma results of operations for the ten months ended July 31, 2017 (amounts in thousands).

	Historical seven months ended July 31, 2017	Historical three months ended December 31, 2016	Historical ten months ended July 31, 2017
Revenue	\$ 19,805	\$ 8,052	\$ 27,857
Operating expenses			
Interchange and network fees	11,663	4,914	16,577
Other costs of services	2,502	1,016	3,518
Selling general and administrative	1,815	501	2,316
Depreciation and amortization	86	37	123
Total operating expenses	<u>16,066</u>	<u>6,468</u>	<u>22,534</u>
Income from operations	3,739	1,584	5,323
Other expenses			
Interest expense, net	226	60	286
Other expenses	1	—	1
Total other expenses	<u>227</u>	<u>60</u>	<u>287</u>
Net income	<u>\$ 3,512</u>	<u>\$ 1,524</u>	<u>\$ 5,036</u>

- (c) SDCR, Inc.'s financial statements presented in the accompanying unaudited pro forma condensed statement of operations reflect the historical results of operations for the year ended October 31, 2017 from the audited financial statements. In accordance with Regulation S-X 11-02(c)(3), no adjustments were required to modify the period of SDCR, Inc.'s historical condensed statement of operations.

i3 Verticals, Inc. and Subsidiaries
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(d) In accordance with the rules of Regulation S-X Article 11, the following adjustments were made for the significant acquisitions (amounts in thousands):

	Selling general and administrative	Depreciation and amortization	Interest expense, net	Provision for income taxes
Adjust executive compensation ⁽¹⁾				
Fairway	\$ (173)	\$ —	\$ —	\$ —
SDCR, Inc.	(3,579)	—	—	—
Adjust amortization expense ⁽²⁾				
Fairway	—	1,158	—	—
SDCR, Inc.	—	746	—	—
Remove transaction costs ⁽³⁾				
Fairway	(245)	—	—	—
SDCR, Inc.	(41)	—	—	—
Adjust interest expense ⁽⁴⁾				
Fairway	—	—	1,862	—
SDCR, Inc.	—	—	1,250	—
Adjust income tax expense ⁽⁵⁾				
SDCR, Inc.	—	—	—	627
Total	\$ (4,038)	\$ 1,904	\$ 3,112	\$ 627

(1) Adjusted executive compensation is based on arrangements negotiated in conjunction with the acquisitions. The adjustments account for market-based compensation considerations and the actual historical compensation of specific executives who were offered new employment arrangements in connection with the acquisitions. We adjusted such compensation to reflect amounts they are expected to receive under their respective employment arrangements post-acquisition.

(2) Increased amortization expense reflects identified intangible assets in the acquisitions. For Fairway, the weighted-average amortization period for all intangibles acquired is fifteen years. For SDCR, Inc., the weighted-average amortization period for all intangibles acquired is eleven years.

(3) Direct, incremental transaction costs of the respective acquisition, which are reflected in our consolidated results of operations for the year ended September 30, 2017, are removed.

(4) Interest has been adjusted to reflect the increased borrowings to fund the acquisitions using a 5.73% and a 6.25% interest rate, which represents our incremental borrowing rate as of the date of the Fairway and SDCR, Inc. acquisitions, respectively. If the interest rate were increased or decreased by 0.125%, it would result in a \$41,000 and \$25,000 change in net interest expense for Fairway and SDCR, Inc., respectively.

(5) Income tax expense has been adjusted to reflect the increased pre-tax income for SDCR, Inc., a C corporation subject to an estimated federal and state blended tax rate of 39.6%.

(e) Represents the increase in compensation expense we expect to incur following the completion of this offering. We expect to grant options to purchase approximately shares of our Class A common stock to certain of our directors, executive officers and other employees in connection with this offering. This amount was calculated assuming the stock options were granted on October 1, 2016 with the stock options having an exercise price equal to \$ per share, the assumed initial public offering price based on the midpoint of the price range set forth on the cover page of this prospectus. The grant date fair values of the stock options were determined using the Black-Scholes valuation model using the following assumptions:

Expected volatility

Expected dividend yield

Expected term (in years)

Risk-free interest rate

i3 Verticals, Inc. and Subsidiaries
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- (f) i3 Verticals, LLC has been, and will continue to be, treated as a partnership for U.S. federal and state income tax purposes. As such, income generated by i3 Verticals, LLC will flow through to its partners, including us, and is generally not subject to tax at the i3 Verticals, LLC level. Following the Reorganization Transactions, we will be subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income of i3 Verticals, LLC. As a result, the unaudited pro forma consolidated statements of income reflect adjustments to our income tax expense to reflect an effective income tax rate of % for the year ended September 30, 2017, which was calculated assuming the U.S. federal rates currently in effect and the highest statutory rates apportioned to each applicable state, local and foreign jurisdiction.

The income tax expense for the offering adjustments is determined using the Continuing Equity Owners' economic interest in i3 Verticals, LLC of % after giving effect to the issuance of shares of Class A common stock in this offering and the Former Equity Owners' conversion of their ownership interest in common units of i3 Verticals, LLC for shares of Class A common stock, based on the pro forma i3 Verticals, LLC income before income taxes adjusted for stock option expense and the reduction in interest expense as a result of the repayment of our Mezzanine Notes in full in the amount of \$ million, our Junior Subordinated Notes in full in the amount of \$ million, and \$ million of outstanding borrowings under our Senior Secured Credit Facility. The effective tax rate derived from the face of the unaudited pro forma consolidated statement of income will be lower than the stated effective tax rate because the effective tax rate is applied to only % of the income before taxes based on i3 Verticals, Inc.'s economic interest in i3 Verticals, LLC. Our pro forma allocable share of taxable income from i3 Verticals, LLC was \$ million and our income tax was \$ million for the year ended September 30, 2017.

- (g) Upon completion of the Reorganization Transactions, i3 Verticals, Inc. will become the sole managing member of i3 Verticals, LLC. As a result, we will consolidate the financial results of i3 Verticals, LLC and will report a non-controlling interest related to the common units of i3 Verticals, LLC held by the Continuing Equity Owners on our consolidated statements of income. Following this offering, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock, i3 Verticals, Inc. will own % of the common units of i3 Verticals, LLC and the Continuing Equity Owners will own the remaining % of the common units of i3 Verticals, LLC. Net income attributable to non-controlling interest will represent % of the income before income taxes of i3 Verticals, Inc. These amounts have been determined based on the assumption that the underwriters' option to purchase additional shares of Class A common stock is not exercised. If the underwriters exercise their option to purchase additional shares of Class A common stock in full, i3 Verticals Inc. will own % of the common units of i3 Verticals, LLC, the Continuing Equity Owners will own the remaining % of the common units of i3 Verticals, LLC and net income attributable to non-controlling interest will represent % of the income before income taxes of i3 Verticals, Inc.

The Reorganization Transaction adjustments include adjustments to report pro forma i3 Verticals, LLC net income attributable to non-controlling interests equal to the Continuing Equity Owners' economic interest in i3 Verticals, LLC of % after giving effect to the Former Equity Owners' conversion of Class B common units for shares of Class A common stock.

The offering adjustments include adjustments to report a non-controlling interest equal to the Continuing Equity Owners' economic interest in i3 Verticals, LLC of %, after giving effect to the issuance of shares of Class A common stock in this offering and the Former Equity Owners' conversion of their ownership interest in common units of i3 Verticals, LLC for shares of Class A common stock based on the pro forma i3 Verticals, LLC net income, adjusted for (i) equity-based compensation expense and (ii) the reduction in interest expense as a result of the repayment of our Mezzanine Notes in full, our Junior Subordinated Notes in full and \$ of outstanding borrowings under our Senior Secured Credit Facility.

- (h) As described in "Use of Proceeds," we intend to use the net proceeds from this offering (assuming that the underwriters' option to purchase additional shares of our Class A common stock is not exercised) to purchase common units directly from i3 Verticals, LLC at a price per unit equal to the initial public offering price per

i3 Verticals, Inc. and Subsidiaries
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share of Class A common stock in this offering less the underwriting discounts and commissions. i3 Verticals, LLC intends to use the \$ million in net proceeds it receives from the sale of common units to i3 Verticals, Inc. to repay our Mezzanine Notes in full in the amount of \$, our Junior Subordinated Notes in full in the amount of \$ of outstanding borrowings under our Senior Secured Credit Facility. Accordingly, pro forma adjustments have been made to reflect a reduction in interest expense of \$ million for the year ended September 30, 2017, computed at a weighted-average interest rate of %, as if the outstanding borrowings had been repaid on October 1, 2016.

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- (i) Pro forma basic net income per share is computed by dividing the net income available to Class A common stockholders by the weighted-average shares of Class A common stock outstanding during the period. Pro forma diluted net income per share is computed by adjusting the net income available to Class A common stockholders and the weighted-average shares of Class A common stock outstanding to give effect to potentially dilutive securities. Shares of our Class B common stock are not entitled to receive any distributions or dividends and have no rights to convert into Class A common stock. When a common unit is exchanged for, at our election, cash or Class A common stock by a Continuing Equity Owner who holds shares of our Class B common stock, such Continuing Equity Owner will be required to surrender a share of Class B common stock, which we will cancel for no consideration. Therefore, we did not include shares of our Class B common stock in the computation of pro forma basic or diluted net loss per share. The following table sets forth a reconciliation of the numerators and denominators used to compute pro forma basic and diluted net loss per share (in thousands, except per share data):

	Pro Forma i3 Verticals, Inc. Year ended September 30, 2017
Basic net income (loss) per share:	
<i>Numerator</i>	
Net income (loss)	
Less: Net income (loss) attributable to non-controlling interests	
Net income (loss) attributable to Class A common stockholders	
<i>Denominator</i>	
Shares of Class A common stock held by Former Equity Owners	
Shares of Class A common stock sold in this offering ⁽¹⁾	
Vested portion of Class A options ⁽²⁾	
Weighted average shares of Class A common stock outstanding	
Basic net income (loss) per share	
Diluted net income (loss) per share:	
<i>Numerator</i>	
Net income (loss)	
Reallocation of net income (loss) assuming conversion of common units ⁽³⁾	
Net income (loss) attributable to Class A common stockholders	
<i>Denominator</i>	
Weighted average shares of Class A common stock outstanding	
Weighted average effect of dilutive securities	
Weighted average shares of Class A common stock outstanding - diluted	
Diluted net income (loss) per share	

(1) We plan to use a portion of the net proceeds from this offering (assuming that the underwriters' option to purchase additional shares of our Class A common stock is not exercised) to purchase common units directly from i3 Verticals, LLC at a price per unit equal to the offering price per share of Class A common stock in this offering less the underwriting discounts and commissions and, in turn, i3 Verticals, LLC intends to use the \$ million in net proceeds it receives from the sale of common units to i3 Verticals, Inc. to repay our Mezzanine Notes in full, our Junior Subordinated Notes in full and \$ million of outstanding borrowings under our Senior Secured Credit Facility.

(2) In calculating pro forma basic net income per share for the year ended September 30, 2017, unvested options to purchase approximately shares of our Class A common stock that we expect to grant to certain of our directors, executive officers and other employees in connection with this offering that would have vested as of September 30, 2017 have not been included because

i3 Verticals, Inc. and Subsidiaries
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their exercise price is equal to the initial public offering price per share of our Class A common stock in this offering and therefore they have no effect on pro forma diluted net income per share.

- (3) The reallocation of net income (loss) assuming conversion of common units represents the tax effected net income (loss) attributable to non-controlling interest using the effective income tax rates described in footnote (c) above and assuming all common units of i3 Verticals, LLC were exchanged for Class A common stock at the beginning of the period. The common units of i3 Verticals, LLC held by the Continuing Equity Owners are potentially dilutive securities, and the computations of pro forma diluted net income (loss) per share assume that all common units of i3 Verticals, LLC were exchanged for shares of Class A common stock at the beginning of the period. This adjustment was made only for purposes of calculating pro forma diluted net income per share and does not necessarily reflect the amount of exchanges that may occur subsequent to this offering.
- (4) Includes outstanding shares of Class A common stock issuable upon the exchange of common units to be held by the Continuing Equity Owners prior to this offering and shares of unvested common units and options.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following summary consolidated financial data of i3 Verticals, LLC should be read in conjunction with "Our Organizational Structure," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our audited consolidated financial statements and the related notes included elsewhere in this prospectus. i3 Verticals, LLC will be considered our predecessor for accounting purposes, and its consolidated financial statements will be our historical financial statements following this offering.

The statement of operations data set forth below for the fiscal years ended September 30, 2017 and 2016 and the balance sheet data as of September 30, 2017 and 2016 are derived from the audited consolidated financial statements of i3 Verticals, LLC that are included elsewhere in this prospectus. The summary condensed consolidated statement of operations data for the six months ended March 31, 2018 and 2017 and the condensed consolidated balance sheet data as of March 31, 2018 are derived from unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for the fair presentation of the unaudited interim condensed consolidated financial statements.

The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

<i>(in thousands)</i>	Pro Forma i3 Verticals, Inc.		Six months ended March 31,		Year ended September 30,	
	Six months ended March 31, 2018	Year ended September 30, 2017	2018	2017	2017	2016
Statement of Operations Data	(unaudited)		(unaudited)			
Revenue			\$ 154,920	\$ 124,466	\$ 262,571	\$ 199,644
Interchange and network fees			102,872	89,116	189,112	140,998
Other costs of services			19,058	13,615	28,798	21,934
Selling general and administrative			19,041	12,936	27,194	20,393
Depreciation and amortization			5,876	5,071	10,085	9,898
Change in fair value of contingent consideration			2,129	923	(218)	2,458
Total other expenses			13,251	3,243	6,521	5,813
Provision (benefit) for income taxes			(139)	(70)	177	243
Net income (loss)	\$	\$	\$ (7,168)	\$ (368)	\$ 902	\$ (2,093)
Other Financial Data (unaudited)						
Payment volume ⁽¹⁾			\$ 5,584,924	\$ 4,870,125	\$ 10,269,435	\$ 8,143,463
Number of clients ⁽²⁾			24	22	24	22
Net revenue ⁽³⁾			\$ 52,048	\$ 35,350	\$ 73,459	\$ 58,646
Adjusted net income ⁽³⁾			\$ 3,818	\$ 833	\$ 2,066	\$ 1,565
Adjusted EBITDA ⁽³⁾			\$ 14,561	\$ 9,077	\$ 19,264	\$ 17,606

Pro Forma i3
Verticals Inc.

(in thousands)	March 31,		September 30,	
	2018	2018	2017	2016
	(unaudited)	(unaudited)		
Balance Sheet Data (at end of period):				
Cash and cash equivalents		\$ 755	\$ 955	\$ 3,776
Total assets		169,970	139,991	100,282
Long-term debt, including current portion		132,786	110,836	83,537
Total liabilities		166,164	129,122	102,770
Total members' equity (deficit)		(4,295)	3,146	(9,510)

- (1) Payment volume is the net dollar value of both 1) Visa, Mastercard and other payment network transactions processed by our clients and settled to clients by us and 2) ACH transactions processed by our clients and settled to clients by us.
- (2) Number of clients represents an approximate number of our clients who are actively processing payment volume as of the end of the period.
- (3) Net revenue is calculated as revenue less certain network fees and other costs described below. Adjusted net income is calculated as net income before certain non-cash changes in the fair value of contingent consideration, non-cash changes in the fair value of warrant liabilities, other non-core cash items and the other items described below. Adjusted EBITDA is equal to adjusted net income before interest, income taxes, depreciation and amortization. Net revenue, adjusted net income and adjusted EBITDA eliminate the effects of items that we do not consider indicative of our core operating performance. As a result, we consider net revenue, adjusted net income and adjusted EBITDA to be important indicators of our operational strength and the performance of our business. Management believes the uses of net revenue, adjusted net income and adjusted EBITDA are appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future. By providing these non-GAAP financial measures, together with a reconciliation to GAAP results, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our business strategies. We believe investors use net revenue, adjusted net income and adjusted EBITDA as supplemental measures to evaluate the overall operating performance of companies in our industry. The way we present net revenue, adjusted net income and adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.
- Net revenue, adjusted net income and adjusted EBITDA are not intended as alternatives to revenue or net income (loss), as applicable, as indicators of our operating performance, or as alternatives to any other measure of performance in conformity with GAAP. You should therefore not place undue reliance on net revenue, adjusted net income and adjusted EBITDA or ratios calculated using those measures. Our GAAP-based measures can be found in our consolidated financial statements and related notes included elsewhere in this prospectus. In particular, adjusted EBITDA has significant limitations as an analytical tool because it excludes certain material costs. For example, it does not include interest expense, which has been a necessary element of our costs. In addition, the exclusion of amortization expense associated with our intangible assets further limits the usefulness of this measure. Because adjusted EBITDA does not account for these expenses, its utility as a measure of our operating performance has material limitations. Accordingly, management does not view adjusted EBITDA in isolation and also uses other measures, such as cost of services and goods and net income to measure operating performance.

The reconciliation of our revenues to net revenue is as follows:

(in thousands)	Pro Forma i3 Verticals, Inc.			
	Six months ended March 31, 2018		Year ended September 30, 2017	
	2018	2017	2017	2016
Revenue	\$ 154,920	\$ 124,466	\$ 262,571	\$ 199,644
Interchange and network fees	102,872	89,116	189,112	140,998
Net Revenue	\$ —	\$ —	\$ 73,459	\$ 58,646

The reconciliation of our net income (loss) to adjusted net income and adjusted EBITDA is as follows:

<i>(in thousands)</i>	Pro Forma i3 Verticals, Inc.		Six months ended March 31,		Year ended September 30,	
	Six months ended March 31, 2018	Year ended September 30, 2017	2018	2017	2017	2016
Net income (loss)			\$ (7,168)	\$ (368)	\$ 902	\$ (2,093)
Plus:						
Offering-related expenses ^(a)			124	—	—	—
Non-cash change in fair value of contingent consideration ^(b)			2,129	923	(218)	2,458
Non-cash change in fair value of warrant liability ^(c)			8,245	—	(415)	(28)
Share-based compensation ^(d)			—	—	—	—
Acquisition-related expenses ^(e)			447	276	766	1,217
Other taxes ^(f)			41	2	36	11
Legal settlement ^(g)			—	—	995	—
Adjusted net income	\$ —	\$ —	\$ 3,818	\$ 833	\$ 2,066	\$ 1,565
Plus:						
Interest expense, gross			5,006	3,243	6,936	5,900
Provision (benefit) for income taxes			(139)	(70)	177	243
Depreciation and amortization			5,876	5,071	10,085	9,898
Adjusted EBITDA	\$ —	\$ —	\$ 14,561	\$ 9,077	\$ 19,264	\$ 17,606

(a) Includes costs associated with forming i3 Verticals, Inc. and other expenses directly related to the Reorganization Transactions.

(b) 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.

(c) Non-cash change in warrant liability reflects the fair value change in certain warrants for our common units associated with our Mezzanine Notes. These warrants are accounted for as liabilities on our Consolidated Balance Sheets.

(d) We did not expense any share-based compensation for the periods presented, but we currently anticipate share-based compensation in the periods following this offering.

(e) Acquisition-related expenses are the professional service and related costs directly related to our acquisitions and are not part of our core performance.

(f) Other taxes consist of franchise taxes, commercial activity taxes and other non-income based taxes. Taxes related to salaries or employment are not included.

(g) Legal settlement is a charge from certain legal proceedings and is further discussed in "Business—Legal Proceedings."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with "Selected Historical Consolidated Financial and Other Data" and the financial statements and related notes included elsewhere in this prospectus. Such discussion and analysis reflects the historical results of operations and financial position of i3 Verticals, LLC, and, except as otherwise indicated below, does not give effect to the Reorganization Transactions or to the completion of this offering. See "Our Organizational Structure." This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" and elsewhere in this prospectus.

Executive Overview

Recognizing the convergence of software and payments, i3 Verticals was founded in 2012 with the purpose of delivering seamless integrated payment and software solutions to SMBs and organizations in strategic vertical markets. Since commencing operations, we have built a broad suite of payment and software solutions that address the specific needs of SMBs and other organizations in our strategic vertical markets, and we believe our suite of solutions differentiates us from our competition. Our primary strategic vertical markets include education, non-profit, public sector, property management and healthcare. These vertical markets are large, growing and tend to have increasing levels of electronic payments adoption compared to other industries. In addition to our strategic vertical markets, we also have a growing presence in the B2B payments market. We processed approximately \$10.3 billion in total payment volume in 2017, growing at a CAGR of 67% since 2014.

We distribute our payment technology and proprietary software solutions to our clients through our direct sales force as well as through a growing network of distribution partners, including ISVs, VARs, ISOs and other referral partners, including financial institutions. Our ISV partners represent a significant distribution channel and enable us to accelerate our market penetration through a cost effective one-to-many distribution model that tends to result in high retention and faster growth. From September 30, 2016 to September 30, 2017, we increased our network of ISVs from 13 to 22, which produced an increase in average monthly payment volume of 155%.

Our integrated payment and software solutions feature embedded payment capabilities tailored to the specific needs of our clients in strategic vertical markets. Our configurable payment technology solutions integrate seamlessly into clients' third-party business management systems, provide security that complies with PCI DSS and include extensive reporting tools. In addition to integrations with third party software, we deliver our own proprietary software solutions that increase the productivity of our clients by streamlining their business processes, particularly in the education, property management and public sector markets. We believe our proprietary software further differentiates us from our competitors in these strategic verticals and enables us to maximize our payment-related revenue. Through our proprietary gateway, we offer our clients a single point of access for a broad suite of payment and software solutions, enabling omni-channel POS, spanning brick and mortar and electronic and mobile commerce, including app-based payments.

We primarily focus on strategic vertical markets where we believe we can be a leader in vertically-focused, integrated payment and software solutions. Our strategic vertical markets include education, non-profit, public sector, property management and healthcare. We have a longer term goal of being a leader in six to ten strategic vertical markets. We target vertical markets where businesses and organizations tend to lack integrated payment functionality within their business management systems and where we face less competition for our solutions. In many cases, we deliver our proprietary software solutions to strategic vertical markets through the PayFac model, where we maintain a master merchant account, enabling clients to accept electronic payments through a sub-merchant contract. As more ISVs seek to differentiate their offerings by seamlessly integrating payment functionality into their software solutions, the PayFac model has gained significant momentum. Before PayFacs were an option, any business looking to accept credit cards was required to establish an individual merchant account, which is often costly and time-consuming for small merchants. Our PayFac solution streamlines and simplifies client onboarding, delivers ease of reporting and reconciliation and enables superior data management.

In addition to our vertical markets, we have a growing presence in the B2B payments sector, which is among the fastest-growing segments within payments. Compared with business-to-consumer payments where, according to The Nilson Report, approximately 75% of payment volume was processed through electronic methods in 2016, the B2B payments market is significantly less penetrated by electronic payments. According to PayStream Advisors' 2017 Electronic Payments Report, checks account for more than 45% of B2B payments, presenting an opportunity for further adoption of card-based and other electronic payments.

An important part of our long-term strategy is acquisition-driven growth. To date, we have completed nine "platform" acquisitions and twelve "tuck-in" acquisitions. Our platform acquisitions have opened new strategic vertical markets, broadened our technology and solutions suite and expanded our client base, while our tuck-in acquisitions have augmented our existing payment and software solutions and added clients. Our growth strategy is to continue to build our company through a disciplined combination of organic growth and growth through platform and tuck-in acquisitions. With more than 3,500 U.S. payments companies registered with Visa and over 10,000 ISVs doing business in the United States, we are confident that we will continue to be successful in finding acquisition targets to supplement our organic growth.

We generate revenue primarily from payment processing services, which principally include but are not limited to volume-based fees, provided to clients throughout the United States. Our payment processing services enable clients to accept electronic payments, facilitating the exchange of funds and transaction data between clients, financial institutions and payment networks. Our payment processing services include merchant onboarding, risk and underwriting, authorization, settlement, chargeback processing and other merchant support. We also generate revenue from software licensing subscriptions, ongoing support, and other POS-related solutions that we provide to our clients directly and through our distribution partners. For the six month period ended March 31, 2018, we generated \$154.9 million in revenue, \$(7.2) million of net loss and \$14.6 million of adjusted EBITDA, compared to \$124.5 million in revenue, \$(0.4) million of net loss and \$9.1 million of adjusted EBITDA for the comparable period in 2017, an increase of 24% and 60% for revenue and adjusted EBITDA, respectively. In fiscal year 2017, we generated \$262.6 million in revenue, \$0.9 million of net income and \$19.3 million of adjusted EBITDA, compared to \$199.6 million in revenue, \$(2.1) million of net loss and \$17.6 million of adjusted EBITDA in fiscal year 2016, an increase of 32% and 10% for revenue and adjusted EBITDA, respectively. See "Summary Historical and Pro Forma Consolidated Financial and Other Data" for a discussion of adjusted EBITDA and a reconciliation of adjusted EBITDA to net income (loss), the most directly comparable GAAP measure .

Recent Developments

New Senior Secured Credit Facility

On October 30, 2017, we refinanced our then existing senior secured credit facility (the "2016 Senior Secured Credit Facility") with a new syndicated credit agreement, with Bank of America serving as administrative agent (the Senior Secured Credit Facility). The new Senior Secured Credit Facility consists of a \$40.0 million term loan and a \$110.0 million revolving line of credit. The Senior Secured Credit Facility accrues interest, payable monthly, at an annual rate equal to the prime rate plus a margin of 0.50% to 2.00% or at the 30-day LIBOR rate plus a margin of 2.75% to 4.00%, in each case depending on the ratio of consolidated debt to EBITDA, as defined in the agreement. Additionally, the Senior Secured Credit Facility requires us to pay unused commitment fees of up to 0.30% on any undrawn amounts under the revolving line of credit. The maturity date of the Senior Secured Credit Facility is the earlier of October 30, 2022 or 181 days before the maturity date of the Mezzanine Notes. Principal payments of \$1.3 million are due on the last day of each calendar quarter until the maturity date, when all outstanding principal and accrued and unpaid interest are due. We used proceeds from the Senior Secured Credit Facility to complete the acquisition of SDCR, Inc. discussed below. As of March 31, 2018 we had \$37.5 million of term loans outstanding with \$70.8 million outstanding and \$39.3 million of available capacity under our revolving line of credit.

For additional information, see "—Liquidity and Capital Resources—Senior Secured Credit Facility" in this section.

Acquisitions

On January 31, 2018, we acquired certain assets and assumed certain liabilities of Enterprise Merchant Solutions, Inc. ("EMS, Inc."). We used proceeds from our Senior Secured Credit Facility to fund the purchase consideration of \$6.7 million, including \$0.7 million of contingent consideration. We acquired EMS, Inc. to expand our revenue within the integrated POS market. The effect of the acquisition will be included in our consolidated statement of operations beginning February 1, 2018.

On December 1, 2017, we acquired certain assets of Court Solutions LLC ("CS, LLC"). We acquired CS, LLC to expand our revenue within the public sector vertical market. We used proceeds from our Senior Secured Credit Facility to fund the net purchase consideration of \$2.9 million, including \$0.7 million of contingent consideration.

On October 31, 2017, we closed an agreement to purchase all of the outstanding stock of SDCR, Inc. We acquired SDCR, Inc. to expand our revenue within the integrated POS market. We used proceeds from our Senior Secured Credit Facility and the issuance of \$0.1 million of common units in a private placement to fund the net purchase consideration of \$20.8 million, including \$0.7 million of contingent consideration.

On August 1, 2017, we acquired the membership interests of Fairway Payments, LLC ("Fairway"). We acquired Fairway to add ISV distribution partners, to increase our presence in the healthcare and non-profit verticals and to provide another vendor for our payment processing services. We used proceeds from our revolving credit facility, the issuance of \$12.5 million of our Class A units in a private placement and the issuance of \$0.3 million of our common units to fund the net purchase consideration of \$39.3 million.

On June 30, 2017, we acquired certain assets and assumed certain liabilities of C.C. Productions, Inc. ("CCP, Inc."), a dealer of our products within the education market. We acquired CCP, Inc. to provide additional service to our education clients. We used proceeds from our revolving credit facility and cash on hand to fund the net purchase consideration of \$1.2 million.

On December 1, 2016, we acquired substantially all assets of CSC Links, LLC ("CSC, LLC"). We acquired CSC, LLC to expand our client base in our verticals. We used proceeds from our revolving credit facility and cash on hand to fund the net purchase consideration of \$5.2 million, including \$1.2 million of accrued contingent cash consideration for a three-year earnout period.

On June 1, 2016, we acquired substantially all assets and assumed certain liabilities of Randall Data Systems, Inc. ("Randall, Inc."). We acquired Randall, Inc. to expand our revenue within the integrated POS market. We used proceeds from our revolving credit facility and cash on hand to fund the net purchase consideration of \$1.5 million.

On April 1, 2016, we acquired certain assets of Axia Payments, LLC ("Axia"). We acquired Axia to increase our revenue and client base and add another strategic processing partner. We used proceeds from our revolving credit facility and the issuance of less than \$0.1 million of our common units in a private placement to fund the net purchase consideration of \$28.6 million.

On March 1, 2016, we acquired certain assets and assumed certain liabilities of Fullerton Retail Systems, Inc., doing business as Esber Cash Register ("Fullerton, Inc."), a dealer of our products within the education vertical market. We acquired Fullerton, Inc. to provide additional service to our clients. We used proceeds from our revolving credit facility and cash on hand to fund the net purchase consideration of \$2.1 million.

On January 1, 2016, we acquired substantially all assets and assumed certain liabilities of SkyHill Software Incorporated ("SkyHill, Inc."), doing business as Bill & Pay. We acquired SkyHill, Inc. to offer additional technology products to our clients. We used proceeds from our revolving credit facility and cash on hand to fund the net purchase consideration of \$2.2 million, including \$1.5 million of accrued contingent cash consideration over a three-year period.

On July 1, 2015, we acquired Innovative Financial Technologies, LLC ("Infintech"), a provider of card-based processing services. In 2017 and 2016, we paid \$2.4 million and \$3.3 million, respectively, in cash contingent consideration relating to the acquisition.

On May 1, 2015, we acquired Practical Business Solutions (“PBS”), a provider of card-based processing services. In 2017 and 2016, we paid \$0.8 million and \$0.5 million, respectively, in cash contingent consideration relating to the acquisition.

On March 1, 2015, we acquired Information Design, Inc., doing business as EZ-Pay (“EZ-Pay”), a software and payments provider in the education vertical. In 2016, we paid \$1.1 million in cash contingent consideration relating to the acquisition.

On April 1, 2014, we acquired Data Business Systems of Colorado, Inc. (“PaySchools”), a software and payments provider in the education vertical. In 2016, we paid \$0.5 million in cash contingent consideration relating to the acquisition.

The results of operations of these acquired businesses have been included in our financial statements since the applicable acquisition date. For more information regarding these transactions, see Note 3 to our unaudited interim condensed consolidated financial statements and Note 4 to our consolidated financial statements included elsewhere in this prospectus.

Our Revenue and Expenses

Revenues

We generate revenue primarily from payment processing services provided to clients, which principally include but are not limited to volume-based fees (“discount fees”), and to a lesser extent, software licensing subscriptions, ongoing support and other POS-related solutions we provide to our clients directly and through our distribution partners. Volume-based fees represent a percentage of the dollar amount of each credit or debit transaction processed. Revenues are also derived from a variety of fixed transaction or service fees, including authorization fees, convenience fees, statement fees, annual fees and fees for other miscellaneous services, such as handling chargebacks.

Expenses

Interchange and network fees. Interchange and network fees consist primarily of pass-through fees that make up a portion of discount fee revenue. These include assessment fees payable to card associations, which are a percentage of the processing volume we generate from Visa and Mastercard.

Other costs of services. Other costs of services include costs directly attributable to processing and bank sponsorship costs. These also include related costs such as residual payments to our distribution partners, which are based on a percentage of the net revenues generated from client referrals. Losses resulting from excessive chargebacks against a client are included in other cost of services. The cost of equipment sold is also included in cost of services. Interchange and other costs of services are recognized at the time the client’s transactions are processed.

Selling, general and administrative. Selling, general and administrative expenses include salaries and other employment costs, professional services, rent and utilities and other operating costs.

Depreciation and amortization. Depreciation expense consists of depreciation on our investments in property, equipment and computer hardware and software. Depreciation expense is recognized on a straight-line basis over the estimated useful life of the asset. Amortization expense for acquired intangible assets and internally developed software is recognized using a proportional cash flow method. Amortization expense for internally developed software is recognized over the estimated useful life of the asset. The useful lives of contract-based intangible assets are equal to the terms of the agreement.

Interest expense, net. Our interest expense consists of interest on our outstanding indebtedness under our Senior Secured Credit Facility, Mezzanine Notes and Junior Subordinated Notes.

How We Assess Our Business

Merchant Services

Our Merchant Services segment provides comprehensive payment solutions to businesses and organizations. Our Merchant Services segment includes third-party integrated payment solutions as well as traditional payment services across our strategic vertical markets.

Proprietary Software and Related Payments

Our Proprietary Software and Related Payments business delivers embedded payment solutions to our clients through company-owned software. Payments are delivered through both the PayFac model and the traditional merchant processing model. Our Proprietary Software and Related Payments clients are primarily in the education, property management and public sector markets. Our Proprietary Software and Related Payments business is included, along with corporate overhead expenses, in our “Other” category.

For additional information, see Note 11 to our unaudited interim condensed consolidated financial statements and Note 16 in our audited consolidated financial statements included elsewhere in this prospectus.

Key Operating Metrics

We evaluate our performance through key operating metrics, including:

- the dollar volume of payments our clients process through us (“payment volume”);

- the portion of our payment volume that is produced by integrated transactions; and
- period-to-period payment volume attrition.

Our payment volume for the six months ended March 31, 2018 and 2017 was \$5.6 billion and \$4.9 billion, respectively, representing a period-to-period growth rate of 14%. For the years ended September 30, 2017 and 2016, our payment volume was \$10.3 billion and \$8.1 billion, respectively, representing a period-to-period growth rate of 27%. We focus on volume, because it is a reflection of the scale and economic activity of our client base and because a significant part of our revenue is derived as a percentage of our clients' dollar volume receipts. Payment volume reflects the addition of new clients and same store payment volume growth of existing clients, partially offset by client attrition during the period.

Integrated payments represents payment transactions that are generated in situations where payment technology is embedded within our own proprietary software, a client's software or critical business process. We evaluate the portion of our payment volume that is produced by integrated transactions because we believe the convergence of software and payments is a significant trend impacting our industry. We believe integrated payments create stronger client relationships with higher payment volume retention and growth. Integrated payments grew to 41% of our payment volume for the six months ended March 31, 2018 from 34% for the six months ended March 31, 2017 and from 23% for the six months ended March 31, 2016, representing period-to-period growth rates of 18% and 48%, respectively. For the years ended September 30, 2017 and 2016, integrated payments were 36% and 28% of our payment volume, respectively, representing a period-to-period growth rate of 28%.

We measure period-to-period payment volume attrition as the change in card-based payment volume for all clients that were processing with us for the same period in the prior year. We exclude from our calculations payment volume from new clients added during the period. We experience attrition in payment volume as a result of several factors, including business closures, transfers of clients' accounts to our competitors and account closures that we initiate due to heightened credit risks. During the six months ended March 31, 2018 and the years ended September 30, 2017 and 2016, we experienced approximately 1% net volume attrition per month.

Results of Operations

This section includes a summary of our historical results of operations, followed by detailed comparisons of our results for (i) the six months ended March 31, 2018 and 2017 and (ii) the years ended September 30, 2017 and 2016. We have derived this data from our interim and annual consolidated financial statements included elsewhere in this prospectus.

Six Months Ended March 31, 2018 Compared to Six Months Ended March 31, 2017

The following table presents our historical results of operations for the periods indicated:

(in thousands)	Six Months ended March 31,		Change	
	2018	2017	Amount	%
Revenue	\$ 154,920	\$ 124,466	\$ 30,454	24.5%
Operating expenses				
Interchange and network fees	102,872	89,116	13,756	15.4%
Other costs of services	19,058	13,615	5,443	40.0%
Selling general and administrative	19,041	12,936	6,105	47.2%
Depreciation and amortization	5,876	5,071	805	15.9%
Change in fair value of contingent consideration	2,129	923	1,206	n/m
Total operating expenses	148,976	121,661	27,315	22.5%
Income from operations	5,944	2,805	3,139	111.9%
Other expenses				
Interest expense, net	5,006	3,243	1,763	54.4%
Change in fair value of warrant liability	8,245	—	8,245	n/m
Total other expenses	13,251	3,243	10,008	308.6%
Income (loss) before income taxes	(7,307)	(438)	(6,869)	n/m
Benefit for income taxes	(139)	(70)	(69)	n/m
Net income (loss)	\$ (7,168)	\$ (368)	\$ (6,800)	n/m

n/m = not meaningful

Revenue

Revenue increased \$30.5 million, or 24.5%, to \$154.9 million for the six months ended March 31, 2018 from \$124.5 million for the six months ended March 31, 2017. This increase was principally driven by acquisitions. Acquisitions completed after March 31, 2017 contributed \$26.3 million of our revenue and \$0.5 billion of our payment volume for the six months ended March 31, 2018. The remaining \$4.2 million of increased revenue was due primarily to a \$0.1 billion increase in payment volume.

Revenue within Merchant Services increased \$28.1 million, or 24.0%, to \$145.2 million for the six months ended March 31, 2018 from \$117.0 million for the six months ended March 31, 2017. Revenue related to a subset of merchant contracts purchased in 2014 and 2017, which have a higher rate of revenue attrition and payment volume attrition than the rest of our business, decreased \$2.3 million, or 19.1%, to \$9.8 million for the six months ended March 31, 2018 from \$12.1 million for the six months ended March 31, 2017. Excluding these purchased merchant contracts, revenue within Merchant Services grew \$30.4 million, or 29.0%, for the six months ended March 31, 2018 from the six months ended March 31, 2017.

Revenue within our Other business, comprised primarily of our Proprietary Software and Related Payments, increased \$2.3 million, or 31.4%, to \$9.8 million for the six months ended March 31, 2018 from \$7.4 million for the six months ended March 31, 2017.

Payment volume increased \$0.7 billion, or 14.7%, to \$5.6 billion for the six months ended March 31, 2018 from \$4.9 billion for the six months ended March 31, 2017. Revenues as a percentage of payment volume increased to 2.8% for the six months ended March 31, 2018 from 2.6% for the six months ended March 31, 2017, as acquisitions completed after March 31, 2017 had a greater revenue to payment volume profile than our existing businesses.

Interchange and Network Fees

Interchange and network fees increased \$13.8 million, or 15.4%, to \$102.9 million for the six months ended March 31, 2018 from \$89.1 million for the six months ended March 31, 2017. This increase was driven primarily by a 14.1% increase in payment volume.

Interchange and network fees within Merchant Services increased \$13.3 million, or 15.3%, to \$100.3 million for the six months ended March 31, 2018 from \$87.0 million for the six months ended March 31, 2017. Interchange and network fees related to a subset of merchant contracts purchased in 2014 and 2017 decreased \$1.1 million, or 18.7%, to \$4.7 million for the six months ended March 31, 2018 from \$5.7 million for the six months ended March 31, 2017. Excluding these purchased merchant contracts, interchange and network fees within Merchant Services grew \$14.4 million, or 17.7%, for the six months ended March 31, 2018 from the six months ended March 31, 2017.

Interchange and network fees within our Other business, comprised primarily of our Proprietary Software and Related Payments, increased \$0.5 million, or 22.2%, to \$2.5 million for the six months ended March 31, 2018 from \$2.1 million for the six months ended March 31, 2017.

Other Costs of Services

Other costs of services increased \$5.4 million, or 40.0%, to \$19.1 million for the six months ended March 31, 2018 from \$13.6 million for the six months ended March 31, 2017. Increased payment volume resulted in greater third-party processing costs of \$1.3 million and an increase in residuals paid to our distribution partners of \$1.1 million. The cost of equipment and software also rose \$2.6 million, as the acquisitions of SDCR, Inc. and EMS, Inc. contributed \$2.5 million of the increase in equipment and software costs.

Other costs of services within Merchant Services increased \$5.6 million, or 43.5%, to \$18.5 million for the six months ended March 31, 2018 from \$12.9 million for the six months ended March 31, 2017. Other costs of services related to a subset of merchant contracts purchased in 2014 and 2017 decreased \$0.3 million, or 18.2%, to \$1.2 million for the six months ended March 31, 2018 from \$1.4 million for the six months ended March 31, 2017. Excluding these purchased merchant contracts, other costs of services within Merchant Services grew \$5.9 million, or 51.1%, for the six months ended March 31, 2018 from the six months ended March 31, 2017.

Other costs of services within our Other business, comprised primarily of our Proprietary Software and Related Payments, decreased \$0.2 million, or 22.7%, to \$0.6 million for the six months ended March 31, 2018 from \$0.7 million for the six months ended March 31, 2017. The decrease was due to reduced processing costs and residual expense.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$6.1 million, or 47.2%, to \$19.0 million for the six months ended March 31, 2018 from \$12.9 million for the six months ended March 31, 2017. This increase was primarily driven by an increase in employment costs of \$5.2 million due to an increase in headcount from acquisitions. Increases in software and technological services, rent, telecommunication costs, advertising and marketing expenses comprised the remainder of the increase.

Depreciation and Amortization

Depreciation and amortization increased \$0.8 million, or 15.9%, to \$5.9 million for the six months ended March 31, 2018 from \$5.1 million for the six months ended March 31, 2017. Amortization expense increased \$0.8 million to \$5.5 million for the six months ended March 31, 2018 from \$4.7 million for the six months ended March 31, 2017, primarily due to greater amortization expense resulting from acquisitions such as Fairway and SDCR, Inc., which was partially offset by lower amortization expense for historical acquisitions due to our accelerated

method of amortization. Depreciation expense remained consistent at \$0.4 million for the six months ended March 31, 2018 and 2017 .

Change in Fair Value of Contingent Consideration

Change in fair value of contingent consideration to be paid in connection with acquisitions was a charge of \$2.1 million for the six months ended March 31, 2018 primarily due to the strong performance of the EZ-Pay and CSC, LLC acquisitions. The change in fair value of contingent consideration for the six months ended March 31, 2017 was a charge of \$0.9 million , primarily due to the strong performance of the Infintech acquisition.

Interest Expense, net

Interest expense, net, increased \$1.8 million , or 54.4% , to \$5.0 million for the six months ended March 31, 2018 from \$3.2 million for the six months ended March 31, 2017. The increase reflects additional borrowings on our Senior Secured Credit Facility used to fund our acquisition activity subsequent to March 31, 2017.

Change in Fair Value of Warrant Liability

The change in fair value of our warrant liabilities corresponds to the value of the warrants issued in connection with our Mezzanine Notes. The fair value of these warrant liabilities increased \$8.2 million for the six months ended March 31, 2018. The change in the fair value of the warrants was due to increased estimated enterprise value resulting from our acquisitions and growth. The change in fair value of the warrant liabilities was nominal for the six months ended March 31, 2017.

Benefit for Income Taxes

Income taxes remained a benefit of \$0.1 million for both the six months ended March 31, 2018 and 2017, respectively. Our effective tax rate was 1.9% for the six months ended March 31, 2018. Our effective tax rate differs from the federal statutory rate because i3 Verticals, LLC is taxed as a partnership and we do not pay federal income taxes. After consummation of the Reorganization Transactions and this offering, i3 Verticals, Inc. will become subject to federal, state and local income taxes with respect to its allocable share of any taxable income of i3 Verticals, LLC and will be taxed at the prevailing corporate tax rates.

Year Ended September 30, 2017 Compared to Year Ended September 30, 2016

The following table presents our historical results of operations for the periods indicated:

(in thousands)	Year ended September 30,		Change	
	2017	2016	Amount	%
Revenue	\$ 262,571	\$ 199,644	\$ 62,927	31.5 %
Operating expenses				
Interchange and network fees	189,112	140,998	48,114	34.1 %
Other costs of services	28,798	21,934	6,864	31.3 %
Selling general and administrative	27,194	20,393	6,801	33.3 %
Depreciation and amortization	10,085	9,898	187	1.9 %
Change in fair value of contingent consideration	(218)	2,458	(2,676)	n/m
Total operating expenses	254,971	195,681	59,290	30.3 %
Income from operations	7,600	3,963	3,637	91.8 %
Other expenses				
Interest expense, net	6,936	5,900	1,036	17.6 %
Change in fair value of warrant liability	(415)	(28)	(387)	n/m
Other (income) expenses	—	(59)	59	n/m
Total other expenses	6,521	5,813	708	12.2 %
Income (loss) before income taxes	1,079	(1,850)	2,929	n/m
Provision for income taxes	177	243	(66)	(27.2)%
Net income (loss)	\$ 902	\$ (2,093)	\$ 2,995	n/m

n/m = not meaningful

Revenue

Revenue increased \$62.9 million, or 31.5%, to \$262.6 million for the year ended September 30, 2017 from \$199.6 million for the year ended September 30, 2016. This increase was principally driven by acquisitions. Acquisitions completed during 2017 contributed \$14.8 million of our revenue and \$0.6 billion of our payment volume for the year ended September 30, 2017. Acquisitions completed during 2016 contributed \$38.4 million revenue and \$1.4 billion payment volume for the year ended September 30, 2017, primarily due to our Axia acquisition. The remaining \$9.8 million in revenue growth was due to an increase in payment volume at our existing businesses.

Revenue within Merchant Services increased \$60.3 million, or 32.1%, to \$248.0 million for the year ended September 30, 2017 from \$187.7 million for the year ended September 30, 2016. Revenue related to a subset of merchant contracts purchased in 2014, which have a higher rate of revenue attrition and payment volume attrition than the rest of our business, decreased \$0.3 million, or 1.4%, to \$23.5 million for the year ended September 30, 2017 from \$23.8 million for the year ended September 30, 2016. The decrease was only 1.4% due to our ability to recognize additional revenues beginning February 2016 pursuant to a one-time change in the contractual terms of the subset of merchant contracts we acquired in 2014. For the first four months of the year ended September 30, 2016, we recognized \$1.0 million of revenue each month, or \$4.0 million of revenue in total, whereas from February 2016 to September 2016, we recognized \$19.8 million of revenue produced by the payment volume

from the merchant contracts. The change in contractual terms continued for all of 2017. Excluding these purchased merchant contracts, revenue within Merchant Services grew \$60.6 million, or 37.0%, for the year ended September 30, 2017 from the year ended September 30, 2016.

Revenue within our Other business, comprised primarily of our Proprietary Software and Related Payments, increased \$2.6 million, or 22.1%, to \$14.6 million for the year ended September 30, 2017 from \$11.9 million for the year ended September 30, 2016.

Payment volume increased \$2.1 billion, or 26.1%, to \$10.3 billion for the year ended September 30, 2017 from \$8.1 billion for the year ended September 30, 2016. The \$2.1 billion increase in payment volume reflects the \$1.9 billion increase in payment volume from acquisitions and a \$0.2 billion increase in the payment volume of our existing businesses. Revenue as a percentage of payment volume remained relatively consistent at 2.5% for the year ended September 30, 2017 and 2016.

Interchange and Network Fees

Interchange and network fees increased \$48.1 million, or 34.1%, to \$189.1 million for the year ended September 30, 2017 from \$141.0 million for the year ended September 30, 2016. This increase was driven primarily by increased payment volume as discussed above.

Interchange and network fees within Merchant Services increased \$47.3 million, or 34.4%, to \$185.1 million for the year ended September 30, 2017 from \$137.8 million for the year ended September 30, 2016. Interchange and network fees related to a subset of merchant contracts purchased in 2014 and 2017 increased \$1.0 million, or 9.2%, to \$11.4 million for the year ended September 30, 2017 from \$10.4 million for the year ended September 30, 2016. Although the subset of merchant contracts experienced higher payment volume attrition than the rest of our business, interchange and network fees increased due to the change in contractual terms discussed above. For the first four months of the year ended September 30, 2016, we recognized zero interchange and network fees related to the purchased merchant contracts. For the last eight months of the year ended September 30, 2016, we recognized \$10.4 million of interchange and network fees related to the purchased merchant contracts. Excluding these purchased merchant contracts, interchange and network fees within Merchant Services grew \$46.4 million, or 36.4%, for the year ended September 30, 2017 from the year ended September 30, 2016.

Interchange and network fees within our Other business, comprised primarily of our Proprietary Software and Related Payments, increased \$0.8 million, or 24.2%, to \$4.0 million for the year ended September 30, 2017 from \$3.2 million for the year ended September 30, 2016.

Other Costs of Services

Other costs of services grew in line with revenue as it increased \$6.9 million, or 31.3%, to \$28.8 million for the year ended September 30, 2017 from \$21.9 million for the year ended September 30, 2016. The principal cause of the increase was increased payment volume, which resulted in increased residuals paid to our distribution partners of \$3.2 million and an increase in third-party processing costs of \$2.6 million. Growth in new clients resulted in an increase in the cost of equipment of \$0.6 million and an increase in other customer product costs of \$0.3 million.

Other costs of services within Merchant Services increased \$7.0 million, or 34.6%, to \$27.4 million for the year ended September 30, 2017 from \$20.3 million for the year ended September 30, 2016. Other costs of services related to a subset of merchant contracts purchased in 2014 and 2017 increased \$0.3 million, or 11.6%, to \$2.8 million for the year ended September 30, 2017 from \$2.5 million for the year ended September 30, 2016. Although the subset of merchant contracts experienced higher payment volume attrition than the rest of our business, other costs of services increased due to the change in contractual terms discussed above. For the first four months of the year ended September 30, 2016, we recognized zero other costs of services related to the purchased merchant contracts. For the last eight months of the year ended September 30, 2016, we recognized \$2.5 million of other costs of services related to the purchased merchant contracts. Excluding these purchased merchant contracts, other costs of services within Merchant Services grew \$6.7 million, or 37.8%, for the year ended September 30, 2017 from the year ended September 30, 2016.

Other costs of services within our Other business, comprised primarily of our Proprietary Software and Related Payments, decreased \$0.2 million, or 22.7%, to \$0.6 million for the year ended September 30, 2017 from \$0.5 million for the year ended September 30, 2016. The decrease was due to reduced processing costs and residual expense.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$6.8 million, or 33.3%, to \$27.2 million for the year ended September 30, 2017 from \$20.4 million for the year ended September 30, 2016. This increase was primarily driven by an increase in employment costs of \$3.2 million due to an increase in headcount from acquisitions. We expensed \$1.0 million of a legal settlement that was accrued during the year ended September 30, 2017. We also experienced an increase in professional services and insurance of \$0.7 million. Increases in software and technological services, rent, telecommunication costs, advertising and marketing expenses comprised the remainder of the change.

Depreciation and Amortization

Depreciation and amortization increased \$0.2 million, or 1.9%, to \$10.1 million for the year ended September 30, 2017 from \$9.9 million for the year ended September 30, 2016. Amortization expense remained consistent at \$9.2 million for the years ended September 30, 2017 and 2016. We experienced greater amortization expense resulting from acquisitions such as Axia and Fairway, which was offset by lower amortization expense for historical acquisitions resulting from our accelerated method of amortization. Depreciation expense increased \$0.2 million to \$0.9 million in the year ended September 30, 2017 from \$0.7 million in the year ended September 30, 2016, primarily due to an increase in the amount of POS equipment provided to our clients that we capitalize and depreciate over the expected life of the merchant contract.

Change in Fair Value of Contingent Consideration

Change in fair value of contingent consideration was a gain of \$0.2 million in the year ended September 30, 2017 compared to a charge of \$2.5 million in the year ended September 30, 2016. During 2016, management increased its estimates of contingent consideration to be paid for acquisitions, primarily due to the strong performance of the Infintech and PBS acquisitions. Management estimates of future contingent consideration to be paid remained relatively flat during 2017.

Interest Expense, net

Interest expense, net, increased \$1.0 million, or 17.6%, to \$6.9 million for the year ended September 30, 2017 from \$5.9 million for the year ended September 30, 2016. The increase reflects additional borrowings on our 2016 Senior Secured Credit Facility due to debt used to fund our acquisition activity in 2017 and 2016.

Change in Fair Value of Warrant Liability

The change in fair value of our warrant liabilities corresponds to the value of the warrants issued in connection with our Mezzanine Notes. The fair value of these warrant liabilities decreased \$0.4 million for the year ended September 30, 2017. The Class A units issued in July 2017 in conjunction with the Fairway Payments, LLC acquisition increased our total number of equity units outstanding which decreased the fair value of the warrants. The change in fair value of the warrant liabilities was less than \$0.1 million for the year ended September 30, 2016.

Provision for Income Taxes

The provision for income taxes decreased \$0.1 million, or 27.2%, to less than \$0.2 million for the year ended September 30, 2017 from more than \$0.2 million for the year ended September 30, 2016. Our effective tax rate was 16.4% for the year ended September 30, 2017. Our effective tax rate differs from the federal statutory rate because i3 Verticals, LLC is taxed as a partnership and we do not pay federal income taxes. We use an accelerated method of amortization for our intangible assets as compared to straight-line amortization required for tax purposes, which results in greater pretax income for tax purposes after we complete acquisitions. These amortization differences caused us to have current tax expense of \$0.2 million on a pretax loss of \$1.9 million for the year ended September 30, 2016. After consummation of the Reorganization Transactions and this offering, i3 Verticals, Inc. will become subject to federal, state and local income taxes with respect to its allocable share of any taxable income of i3 Verticals, LLC and will be taxed at the prevailing corporate tax rates.

Seasonality

We have experienced in the past, and may continue to experience, seasonal fluctuations in our revenues as a result of consumer spending patterns. Revenues during the first quarter of the calendar year, which is our second fiscal quarter, tend to decrease in comparison to the remaining three quarters of the calendar year on a same store basis. This decrease is due to the increase in the number and amount of electronic payment transactions related to seasonal retail events, such as holiday and vacation spending. The number of business days in a month or quarter also may affect seasonal fluctuations. Revenue in our education vertical fluctuates with the school calendar. Revenue for our education customers is strongest in August, September, October, January and February, at the start of each semester, and generally weakens throughout the semester, with little revenue in the summer months of June and July. Operating expenses show less seasonal fluctuation, with the result that net income is subject to the same seasonal factors as our revenues. The growth in our business may have partially overshadowed seasonal trends to date, and seasonal impacts on our business may be more pronounced in the future.

Liquidity and Capital Resources

We have historically financed our operations and working capital through net cash from operating activities. As of March 31, 2018, we had \$0.8 million of cash and cash equivalents and available borrowing capacity of \$39.3 million under our Senior Secured Credit Facility. We usually minimize cash balances by making payments on our revolving credit facility to minimize borrowings and interest expense. As previously discussed in "Recent Developments," our new Senior Secured Credit Facility closed on October 30, 2017 and includes a \$40.0 million term loan and a \$110.0 million revolving credit facility.

Our primary cash needs are to fund working capital requirements, invest in our technology infrastructure, fund acquisitions and related contingent consideration, make scheduled principal payments and interest payments on our outstanding indebtedness and pay tax distributions to members. We consistently have positive cash flow provided by operations and expect that our cash flow from operations, current cash and cash equivalents and available borrowing capacity under the Senior Secured Credit Facility will be sufficient to fund our operations and planned capital expenditures and to service our debt obligations for at least the next twelve months. As a holding company, we depend on distributions or loans from i3 Verticals, LLC to access funds earned by our operations. The covenants contained in the Senior Secured Credit Facility may restrict i3 Verticals, LLC's ability to provide funds to i3 Verticals, Inc. See "Risk Factors—Risks Related to Our Indebtedness—Our indebtedness could adversely affect our financial health and competitive position."

Cash Flows

The following table presents a summary of cash flows from operating, investing and financing activities for the following comparative periods.

Six Months Ended March 31, 2018 and 2017

	Six months ended March 31,	
	2018	2017
	(in thousands)	
Net cash provided by operating activities	\$ 9,942	\$ 3,930
Net cash used in investing activities	\$ (30,106)	\$ (6,024)
Net cash provided by (used in) in financing activities	\$ 19,964	\$ (1,513)

Cash Flow from Operating Activities

Net cash provided by operating activities increased \$6.0 million to \$9.9 million for the six months ended March 31, 2018 from \$3.9 million for the six months ended March 31, 2017. The increase in net cash provided by operating activities included an increase in net loss of \$6.8 million, offset by a \$8.2 million increase in change in fair value of warrant liability. Depreciation and amortization expense increased \$0.8 million and non-cash contingent consideration expense from an increase in the original estimate increased \$1.2 million. These increases were offset by a \$0.5 million in benefit from income taxes from the revaluation of deferred taxes related to the newly enacted federal tax reform and an increase in the change in contingent consideration paid in excess of original estimates of \$0.8 million. Working capital increased \$3.5 million, driven by a \$2.3 million reduction in

accounts receivable and a \$2.1 million increase in accrued liabilities, offset by a \$1.6 million decrease in other assets, for the six months ended March 31, 2018 compared to the six months ended March 31, 2017.

Cash Flow from Investing Activities

Net cash used in investing activities increased \$24.1 million to \$30.1 million for the six months ended March 31, 2018 from \$6.0 million for the six months ended March 31, 2017. In the six months ended March 31, 2018, we used \$18.7 million of cash for the acquisition of SDCR, Inc. We used \$9.9 million of cash for other acquisitions, including the acquisition of EMS, Inc. and CS, LLC, the acquisition of residual buyouts and other intangibles. We also used \$0.5 million of cash for capitalized software costs and \$1.0 million of cash for property and equipment expenditures. In the six months ended March 31, 2017, we used \$4.0 million of cash to acquire CSC, LLC and \$1.1 million to acquire a payment portfolio. In the six months ended March 31, 2017, we used \$0.6 million for capitalized software costs, and \$0.3 million for property and equipment expenditures.

Cash Flow from Financing Activities

Net cash provided by financing activities increased \$21.5 million to \$20.0 million for the six months ended March 31, 2018 from a use of \$1.5 million for the six months ended March 31, 2017. The increase in net cash provided by financing activities was primarily the result of increased borrowing from long-term debt to fund acquisitions and contingent consideration.

Year Ended September 30, 2017 and 2016

	Year Ended September 30,	
	2017	2016
	(in thousands)	
Net cash provided by operating activities	\$ 7,730	\$ 10,006
Net cash used in investing activities	\$ (47,903)	\$ (35,154)
Net cash used in financing activities	\$ 37,352	\$ 28,924

Cash Flow from Operating Activities

Net cash provided by operating activities decreased to \$7.7 million for the year ended September 30, 2017 from \$10.0 million for the year ended September 30, 2016. The decrease in net cash provided by operating activities was the result of a \$1.6 million increase in contingent consideration paid in excess of original estimates and a decrease of \$1.1 million in working capital driven by increased accounts receivable from our acquisitions. Net income also increased \$3.0 million, which was offset by \$2.6 million of non-cash charges such as depreciation and amortization and the change in fair value of warrant liabilities and contingent consideration estimates.

Cash Flow from Investing Activities

Net cash used in investing activities increased to \$47.9 million for the year ended September 30, 2017 from \$35.2 million for the year ended September 30, 2016. In 2017, the largest driver of cash used in investing activities related to our \$39.0 million cash payment for the acquisition of Fairway. We also used \$6.8 million of cash for other acquisitions, including purchases of merchant portfolios and residual buyouts, \$1.5 million of cash for capitalized software costs and \$0.6 million of cash for property and equipment expenditures. In 2016, the largest driver of cash used in investing activities was \$27.9 million used to acquire Axia. In 2016, we also used \$4.4 million of cash for other acquisitions, \$2.0 million of cash for capitalized software costs, and \$0.9 million of cash for property and equipment expenditures.

Cash Flow from Financing Activities

Net cash provided by financing activities increased to \$37.4 million for the year ended September 30, 2017 from \$28.9 million for the year ended September 30, 2016. The increase in net cash provided by financing activities was primarily the result of increased borrowing from long-term debt to fund acquisitions and contingent consideration, in addition to increased proceeds for Class A unit issuances.

Senior Secured Credit Facility

In April and July 2016, we entered into the 2016 Senior Secured Credit Facility, for which First Bank served as the administrative agent. The 2016 Senior Secured Credit Facility consisted of term loans in the total principal amount of \$20.0 million and an \$80.0 million revolving line of credit. The 2016 Senior Secured Credit Facility accrued interest, payable monthly, at the prime rate per annum plus a margin of 0.50% to 2.00% (1.50% at September 30, 2017) or at the 30-day LIBOR rate plus a margin of 3.50% to 5.00% (4.50% at September 30, 2017), in each case depending on our ratio of consolidated debt to EBITDA, as defined in the agreement. Additionally, the 2016 Senior Secured Credit Facility required us to pay unused commitment fees of up to 0.30% (0.25% at September 30, 2017) on any undrawn amounts under the revolving line of credit. Through the April and July 2016 amendments, the maturity date of the 2016 Senior Secured Credit Facility was extended to April 29, 2020. Principal payments of \$1.0 million were due on the last day of each calendar quarter until the maturity date, when all outstanding principal and accrued and unpaid interest were scheduled to be due.

The 2016 Senior Secured Credit Facility was further amended in July 2017 to enable us to purchase Fairway and increase our maximum senior secured debt-to-EBITDA ratio to 3.25 to 1.0 through the fiscal quarter ended June 30, 2016. The maximum senior secured debt-to-EBITDA ratio was scheduled to decrease to 3.0 to 1.0 for the fiscal quarter ended September 30, 2018 and thereafter.

The 2016 Senior Secured Credit Facility was secured by substantially all of our assets. The lenders under the facility held senior rights to collateral and principal repayment over all other creditors.

The provisions of 2016 Senior Secured Credit Facility restricted our ability to make additional borrowings and capital expenditures and required us to maintain certain financial ratios and meet certain non-financial covenants pertaining to our activities during the period covered. We were in compliance with those covenants as of September 30, 2017 and 2016.

As previously discussed, on October 30, 2017, we replaced our 2016 Senior Secured Credit Facility with the Senior Secured Credit Facility. Bank of America serves as administrative agent with Bank of America, Wells Fargo and Fifth Third serving as joint lead arrangers and joint bookrunners. The Senior Secured Credit Facility consists of \$40.0 million in term loans and a \$110.0 million revolving line of credit. The Senior Secured Credit Facility accrues interest, payable monthly, at the prime rate per annum plus a margin of 0.50% to 2.00% (currently 2.00%) or at the 30-day LIBOR rate plus a margin of 2.75% to 4.00% (currently 4.00%), in each case depending on the ratio of consolidated debt to EBITDA, as defined in the agreement. Additionally, the Senior Secured Credit Facility requires us to pay unused commitment fees of up to 0.30% on any undrawn amounts under the revolving line of credit. Principal payments of \$1.3 million are due on the last day of each calendar quarter until the maturity date, when all outstanding principal and accrued and unpaid interest will be due. The maturity date of the Senior Secured Credit Facility is the earlier of October 30, 2022 or 181 days before the maturity date of the Mezzanine Notes. The Senior Secured Credit Facility contains customary affirmative and negative covenants, including financial covenants requiring maintenance of a senior secured debt-to-EBITDA ratio (as defined in the governing agreement), not exceeding the amounts reflected in the schedule below.

Calendar Year	March 31	June 30	September 30	December 31
2018	3.50 to 1.0	3.50 to 1.0	3.50 to 1.0	3.25 to 1.0
2019	3.25 to 1.0	3.25 to 1.0	3.25 to 1.0	3.25 to 1.0
2020	3.25 to 1.0	3.00 to 1.0	3.00 to 1.0	3.00 to 1.0
thereafter	3.00 to 1.0	3.00 to 1.0	3.00 to 1.0	3.00 to 1.0

The Senior Secured Credit Facility also includes a financial covenant requiring maintenance of a consolidated debt-to-EBITDA ratio (as defined in the governing agreement), not exceeding the amounts reflected in the schedule below.

Calendar Year	March 31	June 30	September 30	December 31
2017	N/A	N/A	N/A	4.50 to 1.0
2018	4.50 to 1.0	4.50 to 1.0	4.50 to 1.0	4.25 to 1.0
2019	4.25 to 1.0	4.25 to 1.0	4.25 to 1.0	4.25 to 1.0
2020	4.25 to 1.0	4.00 to 1.0	4.00 to 1.0	4.00 to 1.0
thereafter	4.00 to 1.0	4.00 to 1.0	4.00 to 1.0	4.00 to 1.0

The Senior Secured Credit Facility contains provisions detailing a leverage increase period during which the required debt-to-EBITDA ratios set forth above will be increased by 0.25 for each of the four fiscal quarters immediately following a "Qualified Acquisition," as defined therein, commencing with the fiscal quarter during which the acquisition was completed. We used proceeds from the Senior Secured Credit Facility to complete the SDCR, Inc., CS, LLC, and EMS, Inc. acquisitions. With the completion of the SDCR, Inc. acquisition, we received a step-up for the purposes of calculating our debt-to-EBITDA ratio; as of March 31, 2018, our maximum senior secured debt-to-EBITDA ratio is 3.75 to 1.0 and our maximum consolidated debt-to-EBITDA ratio is 4.75 to 1.0. As of March 31, 2018, we had \$37.5 million of term loans outstanding, with \$70.8 million outstanding and \$39.3 million of available capacity under our revolving line of credit.

All obligations under the Senior Secured Credit Facility are fully and unconditionally secured by pledged equity interests and security interests in substantially all of our assets.

The provisions of the Senior Secured Credit Facility place certain restrictions and limitations upon the Company. These include, among others, restrictions on liens, investments, indebtedness, fundamental changes and dispositions; maintenance of certain financial ratios; and certain non-financial covenants pertaining to the activities of the Company during the period covered. The Company was in compliance with such covenants as of March 31, 2018. In addition, the Senior Secured Credit Facility restricts our ability to make dividends or other distributions to the holders of our equity. We are permitted to:

- a. make cash distributions to the holders of our equity in order to pay taxes incurred by owners of equity in i3 Verticals, LLC, by reason of such ownership,
- b. move intercompany cash between subsidiaries that are joined to the Senior Secured Credit Facility,
- c. use up to \$1.5 million per year to repurchase equity from employees, directors, officers or consultants after the restructuring of the Company in connection with this offering, and
- d. make other dividends or distributions in an aggregate amount not to exceed 5% of the net cash proceeds received from any additional common equity issuance after our initial public offering.

We are also permitted to make noncash dividends in the form of additional equity issuances. The Senior Secured Credit Facility prohibits all other forms of dividends or distributions.

Mezzanine Notes

During 2013, we issued notes payable in the aggregate principal amount of \$10.5 million (the Mezzanine Notes) to three related creditors (the Mezzanine Lenders). The Mezzanine Notes accrue interest at a fixed annual rate of 12.0%, payable monthly, and initially were due to mature in February 2018. In April 2016, the Mezzanine Notes were amended and restated and the maturity date was extended to November 29, 2020, when all outstanding principal and accrued and unpaid interest will be due. The Mezzanine Notes are secured by substantially all of our assets in accordance with the terms of the security agreement and are subordinate to the Senior Secured Credit Facility. In connection with the issuance of the Mezzanine Notes, we issued 1,424 warrants to purchase common units of i3 Verticals, LLC (the "Mezzanine Warrants").

The provisions of the Mezzanine Notes restrict our ability to make additional borrowings and capital expenditures and require us to maintain certain financial ratios and meet certain non-financial covenants pertaining to our activities during the period covered. We were in compliance with those covenants as of March 31, 2018. The Mezzanine Lenders participated in the June 2016 and July 2017 Class A unit offerings described below. For additional information, see Note 13 in our audited consolidated financial statements included elsewhere in this prospectus.

We intend to cause i3 Verticals, LLC to use a portion of the net proceeds from this offering to repay all amounts outstanding under the Mezzanine Notes. See “Certain Relationships and Related Party Transactions—Certain Interests of Management and Directors in the Reorganization Transactions.”

Junior Subordinated Notes

During 2014, we issued the Junior Subordinated Notes payable in the aggregate principal amount of \$17.6 million to unrelated and related creditors. The Junior Subordinated Notes accrue interest, payable monthly, at a fixed rate of 10.0% per annum and mature on February 14, 2019, when all outstanding principal and accrued and unpaid interest will be due. However, the Junior Subordinated Notes are subordinated to the Mezzanine Notes and the Senior Secured Credit Facility, which both are scheduled to mature after the Junior Subordinated Notes are scheduled to mature. Because the provisions of the Mezzanine Notes and Senior Secured Credit Facility do not permit the payment of any subordinated debt before their maturity, the maturity date of the Junior Subordinated Notes will (if not repaid earlier as described below) be extended beyond the maturity dates of the Mezzanine Notes and the Senior Secured Credit Facility. In June 2016, \$1.0 million of the Junior Subordinated Notes held by Greg Daily were retired and exchanged for 309,598 Class A units. In July 2017, \$0.5 million of the Junior Subordinated Notes held by Greg Daily were retired and exchanged for 147,929 Class A units.

At March 31, 2018, \$16.1 million of the Junior Subordinated Notes remained outstanding.

We intend to cause i3 Verticals, LLC to use a portion of the net proceeds from this offering to repay all amounts outstanding under the Junior Subordinated Notes. See “Certain Relationships and Related Party Transactions—Certain Interests of Management and Directors in the Reorganization Transactions.”

Class A Units Offerings

As noted above, during March 2016, an existing \$1.0 million unsecured convertible note payable to Mr. Daily was converted into 1,000,000 Class A units of i3 Verticals, LLC at a price of \$1.00 per unit pursuant to the provisions of the note.

During June 2016, we raised \$9.0 million from the issuance of a total of 2,786,378 Class A units at a price of \$3.23 per unit in a private offering. As noted above, during June 2016, \$1.0 million of the Junior Subordinated Notes held by Mr. Daily were retired and converted into 309,598 Class A units at a price of \$3.23 per unit. The fair value of the Class A units we issued approximated the carrying amount of the Junior Subordinated Notes, and we recognized no extinguishment gain or loss.

During July 2017, we raised \$12.5 million from the issuance of a total of 3,698,225 Class A units at a price of \$3.38 per unit in a private offering. As noted above, during July 2016, \$0.5 million of the Junior Subordinated Notes held by Mr. Daily were converted into 147,929 Class A units at a price of \$3.38 per unit. The fair value of the Class A units we issued approximated the carrying amount of the Junior Subordinated Notes, and we recognized no extinguishment gain or loss.

Contractual Obligations

There are no contractual commitments other than leases and borrowings that amount to, individually or in the aggregate, more than 3% of revenue earned in the year ended September 30, 2017.

The following table summarizes our contractual obligations and commitments as of September 30, 2017 related to leases and borrowings:

Contractual Obligations (in thousands)	Payments Due by Period				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Processing minimums ^(a)	\$ 7,559	\$ 4,959	\$ 2,600	\$ —	\$ —
Facility leases	5,588	1,040	1,970	1,356	1,222
2016 Senior Secured Credit Facility and related interest ^(b)	98,422	8,968	89,454	—	—
Unsecured notes payable to related and unrelated creditors and related interest ^(c)	18,354	1,633	16,721	—	—
Notes payable to Mezzanine Lenders and related interest ^(d)	14,547	1,278	2,559	10,710	—
Contingent consideration ^(e)	3,340	2,229	1,111	—	—
Total	\$ 147,810	\$ 20,107	\$ 114,415	\$ 12,066	\$ 1,222

- (a) We have non-exclusive agreements with several processors to provide us services related to transaction processing and transmittal, transaction authorization and data capture, and access to various reporting tools. Certain of these agreements require us to submit a minimum monthly number of transactions for processing. If we submit a number of transactions that is lower than the minimum, we are required to pay to the processor the fees it would have received if we had submitted the required minimum number of transactions.
- (b) We estimated interest payments through the maturity of our 2016 Senior Secured Credit Facility by applying the interest rate of 5.75% in effect on our revolver as of September 30, 2017, plus an unused fee rate of 0.25%. On October 30, 2017, we replaced our 2016 Senior Secured Credit Facility with the Senior Secured Credit Facility.
- (c) We estimated interest payments through the maturity of our Junior Subordinated Notes by applying the applicable interest rate of 10.0%.
- (d) We estimated interest payments through the maturity of our Mezzanine Notes by applying the applicable interest rate of 12.0%. As of September 30, 2017, there were 1,424 Mezzanine Warrants outstanding and exercisable to purchase common units in i3 Verticals, LLC. The intrinsic value of the Mezzanine Warrants was \$767 as of September 30, 2017. For additional information, see Note 5 in our audited consolidated financial statements included elsewhere in this prospectus.
- (e) In connection with certain of our acquisitions, we may be obligated to pay the seller of the acquired entity certain amounts of contingent consideration as set forth in the relevant purchasing documents, whereby additional consideration may be due upon the achievement of certain specified financial performance targets. i3 Verticals, Inc. accounts for the fair values of such contingent payments in accordance with the Level 3 financial instrument fair value hierarchy at the close of each subsequent reporting period. The acquisition-date fair value of contingent consideration is valued using a Monte Carlo simulation. i3 Verticals, Inc. subsequently reassesses such fair value based on probability estimates with respect to the acquired entity's likelihood of achieving the respective financial performance targets.

Potential payments under the Tax Receivable Agreement are not reflected in this table. See “—Tax Receivable Agreement” below and “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

Tax Receivable Agreement

Upon the closing of this offering, we will be a party to the Tax Receivable Agreement with i3 Verticals, LLC and each of the Continuing Equity Owners, as described under “Certain Relationships and Related Party Transactions — Tax Receivable Agreement.” As a result of the Tax Receivable Agreement, we may be required to establish a liability in our consolidated financial statements. That liability, which will increase upon the redemptions or exchanges of common units for our Class A common stock, generally represents 85% of the estimated future tax benefits, if any, relating to the increase in tax basis associated with the common units we receive as a result of the Reorganization Transactions and other redemptions or exchanges by holders of common units. If this election is made, the accelerated payment will be based on the present value of 100% of the estimated future tax benefits and, as a result, the associated liability reported on our consolidated financial statements may be increased. We expect that the payments required under the Tax Receivable Agreement will be substantial. The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of redemptions or exchanges by the holders of common units, the price of our Class A common stock at the time of the redemption or exchange, whether such redemptions or exchanges are taxable, the amount and timing of the taxable income we generate in the future and the tax rate then applicable as well as the portion of our payments under the Tax Receivable Agreement constituting imputed interest. We intend to fund the payment of the amounts due under the Tax Receivable

Agreement out of the cash savings that we actually realize in respect of the attributes to which Tax Receivable Agreement relates. For more information about the Tax Receivable Agreement, see "Certain Relationships and Related Party Transactions — Tax Receivable Agreement" and "Unaudited Pro Forma Consolidated Financial Information."

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our estimates including those related to revenue recognition, goodwill and intangible assets, derivative financial instruments, and equity-based compensation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The accounting policies we believe to be most critical to understanding our financial condition and results of operations are discussed below.

Emerging Growth Company

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make a comparison of our financial statements with the financial statements of a public company that is not an emerging growth company, or the financial statements of an emerging growth company that has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of uncollateralized credit card processing residual payments due from processing banks requiring payment within thirty days following the end of each month. Accounts receivable also include amounts due from the sales of our technology solutions to our clients. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts, if necessary, which reflects management's best estimate of the amounts that will not be collected. The allowance is estimated based on management's knowledge of our clients, historical loss experience and existing economic conditions. Accounts receivable and the allowance are written-off when, in management's opinion, all collection efforts have been exhausted. Our allowance for doubtful accounts was \$461,000 and \$244,000 as of September 30, 2017, and 2016, respectively, however, actual write-offs may exceed estimated amounts.

Settlement Assets and Obligations

Settlement assets and obligations result when we temporarily hold or owe funds on behalf of our clients. Timing differences, interchange expense, merchant reserves and exceptional items cause differences between the amount received from the card networks and the amount funded to counterparties. These balances arising in the settlement process are reflected as settlement assets and obligations on the accompanying consolidated balance sheets. With the exception of merchant reserves, settlement assets or settlement obligations are generally

collected and paid within one to four days. As of September 30, 2017, and 2016, settlement assets and settlement obligations were both \$5.2 million and \$4.4 million, respectively.

Property and Equipment

Property and equipment are stated at cost or, if acquired through a business acquisition, fair value at the date of acquisition. Depreciation and amortization are provided over the assets' estimated useful lives (or if obtained in connection with a business acquisition, over the estimated remaining useful lives) using the straight-line method, except for leasehold improvements, which are depreciated over the shorter of the estimated useful lives of the assets or the lease term.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. Management reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. We recognize impairment when the sum of undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value of the asset. There were no impairment charges during the years ended September 30, 2017 and 2016.

Capitalized Software

Development costs for software to be sold or leased to customers are capitalized once technological feasibility of the software product has been established. Costs incurred prior to establishing technological feasibility are expensed as incurred. Technological feasibility is established when we have completed a detailed program design and has determined that a product can be produced to meet its design specifications, including functions, features and technical performance requirements. Capitalization of costs ceases when the product is generally available to clients. Software development costs are amortized using the greater of the straight-line method or the usage method over its estimated useful life, which is estimated to be three years.

Software development costs may become impaired in situations where development efforts are abandoned due to the viability of a planned project becoming doubtful or due to technological obsolescence of a planned software product. Management evaluates the remaining useful lives and carrying values of capitalized software at least annually or when events and circumstances warrant such a review, to determine whether significant events or changes in circumstances indicate that impairment in value may have occurred. To the extent the estimated net realizable values, which is estimated to equal future undiscounted cash flows, exceed the carrying value, no impairment is necessary. If the estimated net realizable values are less than the carrying value, an impairment charge is recorded. Impairment charges during the year ended September 30, 2017 were nominal and there were no impairment charges during the year ended September 30, 2016.

Identifiable software technology intangible assets resulting from acquisitions are amortized using the straight-line method over periods not exceeding their remaining estimated useful lives. GAAP requires that intangible assets with estimated useful lives be amortized over their respective estimated useful lives to their residual values, and reviewed for impairment. Acquisition technology intangibles' net book values are included in Capitalized software, net in the accompanying consolidated balance sheets.

Acquisitions

Business acquisitions have been recorded using the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*, and, accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair value as of the date of acquisition. Where relevant, the fair value of contingent consideration included in an acquisition is calculated using a Monte Carlo simulation. For a discussion of the estimate methodology and the significance of various inputs, please see the subheading below titled "Use of Estimates." The fair value of merchant relationships and non-compete assets acquired is identified using the Income Approach. The fair value of trade names acquired is identified using the Relief from Royalty Method. After the purchase price has been allocated, goodwill is recorded to the extent the total consideration paid for the acquisition, including the acquisition date fair value of contingent consideration, if any, exceeds the sum of the fair values of the separately identifiable acquired assets and assumed liabilities. Acquisition costs for business combinations are expensed when incurred and recorded in selling general and administrative expenses in the accompanying consolidated statements of operations.

Acquisitions not meeting the accounting criteria to be accounted for as a business combination are accounted for as an asset acquisition. An asset acquisition is recorded at its purchase price, inclusive of acquisition costs, which are allocated among the acquired assets and assumed liabilities based upon their relative fair values at the date of acquisition.

The operating results of an acquisition are included in our consolidated statements of operations from the date of such acquisition. Acquisitions completed during the year ended September 30, 2017 contributed \$14.8 million and \$2.2 million of revenue and net income, respectively, to the results in our consolidated statements of operations for the year then ended. Acquisitions completed during the year ended September 30, 2016 contributed \$38.0 million and \$2.2 million of revenue and net income, respectively, to the results in the Company's consolidated statements of operations for the year then ended.

Goodwill

In January 2014, the FASB issued Accounting Standards Update ("ASU") 2014-02 related to the accounting for goodwill by private companies. Under this guidance, private companies may elect to amortize goodwill over 10 years, or less than 10 years if the entity can demonstrate that another useful life is more appropriate, and to test goodwill for impairment only upon occurrence of a triggering event that indicates that the book value of the entity may exceed the fair value of the entity, as opposed to testing goodwill for impairment at least annually under prior accounting guidance. The accounting guidance is effective for fiscal years beginning after December 15, 2014 and early adoption is permitted.

On January 1, 2013, we adopted ASU 2014-02 related to the accounting for goodwill by private companies. However, as we now meet the definition of a public business entity and are precluded from accounting for our goodwill under ASU 2014-02, we have revised our consolidated financial statements and now apply the provisions of ASC 350, *Intangibles—Goodwill and Other* in accounting for goodwill.

Our goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in business combinations. The goodwill generated from the business combinations is primarily related to the value placed on the employee workforce and expected synergies. Goodwill is tested for impairment at least annually in the fourth quarter and between annual tests if there are indicators of impairment that suggest a decline in the fair value of a reporting unit. Judgment is involved in determining if an indicator or change in circumstances relating to impairment has occurred. Such changes may include, among others, a significant decline in expected future cash flows, a significant adverse change in the business climate, and unforeseen competition. No goodwill impairment charges were recognized during the years ended September 30, 2017 and 2016.

We have the option of performing a qualitative assessment of impairment to determine whether any further quantitative testing for impairment is necessary. The option of whether or not to perform a qualitative assessment is made annually and may vary by reporting unit. Factors we consider in the qualitative assessment include general macroeconomic conditions, industry and market conditions, cost factors, overall financial performance of our reporting units, events or changes affecting the composition or carrying amount of the net assets of our reporting units, sustained decrease in our share price, and other relevant entity specific events. If we determine not to perform the qualitative assessment or if we determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying value, then we perform a quantitative test for that reporting unit. The fair value of each reporting unit is compared to the reporting unit's carrying value, including goodwill. Subsequent to the adoption on January 1, 2017 of ASU No. 2017-04, *Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment*, if the fair value of a reporting unit is less than its carrying value, we recognize an impairment equal to the excess carrying value, not to exceed the total amount of goodwill allocated to that reporting unit.

For a discussion of the estimate methodology and the significance of various inputs, please see the subheading below titled "Use of Estimates."

We have determined that we have eight reporting units. For the years ended September 30, 2017 and 2016, we performed a quantitative assessment for each of our reporting units. We determined that none of the reporting units were impaired. Material goodwill does not exist at reporting units that are at risk of failing our quantitative test of their fair value.

Intangible Assets

Intangible assets include acquired merchant relationships, residual buyouts, trademarks, tradenames, website development costs and non-compete agreements. Merchant relationships represent the fair value of customer relationships we purchased. Residual buyouts represent the right to not have to pay a residual to an independent sales agent related to certain future transactions of the agent's referred merchants.

We amortize definite lived identifiable intangible assets using a method that reflects the pattern in which the economic benefits of the intangible asset are expected to be consumed or otherwise utilized. The estimated useful lives of our customer-related intangible assets approximate the expected distribution of cash flows, whether straight-line or accelerated, generated from each asset. The useful lives of contract-based intangible assets are equal to the terms of the agreement.

Management evaluates the remaining useful lives and carrying values of long lived assets, including definite lived intangible assets, at least annually or when events and circumstances warrant such a review, to determine whether significant events or changes in circumstances indicate that a change in the useful life or impairment in value may have occurred. There were no impairment charges during the years ended September 30, 2017 and 2016.

Income Taxes

i3 Verticals, LLC and its subsidiaries are limited liability companies and have elected to be taxed as a partnership for income tax purposes. As such, any income (losses) flow through to the individual members of i3 Verticals, LLC and they are taxed accordingly. Some states have enacted statutes that treat partnerships as taxable entities for state income tax purposes. Thus, partnerships formed in these states or operating in these states may be subject to taxation on income generated within the states' boundaries.

The amount provided for state income taxes is based upon the amounts of current and deferred taxes payable or refundable at the date of the consolidated financial statements as a result of all events recognized in the financial statements as measured by the provisions of enacted tax laws.

Under GAAP, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. We have no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

Valuation of Contingent Consideration

On occasion, we may have acquisitions which include contingent consideration. Accounting for business combinations requires us to estimate the fair value of any contingent purchase consideration at the acquisition date. For a discussion of the estimate methodology and the significance of various inputs, please see the subheading below titled "Use of Estimates." Changes in estimates regarding the fair value contingent purchase consideration are reflected as adjustments to the related liability and recognized within operating expenses in the consolidated statements of operations. Short and long-term contingent liabilities are presented within accrued expenses and other current liabilities and other long-term liabilities on our consolidated balance sheets, respectively.

Classification of Financial Instruments

We classify certain financial instruments issued as either equity or as liabilities. Determination of classification is based upon the underlying properties of the instrument. See specific discussion regarding the nature of instruments issued, the presentation on the consolidated financial statements and the related valuation method applied in Notes 9, 11, 12 and 13 in our audited consolidated financial statements included elsewhere in this prospectus.

Revenue Recognition and Deferred Revenue

Revenue is recognized when it is realized or realizable and earned, in accordance with ASC 605, *Revenue Recognition* ("ASC 605"). Recognition occurs when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been performed; (3) the seller's price to the

buyer is fixed or determinable; and (4) collectability is reasonably assured. We accrue for rights of refund, processing errors or penalties, or other related allowances based on historical experience.

More than 85% of our gross revenue for the years ended September 30, 2017 and 2016 is derived from volume-based payment processing fees ("discount fees") and other related fixed transaction or service fees. The remainder is comprised of sales of software licensing subscriptions, ongoing support, and other POS-related solutions we provide to our clients directly and through our processing bank relationships.

Discount fees represent a percentage of the dollar amount of each credit or debit transaction processed. Discount fees are recognized at the time the clients' transactions are processed. We follow the requirements of ASC 605-45 Revenue Recognition—Principal Agent Considerations ("ASC 605-45"), in determining our client processing services revenue reporting. Generally, where we have control over client pricing, merchant portability, credit risk and ultimate responsibility for the client, revenues are reported at the time of sale on a gross basis equal to the full amount of the discount charged to the client. This amount includes interchange fees paid to card issuing banks and assessments paid to payment card networks pursuant to which such parties receive payments based primarily on processing volume for particular groups of clients. Revenues generated from merchant portfolios where we do not have control over merchant pricing, liability for merchant losses or credit risk or rights of portability are reported net of interchange and other fees.

Revenues are also derived from a variety of fixed transaction or service fees, including authorization fees, convenience fees, statement fees, annual fees, and fees for other miscellaneous services, such as handling chargebacks. Revenues derived from service fees are recognized at the time the services are performed and there are no further performance obligations. Revenue from the sale of equipment is recognized upon transfer of ownership and delivery to the customer, after which there are no further performance obligations.

Revenues from sales of our software licensing subscriptions are recognized when they are realized or realizable and earned. Revenue is considered realized and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable and collection of the resulting receivable is reasonably assured. Contractual arrangements are evaluated for indications that multiple element arrangements may exist including instances where more-than-incidental software deliverables are included. Arrangements may contain multiple elements, such as hardware, software products, maintenance, and professional installation and training services. Revenues are allocated to each element based on the selling price hierarchy. The selling price for a deliverable is based on vendor specific objective evidence of selling price, if available, third party evidence, or estimated selling price. We establish estimated selling price, based on the judgment of our management, considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. In arrangements with multiple elements, we determine allocation of the transaction price at inception of the arrangement based on the relative selling price of each unit of accounting.

In multiple element arrangements where more-than-incidental software deliverables are included, we applied the residual method to determine the amount of software license revenues to be recognized. Under the residual method, if fair value exists for undelivered elements in a multiple-element arrangement, such fair value of the undelivered elements is deferred with the remaining portion of the arrangement consideration recognized upon delivery of the software license or services arrangement. We allocate the fair value of each element of a software related multiple-element arrangement based upon its fair value as determined by vendor specific objective evidence of selling price, with any remaining amount allocated to the software license. If evidence of the fair value cannot be established for the undelivered elements of a software arrangement, then the entire amount of revenue under the arrangement is deferred until these elements have been delivered or objective evidence can be established. These amounts, if any, are included in deferred revenue in the consolidated balance sheets. Revenues related to software licensing subscriptions, maintenance or other support services with terms greater than one month are recognized ratably over the term of the agreement.

Interchange and Network Fees and Other Cost of Services

Interchange and network fees consist primarily of fees that are directly related to discount fee revenue. These include interchange fees paid to issuers and assessment fees payable to card associations, which are a percentage of the processing volume we generate from Visa and Mastercard, as well as fees charged by card-issuing banks. Other costs of services include costs directly attributable to processing and bank sponsorship costs, which may not be based on a percentage of volume. These costs also include related costs such as residual

payments to sales groups, which are based on a percentage of the net revenues generated from client referrals. In certain client processing bank relationships we are liable for chargebacks against a client equal to the volume of the transaction. Losses resulting from chargebacks against a client are included in other cost of services on the accompanying consolidated statement of operations. We evaluate our risk for such transactions and estimate our potential loss from chargebacks based primarily on historical experience and other relevant factors. The reserve for client losses is included within accrued expenses and other current liabilities on the accompanying consolidated balance sheets. The cost of equipment sold is also included in other cost of services. Interchange and other costs of services are recognized at the time the client's transactions are processed.

We account for all governmental taxes associated with revenue transactions on a net basis.

Equity-based Compensation

We account for grants of equity awards to employees in accordance with ASC 718, Compensation—Stock Compensation. This standard requires compensation expense to be measured based on the estimated fair value of the share-based awards on the date of grant and recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period.

For the six months ended March 31, 2018 and 2017, and the years ended September 30, 2017 and 2016, we recognized no equity-based compensation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include, but are not limited to, the value of purchase consideration paid and identifiable assets acquired and assumed in acquisitions, goodwill and intangible asset impairment review, warrant valuation, revenue recognition for multiple element arrangements, loss reserves, assumptions used in the calculation of equity-based compensation and in the calculation of income taxes, and certain tax assets and liabilities as well as the related valuation allowances. Actual results could differ from those estimates.

Below is a summary of our critical accounting estimates for which the nature of management's assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and for which the impact of the estimates and assumptions on our financial condition or operating performance is material.

Contingent Consideration in Acquisitions

On occasion, we may have acquisitions that include contingent consideration. Accounting for business combinations requires us to estimate the fair value of any contingent purchase consideration at the acquisition date. Where relevant, the fair value of contingent consideration included in an acquisition is calculated using a Monte Carlo simulation.

The contingent consideration is revalued each period until it is settled. Management reviews the historical and projected performance of each acquisition with contingent consideration and uses an income probability method to revalue the contingent consideration. The revaluation requires management to make certain assumptions and represent management's best estimate at the valuation date. The probabilities are determined based on a management review of the expected likelihood of triggering events that would cause a change in the contingent consideration paid.

Goodwill

We test goodwill for impairment using a fair value approach at least annually, absent some triggering event that would require an interim impairment assessment. Absent any impairment indicators, we perform our goodwill impairment testing as of July 1 each year.

In our goodwill impairment review, we use significant estimates and assumptions that include the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units and

determining the fair value of each reporting unit. Our assessment of qualitative factors involves significant judgments about expected future business performance and general market conditions. In a quantitative assessment, the fair value of each reporting unit is determined based on a combination of techniques, including the present value of future cash flows, applicable multiples of competitors and multiples from sales of like businesses, and requires us to make estimates and assumptions regarding discount rates, growth rates and our future long-term business plans. Changes in any of these estimates or assumptions could materially affect the determination of fair value and the associated goodwill impairment charge for each reporting unit.

Warrant Valuation

As of March 31, 2018, there were 1,424 Mezzanine Warrants outstanding and exercisable to purchase common units of i3 Verticals, LLC. The Mezzanine Warrants are mandatorily redeemable and embody a conditional obligation to redeem the instrument by a transfer of assets. The Mezzanine Warrants are remeasured at each reporting date through the settlement of the instrument and changes in value are reflected in earnings.

We use the Black-Scholes option pricing model to determine the fair market value of the Mezzanine Warrants at each reporting date. The option pricing model requires the input of highly subjective assumptions, including our estimated enterprise value, expected term of the warrants, expected volatility, risk-free interest rates and discount for lack of marketability. To determine the fair value of the Mezzanine Warrants, we engage an outside consultant to prepare a valuation of the unit price at each reporting period, using information provided by management and information obtained from private and public sources. The fair market value of the Mezzanine Warrants was \$9.0 million as of March 31, 2018 and \$0.8 million as of September 30, 2017 .

We use an expected volatility based on the historical volatilities of a group of guideline companies and estimated a liquidity event in June 2018 to determine the term of the Mezzanine Warrants. The risk-free interest rates are obtained from publicly available U.S. Treasury yield curve rates. The discount for lack of marketability was determined using the Finnerty Model.

Based on our analysis, the most highly sensitive input in our option pricing model relates to management's forecasted earnings. For example, if management's forecasted earnings increases, we would record additional losses from the change in fair value of warrant liability. Conversely, if management's forecasted earnings decreases, we would record a gain from change in fair value of warrant liability. Other inputs such as expected volatility and the risk free interest rate will have a less material impact of the valuation of the warrant liability.

Related Parties

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-dealing markets may not exist. A description of related-party transactions is provided in Note 20 in our audited consolidated financial statements included elsewhere in this prospectus.

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment* (Topic 350), which removes step two of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. For public companies, this ASU is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, but early adoption is permitted for impairment tests after January 1, 2017. We have adopted this standard as of January 1, 2017. There was no impact on our 2017 consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations: Clarifying the Definition of a Business* (Topic 805). This ASU clarifies the definition of a business when evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. For public companies, this ASU is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. Early adoption is permitted. We have adopted this standard for the year ended September 30, 2017. There was no impact on our 2017 consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230). The amendments in ASU 2016-18 require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash

equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. As an emerging growth company, we will not be required to adopt this ASU until October 1, 2019. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in this ASU should be applied using a retrospective transition method to each period presented. We are currently evaluating the impact of the adoption of this principle on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (Topic 230). The update clarifies how cash receipts and cash payments in certain transactions are presented and classified in the statement of cash flows. The effective date of this update is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. As an emerging growth company, the Company will not be required to adopt this ASU until October 1, 2019. The update requires retrospective application to all periods presented but may be applied prospectively if retrospective application is impracticable. We are currently evaluating the impact of the adoption of this principle on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU amends the existing guidance by recognizing all leases, including operating leases, with a term longer than twelve months on the balance sheet and disclosing key information about the lease arrangements. The effective date of this update is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. As a public business entity, we are an emerging growth company and have elected to use the extended transition period provided for such companies. As a result, we will not be required to adopt this ASU until October 1, 2020. The update requires modified retrospective transition, which requires application of the ASU at the beginning of the earliest comparative period presented in the year of adoption. We are currently evaluating the impact of the adoption of this principle on our consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement—Period Adjustments* (Topic 805), which eliminates the requirement for an acquirer to retrospectively adjust the financial statements for measurement-period adjustments that occur in periods after the business combination is consummated. We have adopted this standard for the year ended September 30, 2016. There was no impact on our 2016 or 2017 consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers* (Topic 606). The ASU supersedes the revenue recognition requirements in ASC 605. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires additional disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard, as amended, is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. As an emerging growth company, we will not be required to adopt this ASU until October 1, 2019. The amendment allows companies to use either a full retrospective or a modified retrospective approach to adopt this ASU. We have formed a project team and are currently assessing the impact of the adoption of this principle on our consolidated financial statements.

Off-Balance Sheet Arrangements

We have no off-balance sheet financing arrangements.

Effects of Inflation

While inflation may impact our revenues and cost of services, we believe the effects of inflation, if any, on our results of operations and financial condition have not been significant. However, there can be no assurance that our results of operations and financial condition will not be materially impacted by inflation in the future.

Quantitative and Qualitative Disclosure About Market Risk

Interest Rate Risk

As of September 30, 2017, we had borrowings outstanding of \$85.6 million under the 2016 Senior Secured Credit Facility. The 2016 Senior Secured Credit Facility accrued interest, payable monthly, at prime plus a margin of 0.50% to 2.00% or at the 30-day LIBOR rate plus a margin of 3.50% to 5.00%, in each case depending on the ratio of consolidated debt to EBITDA, as defined in the agreement. Additionally, the Senior Secured Credit Facility required us to pay unused commitment fees of up to 0.30% on any undrawn amounts under the revolving line of credit. A 1.0% increase or decrease in the interest rate applicable to the 2016 Senior Secured Credit Facility (which is the LIBOR rate) would have had a \$0.9 million impact on the results of the business.

We have outstanding borrowings under our Senior Secured Credit Facility and may incur additional borrowings from time to time for general corporate purposes, including working capital and capital expenditures. As of March 31, 2018, the interest rate applicable to the senior secured term loan is, at our option, equal to either (1) the Eurocurrency option with an effective rate of LIBOR plus a margin of 2.75% to 4.00% or (2) the alternative base rate with an effective rate of the prime rate plus a margin of 0.50% to 2.00%. In the case of both the LIBOR borrowings or base rate borrowings, the margin rate is determined by a ratio of our consolidated debt to EBITDA.

As of March 31, 2018, we had borrowings outstanding of \$108.3 million under the Senior Secured Credit Facility. A 1.0% increase or decrease in the interest rate applicable to such borrowing (which is the LIBOR rate) would have a \$1.1 million impact on the results of the business.

Foreign Currency Exchange Rate Risk

Invoices for our services are denominated in U.S. dollars. We do not expect our future operating results to be significantly affected by foreign currency transaction risk.

Our Company

Recognizing the convergence of software and payments, i3 Verticals was founded in 2012 with the purpose of delivering seamless integrated payment and software solutions to SMBs and organizations in strategic vertical markets. Since commencing operations, we have built a broad suite of payment and software solutions that address the specific needs of SMBs and other organizations in our strategic vertical markets, and we believe our suite of solutions differentiates us from our competition. Our primary strategic vertical markets include education, non-profit, public sector, property management and healthcare. These vertical markets are large, growing and tend to have increasing levels of electronic payments adoption compared to other industries. In addition to our strategic vertical markets, we also have a growing presence in the B2B payments market. We processed approximately \$10.3 billion in total payment volume in 2017, growing at a CAGR of 67% since 2014.

We distribute our payment technology and proprietary software solutions to our clients through our direct sales force as well as through a growing network of distribution partners, including ISVs, VARs, ISOs and other referral partners, including financial institutions. Our ISV partners represent a significant distribution channel and enable us to accelerate our market penetration through a cost effective one-to-many distribution model that tends to result in high retention and faster growth. From September 30, 2016 to September 30, 2017, we increased our network of ISVs from 13 to 22, which produced an increase in average monthly payment volume of 155%. We believe our model is highly effective at reaching new potential clients.

Our integrated payment and software solutions feature embedded payment capabilities tailored to the specific needs of our clients in strategic vertical markets. Our configurable payment technology solutions integrate seamlessly into clients' third-party business management systems, provide security that complies with PCI DSS and include extensive reporting tools. In addition to integrations with third party software, we deliver our own proprietary software solutions that increase the productivity of our clients by streamlining their business processes, particularly in the education, property management and public sector markets. We believe our proprietary software further differentiates us from our competitors in these strategic verticals and enables us to maximize our payment-related revenue. Through our proprietary gateway, we offer our clients a single point of access for a broad suite of payment and software solutions, enabling omni-channel POS, spanning brick and mortar and electronic and mobile commerce, including app-based payments.

We primarily focus on strategic vertical markets where we believe we can be a leader in vertically-focused, integrated payment and software solutions. Our strategic vertical markets include:

- *Education*—We assist schools in completing payment processing functions such as accepting payments for school lunches (online, at school, or at the POS), school activities, selling products from the online student store while managing inventory, ticket sales and attendance at athletic and other events, enabling parents and students to complete forms electronically and enabling parents to make installment payments on higher-priced items.
- *Non-profit*—We simplify the payment process for donations, charity auctions, church contributions and tickets to fundraising events, among others, empowering our clients to increase both their revenues and the time they devote to their core activities.
- *Public Sector*—We assist public entities by efficiently collecting taxes, fines and certain fees; providing customer service responses to customer calls; and increasing the means available to make payments (online, in person or via mobile).
- *Property Management*—We assist landlords and property managers in the rent collection process by providing centralized reporting for card and ACH payments, bank-level PCI DSS compliant security and solutions that integrate with third-party accounting software. This solution is becoming a popular option in the fast-growing shared workspace industry.
- *Healthcare*—We enable clients in our healthcare vertical to accept payments through mobile and POS solutions; to use consumer-facing payment devices that allow receptionists and clerical staff to focus their attention elsewhere; and to use revenue cycle management tools to help shrink the volume of accounts that they turn over to collection agencies.

We have a longer term goal of being a leader in six to ten strategic vertical markets. We target vertical markets where businesses and organizations tend to lack integrated payment functionality within their business

management systems and where we face less competition for our solutions. In many cases, we deliver our proprietary software solutions to strategic vertical markets through the PayFac model, where we:

- enable superior data management by aggregating multiple small merchants under our “master” account, resulting in the collection and management of data not historically readily available;
- streamline and simplify merchant onboarding, often resulting in client approval in minutes or hours rather than days or weeks; and
- provide ease of reporting and reconciliation, allowing our clients to accept electronic payments in a faster, more convenient fashion.

As more ISVs seek to differentiate their offerings by seamlessly integrating payment functionality into their software solutions, the PayFac model has gained significant momentum. Before PayFacs were an option, any business looking to accept credit cards was required to establish an individual merchant account, which is often costly and time-consuming for small merchants.

In addition to our vertical markets, we have a growing presence in the B2B payments sector, where we provide value-added solutions that enhance card capabilities and payment processing technology that integrates with our client ’ s accounting systems. The B2B payment market is among the fastest-growing segments within payments. Compared with business-to-consumer payments where, according to The Nilson Report, approximately 75% of payment volume was processed through electronic methods in 2016, the B2B payments market is significantly less penetrated by electronic payments. According to PayStream Advisors’ 2017 Electronic Payments Report, checks account for more than 45% of B2B payments, presenting an opportunity for further adoption of card-based and other electronic payments.

An important part of our long-term strategy is acquisition-driven growth. To date, we have completed nine “platform” acquisitions and twelve “tuck-in” acquisitions. Our platform acquisitions—including Axia, PaySchools, SDCR, Inc., Fairway and Infintech—have opened new strategic vertical markets, broadened our technology and solutions suite and expanded our client base, while our tuck-in acquisitions have augmented our existing payment and software solutions and added clients. Our growth strategy is to continue to build our company through a disciplined combination of organic growth and growth through platform and tuck-in acquisitions. With more than 3,500 U.S. payments companies registered with Visa and over 10,000 ISVs doing business in the United States, we are confident that we will continue to be successful in finding acquisition targets to supplement our organic growth.

We have built a deep and experienced executive-level management team. Greg Daily, our Chairman and Chief Executive Officer, and Clay Whitson, our Chief Financial Officer, have each previously served in similar roles with PMT Services, Inc. and iPayment, Inc. Our President, Rick Stanford, who is responsible for mergers and acquisitions, has a 30-year professional relationship with Mr. Daily and Mr. Whitson, including working together at PMT Services, Inc. Rob Bertke, our Chief Technology Officer, has over 20 years of experience in the payment technology and B2B commerce industries. Importantly, many of our acquisitions have added managers with extensive knowledge of their vertical markets and deep client relationships.

We generate revenue primarily from payment processing services, which principally include but are not limited to volume-based fees, provided to clients throughout the United States. Our payment processing services enable clients to accept electronic payments, facilitating the exchange of funds and transaction data between clients, financial institutions and payment networks. Our payment processing services include merchant onboarding, risk and underwriting, authorization, settlement, chargeback processing and other merchant support. We also generate revenue from software licensing subscriptions, ongoing support, and other POS-related solutions that we provide to our clients directly and through our distribution partners. Due to our integrated payment and software solutions and our distribution network, we are able to drive significant scale and operating efficiencies, which enable us to generate strong operating margins and profitability. For the six month period ended March 31, 2018, we generated \$154.9 million in revenue, \$(7.2) million of net loss and \$14.6 million of adjusted EBITDA, compared to \$124.5 million in revenue, \$(0.4) million of net loss and \$9.1 million of adjusted EBITDA for the comparable period in 2017, an increase of 24% and 60% for revenue and adjusted EBITDA, respectively. In fiscal year 2017, we generated \$262.6 million in revenue, \$0.9 million of net income and \$19.3 million of adjusted EBITDA, compared to \$199.6 million in revenue, \$(2.1) million of net loss and \$17.6 million of adjusted EBITDA in fiscal year 2016, an increase of 32% and 10% for revenue and adjusted EBITDA, respectively. See “Summary Historical and Pro Forma

Industry Background

Overview of the Electronic Payments Industry

The electronic payments industry is massive, with growth fueled by powerful long-term trends that continue to increase the acceptance and use of electronic-based payments compared to paper-based payments. The industry is serviced by a variety of providers, including issuers, payment networks and merchant acquirers. According to The Nilson Report, purchase volume on credit, debit and prepaid cards in the United States was approximately \$6.2 trillion in 2016 and is estimated to reach nearly \$8.5 trillion by 2021, a CAGR of 6.6%. Additionally, B2B payments represent a large, high growth opportunity, with card-based payments gaining momentum in a market where checks still account for more than 45% of supplier-related payments according to PayStream Advisors’ 2017 Electronic Payments Report.

Convergence of Payments, Software and Integrated Technology

The electronic payments industry is undergoing a transformation fueled by rapid advancements in technology over the past decade, including the proliferation of APIs that facilitate seamless integration between various software programs and payment technology. This transformation is empowering businesses and organizations to benefit from the increased utility associated with embedding payment solutions within software. Increasingly, payment solutions are embedded within the software that merchants use for other critical business functions, such as POS, accounting, inventory management, drawer reconciliation, CRM and order entry.

SMBs and other organizations are increasingly demanding bundled payment and software solutions. To deliver more value to clients, ISVs and payment companies are partnering to meet this demand, often entering into revenue sharing arrangements related to payment processing revenue. More recently, some ISVs are bundling proprietary payment capabilities with software offerings to create a comprehensive, integrated solution for clients and to optimize the revenue opportunity associated with payments.

As more ISVs seek to differentiate their offerings by seamlessly integrating payment capabilities into their software solutions, the PayFac model has gained significant momentum. The PayFac model provides companies not traditionally in the business of delivering payment services (e.g., ISVs) with a master merchant account, enabling SMB clients to accept electronic payments through a sub-merchant contract. In addition to rapid, efficient onboarding, PayFacs offer various tools and services, including streamlined reporting and client support. PayFac transaction volume is projected to grow at a CAGR of 88% from 2016 to 2021, reaching \$513 billion in annual processing volume in 2021, according to a 2016 report from Double Diamond Payments Research titled “Why Software Vendors Should Be Payment Facilitators.”

Overview of the Traditional Merchant Acquiring Industry

Historically, to facilitate the acceptance of card-based payments at the POS, banks began providing payment services to their local merchants. Providers of these services, both divisions of banks and independent companies, became known as merchant acquirers. The merchant acquiring industry has grown significantly as more and more merchants and organizations accept card-based payments in response to their growing adoption by consumers. More than 3,500 payments service providers are registered with Visa in the United States. These acquirers can be categorized as follows:

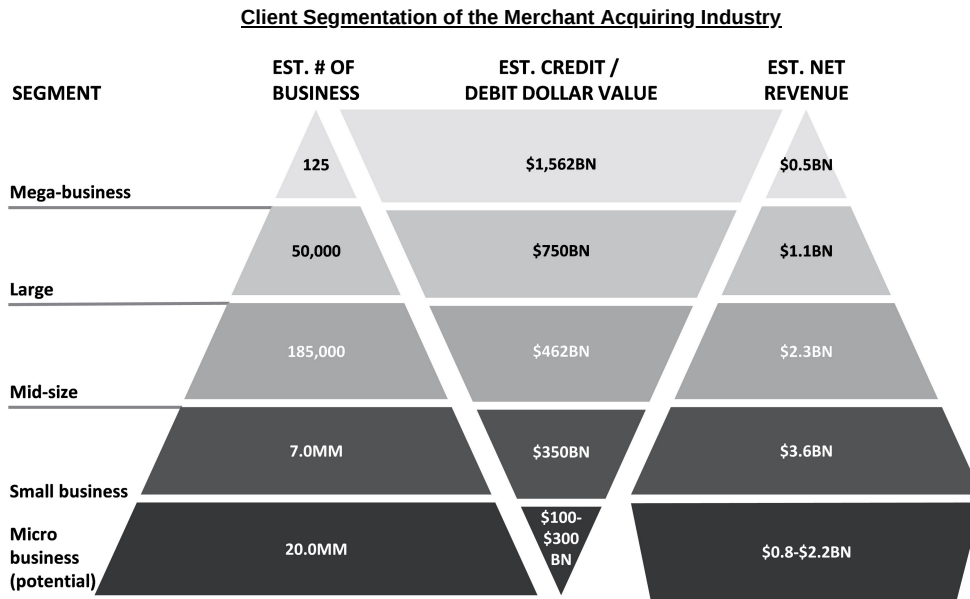
- **Non-Bank Merchant Acquirers**—These providers use their own proprietary platforms to sell merchant acquiring solutions delivering fully integrated end-to-end capabilities. Examples include Global Payments, First Data, Heartland Payments and WorldPay. These providers typically generate revenue based on dollar volume processed as well as transaction and other ancillary service fees (e.g., PCI compliance fees).
- **Banks**—A few banks in the United States, such as JPMorgan Chase and U.S. Bancorp, possess in-house processing functions, but most outsource their merchant acquiring services to a non-bank merchant acquirer. Banks typically sell merchant acquiring services in combination with other commercial banking products (e.g., bank accounts, loans, treasury services).
- **Independent Sales Organizations (ISOs)**—These providers typically use a sales force to sell payment services to businesses and organizations (at a retail price) in a specific market segment or geographic region. ISOs typically outsource merchant acquiring functions and some back office support functions to a bank or non-bank merchant acquirer (at a wholesale price).

- Other Acquirers—These providers are typically less established and early-stage vendors seeking to offer new payment methods and devices, such as healthcare organizations creating their own technology for electronic payments.

The services provided directly to businesses and organizations and the fees collected from them for those services can vary depending on each provider’s in-house technology capabilities and the number of services that they outsource to other providers. Typically, merchant acquirers can earn more revenue if they provide more services in-house; however, only a few providers in the U.S. have the capability to provide all of these solutions, and even fewer provide bundled payment and software solutions.

Overview of the Merchant Client Base

According to First Annapolis, there are over 25 million merchants in the United States that can potentially accept electronic payments at a POS. As shown in the following diagram, the majority of these merchants are SMBs:



Source: First Annapolis; 2010 estimates

Many traditional merchant acquirers sell their payment processing services to various sizes of merchants and organizations, from SMBs to large enterprises. As potential customers, we believe SMBs have many attractive characteristics. SMBs generally lack the resources of large enterprises to invest heavily in technology and therefore are more dependent on service providers, such as merchant acquirers, to handle critical functions, including payment acceptance and other support services. Technology needs for SMBs are increasingly complex. As electronic and mobile commerce continues to grow as a percentage of purchase volume, businesses and organizations require additional capabilities to serve their customers in an increasingly omni-channel world. In addition, SMBs are seeking software solutions for a variety of their business functions, including marketing, inventory management, invoicing and other industry-specific applications. Merchant acquirers can better serve SMBs by working with ISVs or offering proprietary software that helps meet the requirements of these businesses and organizations. A wide variety of merchants and organizations make up the SMB market segment. As a result, there is less risk of client concentration. While the size of the market opportunity is considerable, the needs of potential clients in different segments vary significantly, benefiting those providers that deliver integrated payment solutions tailored to their specific needs.

Our Competitive Strengths

We believe we have attributes that differentiate us from our competitors and provide us with significant competitive advantages. Our key competitive strengths include:

Innovative Payment and Software Solutions Tailored for Strategic Verticals

We believe our ability to deliver innovative payment and software solutions tailored to the specific needs of businesses and organizations in our strategic vertical markets differentiates us from our competitors. Our seamlessly integrated payment and software solutions can be used across multiple channels and industry verticals through our gateway and through our PayFac model and permit us to tailor our solutions to specific needs of individual vertical markets. We focus on providing value-add, flexible, scalable and innovative electronic payment and software solutions to clients in attractive, high growth strategic vertical markets such as education, non-profit, public sector, property management and healthcare. We target vertical markets that are large and growing, where businesses and other organizations typically lack integrated payment functionality within their business management system, there is potential for significant market penetration of our solutions and competition for our solutions is fragmented. We have built, through strategic acquisitions and internal development, a specialized and tailored payment and software solutions business, powered by a broad network of distribution partners that allows us to integrate and cross-sell our solutions to businesses and organizations in these strategic vertical markets. We believe our deep domain knowledge in each of our strategic vertical markets provides us unique insight into our clients' needs, and enables us to deliver high-quality traditional and PayFac solutions with vertical-specific client support.

Additionally, we provide a comprehensive suite of horizontal solutions that complement our vertically focused solutions and enable us to further penetrate each vertical market. Our horizontal solutions include virtual terminals, POS technology, mobile solutions, countertop and wireless terminals, electronic invoice presentment and payment, event registration, online reporting, expedited funding, PCI validation, integrated forms and client analytics.

Expertise in ISV Distribution

We distribute our payment technology and proprietary software solutions to our clients through our direct sales force as well as through a growing network of distribution partners, including ISVs. We embed our payment technology into our proprietary vertical software solutions, or into solutions developed by ISVs, empowering our clients to benefit from the seamless integration of payments and software. We currently have approximately 25 ISV distribution partners. Our ISV partner strategy represents a significant distribution channel and enables us to accelerate our market penetration through a cost effective one-to-many distribution model that tends to result in high retention and faster growth. We sell our services to our ISV partners' customer base, effectively broadening our target base. We consider our expertise in integrating our payment processing solutions into our distribution partners' software to be a key competitive advantage that has enabled us to construct a highly diversified customer base with relatively high retention rates. We have also acquired ISVs in certain strategic vertical markets, which we believe further differentiates us from our competitors and improves our results of operations.

Robust Gateway and Technology Platform Delivering Sophisticated Payment and Software Solutions

We have developed a suite of technology solutions that can be deployed on a variety of platforms. Our solutions include a range of traditional and innovative products, and our technology includes proprietary software that serves our verticals and offers a unified suite of APIs that provide streamlined payment integration. Our defined project development processes enable us to deploy initial downloads and upgrades in a quick and efficient manner via the cloud. Our centralized development process and the broad compatibility of our products permit us to quickly respond to changing market trends, which competitors who rely on third-party providers for their technological needs are less equipped to do. Our solutions provide redundancy, scalability, high availability and PCI Service Level Provider Level 1 Security.

Through our proprietary gateway, we provide our clients a single point of access for a broad suite of payment and software solutions, spanning POS, e-commerce and mobile devices. Leveraging our technology, we are able to provide our clients with solutions that are highly secure, scalable and available. In addition, our broad suite of payment and software solutions can evolve to meet the needs of our clients as their complexity, size or requirements change, providing sophisticated reporting and intelligence tools embedded within each client's existing business management systems. In certain vertical markets such as education, property management and public sector, we offer proprietary software solutions that increase the productivity of our clients by streamlining their business processes. Our payment solutions, including PCI DSS-compliant security, integrate seamlessly into a client's business management system and can be tailored to the client's needs, with extensive reporting tools.

Attractive Operating Model

We have grown rapidly since our founding, with bankcard volume growth over the prior year of 21% in 2017, 82% in 2016 and 45% in 2015. We believe our deep domain knowledge within our strategic vertical markets, the embedded nature of our integrated payment and proprietary software solutions and our strong client relationships drive improved client retention and revenue growth. We have invested significantly in our software solutions to increase the usability, functionality and capacity of our integrated solutions, and with the continued growth of our business, we have been able to benefit from economies of scale. By leveraging our technology, we have grown our client portfolio at a rate exceeding our other non-processing expenses. The relationships we have developed with a significant number of distribution partners, including ISVs and VARs, contribute to efficient client acquisition, high retention and lifetime value and, ultimately, strong revenue and earnings growth. Given that we predominantly generate transaction-based revenue, we can confidently predict at the beginning of each fiscal year our recurring revenue and cash flow, excluding the effects of acquisitions, for that fiscal year. Further, we have minimal client and vertical market concentration, which insulates us from fluctuations within any given vertical market.

Proven Acquisition and Integration Strategy

A core component of our growth strategy includes a disciplined approach to acquisitions of companies and technology, evidenced by nine platform acquisitions and twelve tuck-in acquisitions since our inception in 2012. Our acquisitions have opened new strategic vertical markets, increased the number of businesses and organizations to whom we provide solutions and augmented our existing payment and software solutions and capabilities. For example, our platform acquisition of Infotech in July 2015 opened the B2B market for our solutions. Our management team has significant experience acquiring and integrating providers of payment processing services and providers of vertical market software that complement our existing suite of products and solutions. Due to our management team's longstanding relationships and domain expertise, we have developed a strong pipeline of acquisition targets and are constantly evaluating businesses against our acquisition criteria.

Experienced Team with Strong Execution Track Record

We have built a deep and experienced executive-level management team. Greg Daily, our Chairman and Chief Executive Officer, and Clay Whitson, our Chief Financial Officer, have each previously served in similar roles with iPayment, Inc. and PMT Services, Inc. Our President, Rick Stanford, who is responsible for mergers and acquisitions, has a 30-year professional relationship with Mr. Daily and Mr. Whitson, including working together at PMT Services, Inc. Substantial value was created at both PMT Services, Inc. and iPayment, Inc. through organic and acquisition-based growth. From PMT Services' IPO on August 12, 1994 until its sale on September 24, 1998, PMT Services' cumulative stock return was 713%, compared to the 126% cumulative stock return of the S&P 500 during the same period, excluding dividends. From iPayment's IPO on May 12, 2003 until it was taken private on May 10, 2006, iPayment's cumulative stock return was 172%, compared to the 40% cumulative stock return of the S&P 500 during the same period, excluding dividends. There can be no assurance, however, that these executives will be able to create similar increases in the value of i3 Verticals, Inc. Rob Bertke, our Chief Technology Officer, has over 20 years of experience in the payment technology and B2B commerce industries.

Many of our acquisitions have added key members of management with extensive knowledge of their vertical markets and deep distribution partner and client relationships. We typically structure acquisitions with the goal of retaining and incentivizing key members of management, through equity incentives and earn-outs that align their interests with those of our shareholders.

Our Growth Strategy

Expand Our Network of Distribution Partners

We have experienced significant growth through our network of distribution partners, particularly within integrated channels. We have approximately 25 ISV distribution partners and intend to continue expanding our distribution network to reach new ISVs as well as other new partners within our strategic vertical markets. Further, we intend to expand into new verticals as our current distribution partners and clients expand their own businesses. We believe that our differentiated payments platform, combined with our vertical expertise, will enable us to methodically engage new distribution partners.

Continue to Enhance Our Suite of Technology Solutions

We intend to strengthen our position in our various vertical markets through continuous product innovation and enhancement. We have a strong track record of introducing to our clients new products and solutions that increase convenience, enhance ease of use, improve integration with their other business management systems and offer

greater functionality. For example, we have introduced our online forms technology to our education vertical, which allows parents and students to complete forms electronically and integrate them with general ledger platforms in a centralized database while seamlessly accepting payment for those activities, where applicable. In addition, we plan to take advantage of our proprietary, integrated gateway and service capabilities to provide PayFac services in our strategic vertical markets. Through continued product innovation and enhancement, we believe we can increase client retention and improve our ability to win new business. Further, we will continue to invest in our technology and proprietary software that drives our competitiveness and position within our verticals.

Grow With Our Existing Distribution Partners and Clients

We focus on strategic vertical markets where there is a large addressable market, the client base is highly fragmented and penetration of electronic payments is below that of the overall economy. Our potential clients are in continual search of payment solutions and software to help them offer multiple value-added services and sell through various channels to provide a convenient customer experience, increase sales and create business efficiencies. We intend to grow organically with our existing distribution partners by providing compelling integrated payment technology and proprietary software solutions to clients. We believe that by cross-selling new and value-added services and promoting our omni-channel capabilities to our existing clients, we will help our clients succeed and grow their payment volume. We believe a subset of our client base uses integrated payment solutions, and we intend to promote the adoption of these technologies.

Certain of our specific growth strategies include:

- **Cross-sell Opportunities:** We provide our distribution partners with the opportunity to market new products as they become available, making available new content that enhances the value of our distribution partners to their members.
- **Event Participation:** We identify opportunities to engage with client opportunities through event participation, including by sponsoring luncheons, attending tradeshows, and presenting at user conferences.
- **Electronic Marketing:** Our marketing team utilizes a variety of marketing techniques to enhance the awareness of our offerings to the distribution partner network, which align with our outbound sales effort and are intended to monitor the level of client engagement.
- **Content Development:** Our sales and marketing team partners with our distribution network to identify key topics of interest to their members, and we intend to continue work to craft new content covering popular topics related to the electronic payment industry.
- **Incentive Programs:** Our sales and marketing team works directly with our distribution partners to launch incentive programs intended to increase new referral activity through a variety of competitions and programs implemented each year.

Further Penetrate the Installed Merchant Base of Our Distribution Partners

We intend to continue to actively pursue the merchant base of our distribution partners. A significant number of businesses and other organizations within these channels are not currently using our solutions and have not yet been proactively approached or have not faced a reason to switch, such as contract expiration or a customer service issue. Many already have their electronic payments processed through another provider, while others are not yet accepting electronic payments. We intend to continue to capitalize on this significant opportunity by leveraging our relationships with our distribution partners, our extensive marketing capabilities, our vertically-focused sales force and our innovative payment technology. This focus allows us to expand within these markets and benefit from our clients' organic growth.

Selectively Pursue Platform and Tuck-in Acquisitions

We intend to pursue platform acquisitions of vertically-focused integrated payment and software solution providers in new vertical markets. We also intend to continue to complement our organic expansion with accretive tuck-in acquisitions that enhance our market position within our existing strategic vertical markets. We expect that these acquisitions will expand our integrated platform, existing payment solutions and client reach. Since our formation in 2012, we have completed a total of nine platform and twelve tuck-in acquisitions that enabled us to enter new, or expand within existing, vertical markets. We have demonstrated the ability to execute and integrate acquisitions that augment our products and services and enhance the solution set we offer to our clients. For example, our platform acquisition of Fairway in August 2017 significantly enhanced our internal expertise and payment capabilities in the non-profit and healthcare verticals.

We intend to continue to funnel acquisition targets through our strong pipeline, while we also engage new candidates. We target companies that have a strong management team with significant expertise in a particular vertical market and that offer attractive growth potential. Once we have completed an acquisition, we monitor the acquired company's performance and seek to improve its operations. Our corporate structure enables us to provide financial and strategic support, including capital, recruitment, back-office and IT functions to the companies we acquire. This decentralized management structure allows us to create management teams positioned to maximize the growth potential in existing and new vertical markets.

Our Products, Solutions and Technology

We deliver to our clients and distribution partners a comprehensive suite of integrated payment technology and software solutions to address the needs of SMBs and organizations in our strategic vertical markets. Our products and solutions are strategically aligned to support new client growth and promote customer retention.

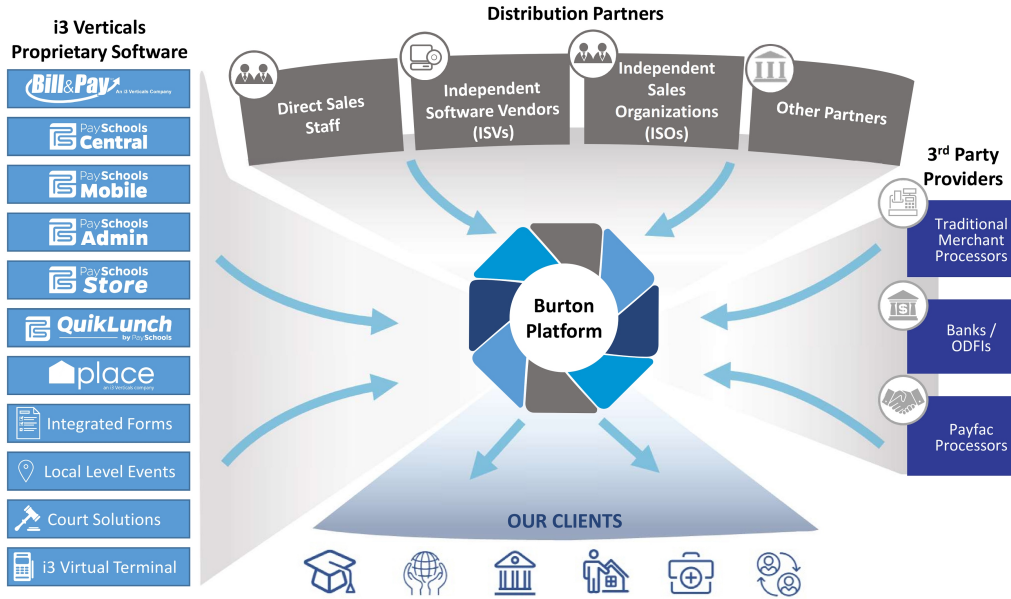
We have developed a suite of payment technology solutions that:

- integrate with a broad number of client business management systems;
- perform a broad range of risk management, transaction processing and value-added services beneficial to our clients;
- increase convenience to our clients;
- provide ease of use and greater functionality for our clients; and
- offer PCI-compliant security and extensive reporting tools.

We offer our clients a single point of access through our powerful, simple and capable proprietary core platform ("Burton Platform"). Combining a centralized environment for scalability, PCI SLP Level 1 security and redundancy, Burton Platform offers a broad suite of payment and software solutions, enabling omni-channel POS, spanning brick and mortar locations and electronic- and mobile-commerce, including app-based payments. We employ project management, release management and product development lifecycle methodologies that enable us to deploy initial downloads and upgrades in a quick and efficient manner via the cloud.

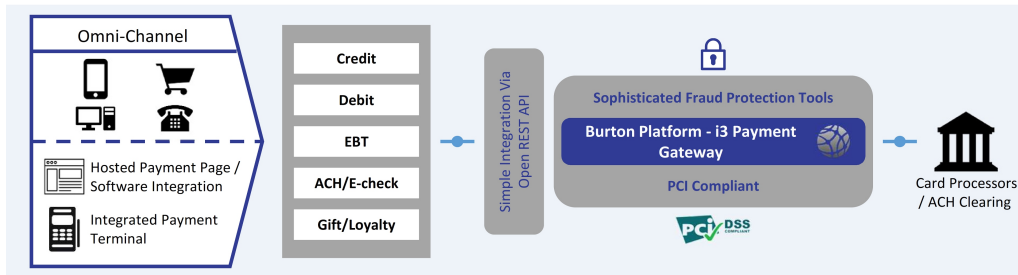
Our Technology Framework

We have a suite of proprietary solutions designed around horizontal and vertical market needs. This software suite includes eleven vertical software solutions and our core platform, Burton Platform. The following image shows the relationship between these technologies as well as interaction with third-party processing systems, clients and distribution partner s.



Our Core Platform — Burton Platform

Burton Platform is the core of our technology suite. A platform designed to be highly scalable, built for minimal downtime and high transaction volume, Burton Platform brings together common components of our vertical software technologies as well as several historically disparate solutions.



Burton Platform includes the following key components:

- i3 Portal: i3 Portal is a web-based application with the ability to process payment card, ACH and check sales, schedule recurring payments and report on transactions processed.
- i3 API Suite: i3 API Suite is a robust set of APIs available through a developer portal allowing ISVs to easily integrate traditional merchant processing, check and ACH as well as PayFac processing.
- Traditional Merchant Processing: Burton Platform supports the routing of transactions in real-time to the appropriate back-end processing system for authorization and settlement, while our front-end API supports

more traditional "Merchant of Record" processing. The system communicates with the payment networks and processors to calculate appropriate pricing for settlement and funding.

- ACH Processing: Burton Platform supports ACH as well as remote deposit capture and Check 21 capability. This system communicates with check processors and originating depository financial institutions (ODFIs) to handle payment submission from account information, check MICR scanners and Check 21 image scanners.
- PayFac Merchant Processing: Burton Platform enables our PayFac solution to allow ISVs to quickly onboard new accounts, use dynamic pay-out to handle complex payment models and provide enhanced reconciliation reporting to their customers.

Burton Platform Components Under Development

In addition to the components already included on Burton Platform, we continue to invest in our platform to add greater feature functionality. Our three-year plan is to centralize multiple services into a single unified API accessible by our vertical software solutions as well as third-party software vendors, to include:

- i3 Microservices: The i3 Microservices subsystem is intended to be a suite of tools to help ISVs bring incremental functionality to their applications including tokenization, recurring payment and hosted application with digital signature, automated onboarding and fraud protection. These components remain under development, but many are available already on Burton Platform .
- i3 Tool Set: We expect our i3 Tool Set within Burton Platform to permit ISVs to add complete sub-systems to their software to bring additional value to their customers. We expect these components to include invoice/bill presentment and payment, event management and forms management all using Single Sign On (SSO) and centralized identity management.
- i3 Enterprise: We intend i3 Enterprise to integrate the operational components of our business and to provide a comprehensive proprietary system designed to strengthen client accounts sales with (a) faster account onboarding, (b) new management features, and (c) enhanced reporting. We expect this solution to include:
 - CRM: A lead / opportunity tracking system for internal sales and agent partners to increase the volume of new client accounts and maintain existing accounts;
 - Automated Account Boarding: Automated boarding (including KYC and OFAC checks) on the Burton Platform system as well as third-party processors and gateways;
 - Client Support and Retention: Sophisticated reporting to enable troubleshooting of client issues;
 - Risk Management and Fraud Monitoring: Advanced tools which will use activity rules for both pre-authorization and pre-settlement transactions;
 - Dispute and Chargeback Monitoring: An online system for logging disputes and tracking status; and
 - Residual Reporting: Calculations and financial reporting to track commissions.

Strategic Vertical Markets

We target vertical markets in which businesses and organizations tend to lack integrated payment functionality within their business management system. Additional attributes of these verticals often include a fragmented competitive environment, a large and increasing addressable market and an opportunity for significant market penetration and growth. We enter select vertical markets where we believe we can be a leader in vertically-focused, integrated payment technology and software solutions. We deliver all of our vertical software solutions as software-as-a-service ("SaaS") solutions for web and mobile application.

Education—We serve K-12 school district leaders and staff members who need to collect and manage parent and community data and payments for supplementing budgets, quick reference, and reporting. Our education solution, which utilizes the PayFac model, is a self-serve payment and data collection software platform that manages critical parent and student information via web, mobile, and on-site transaction processing. We help schools with every aspect of payments including online payments, on-campus POS and data collection functionality for tracking, reporting and collecting funds. Ancillary value-add options enable our school districts to manage event, program and sports registrations. Using our convenience-fee payment technology, our school clients in this vertical often receive the full principal amount which alleviates reconciliation issues and processing costs.

Non-Profit—We deliver an integrated solution for processing payments from donors to non-profit organizations. These solutions assist non-profit organizations with ordinary course fundraising along with special one-time or

"giving day" promotions that may include many separate organizations seeking donations as a result of a single marketing campaign. Our integrated solutions seamlessly integrate into the business management system for each respective non-profit to allow for efficient data capture and reporting.

Public Sector—We deliver integrated payment solutions in our public-sector vertical. These solutions allow our clients to process court, tax, utility, bail, and other public-sector payments, typically utilizing the PayFac model. Convenience-fee payment technology is also available to our public sector clients.

Healthcare—We provide businesses in our healthcare vertical with an integrated solution for processing payments from patients for various healthcare-related costs and fees. These payment solutions seamlessly integrate into our distribution partner ISV software to provide clients and their customers a bundled card payment solution. These ISV relationships promote our integrated payment solutions in a one-to-many fashion to prospective clients.

Property Management—We provide payment solutions for the residential property management and fast-growing workspace industry. Our products deliver a fully integrated payment solution for rent payments, including a branded mobile payment application as part of a software suite provided by our distribution partner ISVs. Our instruction-based funding model, enabled by our PayFac platform, accommodates complex fund distribution to multiple depository accounts, which is important to property managers and landlords. Property managers can use our convenience fee payment capabilities to reduce card processing costs by nearly 90%.

History of Our Education Vertical

Since our founding, we have invested heavily in our integrated solutions within our verticals markets. For example, in April 2014 we acquired PaySchools, an integrated software and payments provider, in our education vertical. At the time of acquisition, PaySchools was a limited software payments platform with 24 employees, no direct salesforce and limited customer service systems.

Our goal in our education vertical has been to create an easy-to-use and powerful software platform to integrate payments and data for a variety of school needs—including student meal activity, student fees, student forms, ticketing and school administration. Since 2014, we have continued to invest in our education vertical through tuck-in acquisitions and internal developments. We have augmented our software and added clients through the acquisitions of EZ-Pay, Local Level, Fullerton, Inc. and CCP, Inc. In addition to our acquisitions, we have redesigned many of the pieces of software acquired, integrated each under the PaySchools platform and embedded within the platform our proprietary integrated payments solutions, enabling students, parents and other customers of our clients to make school payments through a variety of channels, including online, mobile and in-person. These payments are completely embedded within our software platform, which enables us to update the related student records in real-time and streamline the reconciliation process for the school. In addition, we have added a more robust back-end processing tool and a direct customer service hotline, permitting parents or other individuals experiencing difficulty with their payment to speak to a customer service representative.

Today, all revenue from our education vertical is enabled by our proprietary software solutions. Further, we believe the ease of use of our integrated payment solution of PaySchools, combined with the ability to link school data with the related payments, has created high levels of satisfaction of our school districts, which include public school districts, private school consortiums, stand-alone private schools and charter schools, among others.

We believe PaySchools reduces the administrative burden previously experienced by our client school districts, and also provides convenience and customer support to parents and students. We believe the success of our PaySchools solution is demonstrated by our stable client base and an annual district retention rate of 96% for both 2017 and 2016. Further, our same store sales (which we define as our sales per school district) have increased annually in this segment, and most recently increased 9% for the fiscal year ended September 30, 2017 as compared to 2016, and our revenue per school district has increased a total of 31% during the three years from October 1, 2014 to September 30, 2017. We believe our ability to acquire a software platform, make tuck-in acquisitions and improve the performance of the education vertical is reflected in our financial results. In the education vertical during 2017, we generated a \$0.1 million net loss and \$2.1 million of adjusted EBITDA, compared to a \$0.3 million net loss and \$0.5 million of adjusted EBITDA in fiscal year 2015 as presented in the following table:

<i>(in thousands)</i>	Year ended September 30,		
	2017	2016	2015
Net income	\$ (129)	\$ (327)	\$ (299)
Change in fair value of contingent consideration	646	67	—
Interest expense, net	—	—	33
Provision for income tax	(7)	3	5
Depreciation & amortization	1,619	1,295	741
Adjusted EBITDA	\$ 2,129	\$ 1,038	\$ 480

Our Proprietary Vertical Software Solutions and Products

In many cases, we deliver our proprietary software solutions to key verticals through a PayFac model, which we believe gives us a competitive advantage. Our PayFac solution streamlines and simplifies client onboarding, provides ease of reporting and reconciliation, and enables superior data management.

We deliver our proprietary software solutions to one or more of our strategic vertical markets, including:

Bill & Pay: Bill & Pay is a web-based invoicing and payment solution that streamlines accounts receivables for SMB clients. The application is integrated with QuickBooks and Xero to email customer invoices and also provides a “click to pay” option. The Bill & Pay application supports a user’s ability to submit one-time and recurring credit card or ACH payments.

PaySchools Central: PaySchools Central is a web-based solution designed to make school payments quick and simple. Featuring a simple sign-up process, parents can use the solution to fund their children’s lunch account, pay fees, set auto-replenish amounts and run reports on lunch details and account balance history.

PaySchools Mobile: PaySchools Mobile is a mobile payment solution that provides parents with the ability to manage their children’s various accounts, fund lunch accounts and pay required and optional fees from their mobile device.

PaySchools Admin: PaySchools Admin is a web solution for schools to apply for and manage free and reduced student lunch programs as well as school fees associated with school activities. PaySchools Admin also provides schools with the ability to run reconciliation reporting.

PaySchools Store: PaySchools Store is an e-commerce solution for schools and districts looking to sell products and services online. The application allows buyers to build a shopping cart, pay, download premium content and view and print receipts.

QuikLunch: QuikLunch is a distributed POS system that installs in minutes for quick terminal swaps, centralized reporting and management and an extensive reporting suite that accounts for state and federal requirements. QuikLunch functions whether connected or disconnected from the applicable network.

Place : Place is a web-based application designed to assist landlords in collecting rental payments while also tracking support requests from tenants. This software is integrated with leading back-office property management software for flexible payments for office space.

Integrated Forms: Integrated Forms is a web-based application that provides a simple step-by-step process to easily create forms and gather, manage and report accurate data. It is equipped with an intuitive online form-creation process that allows a user to create online forms that are easy to access and complete. This application eliminates old documents, paperwork and files as soon as the new document has been completed.

Local Level Events: Local Level Events is a web-based event management solution with reserved seating and seat map capabilities. The application allows for ticket sales and redemption in a broad range of markets. Designed for donation campaigns, membership drives, camps and other school events, this online ticketing platform enables our clients to sell tickets, manage the event, track ticket sales and collect payments, all from one online location.

Court Solutions: Court Solutions is a web-based solution for the collection of fines by municipal courts. The application interacts with case management systems to extract citations and make them available for violators to pay online via credit card.

i3 Virtual Terminal: The i3 Virtual Terminal is a web-based application that supports transaction processing (credit card, debit card and ACH) as well as schedule recurring payments. The i3 Virtual Terminal has white label capability as well as sophisticated reporting.

Horizontally-Integrated and Other Solutions

We also provide a comprehensive suite of horizontal solutions to our clients and distribution partners that complement our vertically-integrated solutions and enable us to further penetrate within each vertical market while cross-selling additional solutions across our client base. In the B2B market, we provide payment solutions to clients in industries that include professional services (including law firms), manufacturing, contractor services, construction, and other industries where a significant percentage of payments are received using a commercial, business, purchasing, or virtual card. Our B2B payment solutions offer clients secure processing technology to authorize and settle transactions at reasonable card rates, automate the pass-through of line item details, and enhance the automation of the accounts receivable process. Our distribution partners include card issuers and industry association, providing a predictable source of new client leads.

In addition, we provide payment processing solutions to many retail establishments using both an integrated and traditional merchant account approach. In addition, we have reseller arrangements with National Cash Register (NCR), pursuant to which we re-sell integrated POS solutions that consist of both hardware and software. We provide support services to these NCR POS clients, most of which are in the restaurant and hospitality markets, and we also cross-sell our payment processing solutions into this client base.

Our solutions are positioned to support new client growth and promote client retention both within and outside our existing verticals, but most importantly to provide a stable and secure payment experience. Our comprehensive range of payment solutions include:

Solution	Description
<i>Virtual Terminals</i>	Our web-based virtual terminals allow clients to accept electronic payments using a computer or device with an Internet connection and supports both swiped and key-entered transactions. The terminals feature point-to-point encryption, card tokenization, customer information vault, enhanced business card data (Level II/III) and account updater.
<i>POS Technology</i>	We distribute a suite of card-present POS solutions for clients in the retail, restaurant, and hospitality verticals. Our core offerings include Aloha, Counterpoint, NCR, rPower, and Clover POS.
<i>Mobile Solutions</i>	Our mobile payment solutions support a variety of integrated technology platforms, including iOS and Android devices.
<i>Countertop & Wireless Terminals</i>	We distribute a broad selection of countertop and wireless payment devices supporting EMV, contactless, and mobile payments.
<i>Electronic Invoice Presentment and Payment</i>	Our Bill & Pay solution offers a complete invoicing and payment solution that streamlines the accounts receivable process. This solution includes an automated sync of customers, invoices and payments and supports a user's ability to submit one-time and recurring credit card or ACH payments.
<i>Event Registration</i>	Our Local Level solution is a web-based event management solution with reserved seating and seat map capabilities. It allows a client to sell tickets (including reserved seating) and facilitate donation campaigns, membership drives, camps and other school events.
<i>Online Reporting</i>	Our online reporting platforms offer clients access to daily settlement reports, monthly activities statements, and other critical processing data and functions.
<i>Expedited Funding</i>	Our expedited funding capabilities offer certain client fund availability within 24 hours of settlement. Transaction batches must be submitted within predetermined timeframes and certain industry types are not eligible.
<i>PCI Validation</i>	Our online PCI validation solution provides clients an intuitive interface to complete network validation procedures, including applicable self-assessment questionnaires (SAQs) and network scans.
<i>Integrated Forms</i>	This web-based application provides a simple step-by-step process to easily create forms and gather, manage and report accurate data. It is equipped with an intuitive online form-creation process that allows a user to create online forms that are easy to access and complete.
<i>Client Analytics</i>	Our solutions provide analytics tools for our clients that allow them to track and report on a variety of business transaction and customer trends (e.g., purchase volume, purchase frequency, product-level trend data, etc.).

Our Sales and Marketing

Our sales strategy leverages a broad network of distribution partners, comprised of ISVs, VARs, ISOs and our referral partners which include financial institutions, trade associations, chambers of commerce and card issuers. These distribution partners are a consistent and scalable source for new client acquisition. Leveraging our vertically focused suite of products and services, we are able to maximize the performance and retention of current distribution partners while attracting new partners. These one-to-many distribution partners accelerate penetration within our vertical markets in a cost-effective manner.

We focus on recruiting and retaining our distribution partners by providing them with financial incentives and support tools that enable them to be more successful in attracting new clients. We utilize our distribution partner sales force to identify new distribution partner relationships. These partner relationships are intended to expand our presence in existing strategic verticals, or extend into new industry verticals. The distribution partner sales team engages new opportunities, negotiates economic terms, and coordinates with marketing and direct sales to launch the partnership.

Our sales force includes both outside and inside representatives to manage each distribution partner relationship and deliver optimal response times to new client referrals. Our product and partner marketing is

delivered through a shared-services model which is coordinated with each business unit. Marketing is tightly aligned with our sales efforts by providing event coordination, demand generation resources, physical and electronic marketing campaigns and partner marketing collateral.

Our direct sales team is responsible for selling our proprietary software and payment technology solutions to clients primarily through our distribution and referral partner networks. The assigned sales team is the primary liaison for managing the partner relationship, coordinating with marketing team efforts and engaging new client referral opportunities. We utilize our direct sales team to sell our proprietary software and payment technology solutions directly to clients in our education, property management and public sector markets.

Distribution Partners

Integrated Software Vendors. Our ISV partners are software companies that integrate our payment technology into their software and market our acquiring services to their clients in a one-to-many fashion. The integration streamlines the onboarding of new clients, provides a consistent support structure for our joint client, and delivers a bundled payment offering that clients find attractive. An integrated payment and software solution enhances client satisfaction and increases client retention. From September 30, 2016 to September 30, 2017, we increased our network of ISVs from 13 to 22, which produced an increase in average monthly payment volume of 155%. As of March 31, 2018, we had 23 ISV partners.

Value Added Resellers. We partner with VARs to sell our proprietary software products in conjunction with the services that the VAR is able to provide to our client. This type of relationship allows us to expand our sales of software licensing subscriptions by allowing a VAR to bundle our software product with other value-add services provided by the VAR.

Independent Sales Organizations. We partner with ISOs to market our broad offering of payment solutions. The majority of our ISOs will market under our brand which allows them to promote our suite of products and payment solutions. We provide valuable support, training, and portfolio management tools to our ISOs.

Referral Partners

Financial Institutions. We partner with financial institutions to offer our suite of products and services to their commercial banking clients. Through our partner bank program, our sales team works directly with treasury management, business banking, and retail banking centers to promote our products and services to current or prospective clients. We receive the merchant referral, establish pricing and manage the ongoing support of that client relationship. Many referral bank relationships will actively market to clients who receive merchant acquiring deposits through another provider. We can also deliver simplified pricing programs and online sign-up capabilities to enable clients to self-enroll into the program. Many of our services can be private-labeled or co-branded for that specific financial institution. Our active financial institution relationships represent over 200 retail banking centers and 30,000 commercial banking clients.

Trade Associations. We partner with a broad and diverse network of industry associations and business alliances to promote our products and services both within and outside our strategic verticals. Our association partners are trusted within their specific industry and their membership is comprised of notable businesses and vendors who support that industry. Our participation within the association varies by relationship but often involves tradeshow participation, member benefit offerings, and other engagement opportunities intended to attract new clients and strengthen our brand awareness. We are actively engaged with over 50 industry associations and trade groups, representing over 80,000 prospective client relationships.

Chambers of Commerce. Our chamber referral partner network serves to benefit both the chamber and chamber member. Our sales and marketing team works closely with the chamber to establish a group rate program for the members of that specific chamber. The chamber then promotes our processing solutions as a membership benefit and in many cases the cost savings we can deliver that member will offset their chamber dues. The chamber receives a portion of our revenue which acts as a non-dues revenue source for the chamber and helps offset the costs incurred by the chamber to promote the program. Depending on the size and geographic location of the chamber, we assign either inside or outside sales representatives to manage the relationship and engage each referred chamber member. Our current network of 70 chambers represents a combined membership of over 65,000 businesses.

Card Issuers. Our growth in the B2B market is largely attributable to partnerships with commercial card issuers. Our card issuing partner will work with a business client to convert outgoing supplier/vendor payments from check, ACH, or cash to a card network-based product. These products can be in the form of a physical purchasing card, one-time use virtual card, or a dynamically loaded card on file. Our B2B sales team supports the client to maximize vendor enrollment rates by negotiating better card processing fees or optimizing the interchange qualification of the card network payment. Our card issuing partners currently pay over 500,000 unique vendors each month using a card network-based product, representing over \$2 billion in card payment volume. These vendors further represent a new client opportunity when we are introduced to the relationship.

i3 Verticals Sales Force

Distribution and Referral Partner Sales. Our distribution and referral partner sales function is responsible for identifying new distribution and referral partner relationships. These partner relationships are intended to expand our presence in existing strategic verticals, or extend into new industry verticals. The distribution and referral partner sales team engages new opportunities, negotiates economic terms and coordinates with marketing and direct sales to launch the partnership.

Direct Sales. Our direct sales team is responsible for selling our proprietary software and payment technology solutions to clients primarily through our distribution and referral partner networks. The assigned sales team is the primary liaison for managing the partner relationship, coordinating with marketing team efforts and engaging new client referral opportunities. We also utilize our direct sales team to sell our proprietary software and payment technology solutions directly to clients in our education, property management and public sector markets.

Marketing

Our enterprise marketing function serves as a shared-services team to coordinate corporate communications and support the sales team. The marketing team establishes our overall corporate marketing strategy to enhance brand awareness and demand generation. We use a broad variety of traditional and digital marketing mediums to engage prospective clients. These include:

Corporate Communications and Public Relations. The corporate communications and public relations team manages press releases, industry announcements and overall external corporate messaging.

Product Marketing. The product marketing function is responsible for coordinating communications related to our software solutions.

Distribution Partner Marketing. Our distribution partner marketing team partners with sales to promote our services to prospective clients through our distribution partner network. This includes email marketing campaigns, sales promotions, client testimonials and product cross-sell opportunities.

Digital Marketing. Our digital marketing efforts include client and partner newsletters, email campaigns, search engine optimization and digital advertising.

Our Operations

Our operations team is uniquely structured to optimize the experience of our clients and distribution partners. These regionally distributed and vertically focused business support teams allow us to establish a level of expertise that delivers a scalable support structure and enables us to align with the economic goals and specific expectations of the respective business unit. Each operations team is positioned to support the functions of their respective client base and key performance indicators mark their progress toward achieving the goals established by each business unit. Our client and partner databases provide visibility into the overall client relationship, tracking the status of the relationship from initial contact through the lifecycle of that client or partner relationship. Our centralized technology department is structured to rapidly enhance and effectively maintain our products and services.

Business Operations

Our operations team is structured to effectively support the individual needs of our clients and distribution partners. This support includes:

Client Onboarding. Our onboarding process is streamlined to deliver shortened activation timelines, ensuring our clients and those of our distribution partners can quickly begin transaction processing. Real-time account

approval for low-risk customer profiles expedites onboarding and allows our underwriting team to focus on more complex client activations. Onboarding under our PayFac model is even more efficient because less information must be gathered from the merchant, reducing the time required to create a merchant account.

Client Support and Retention. Our client support team is structured to serve our business units through a central client support center and strategically located support centers. Each support team is trained to serve the specific needs of those clients and is positioned to serve as redundancy to other business units as necessary. This provides us the flexibility to scale our operations as needs arise. Our client support team is also involved in retention efforts and have direct lines of communication to sales and management to resolve client matters in a timely manner.

Client Training and Activations. Our client activation teams handle the setup, testing, deployment, and configuration of client installations. These team members are distributed across our business units and trained to specialize in the client profile of that business unit. Product-specific training and certifications are often required for certain POS and processing systems. The training and activation team works directly with client sales and support to enhance the client experience.

Billing and Financial Review. Our billing and financial review function is responsible for the billing of fees related to merchant acquiring, products, and services. The team also monitors the accuracy of merchant billing, network processing costs and third-party partner costs.

Credit Underwriting and Risk Management. Our credit underwriting and risk management operations are designed to efficiently manage new account approvals and establish profiles to effectively manage the ongoing monitoring of client accounts. Once an account is actively processing, our risk systems are configured to monitor and flag activity requiring additional research, minimizing losses attributable to client fraud or default. Our processes are established to align with card brand and sponsor bank guidelines. Pending transactions are efficiently managed to minimize funding disruptions while limiting risk exposure.

Dispute and Chargeback Processing. Our dispute and chargeback team provides clients and partners an efficient support structure to manage the dispute resolution process. We work directly with the client, payment card networks and card issuing brands to collect and analyze the data provided to determine liability and resolve open dispute claims.

Distribution Partner Support. Our distribution partner support is designed to offer partners single access to the tools, products and services to ensure they can effectively attract new clients and support existing client portfolios.

Customer Support. Our customer support team resides within our client support team and is often staffed by crossed-trained team members. The customer support team provides transaction processing support to customers attempting to make payments through our payment systems. This service is offered through a subset of our vertical product offerings such as education and public-sector payments, where live customer-level support is deemed necessary. Bi-lingual support is also offered in certain business units.

Technology Operations

Our technical operations team oversees the execution of development, quality control, delivery and support for our payment processing applications and the hosted user applications. Applications are developed and tested according to the software development lifecycle, composed of iterative development and testing with a dedicated focus on planning and execution. Releases are modeled on continuous deployment and added to the live environment on a routine basis. Each application stack is built with redundancy to foster resiliency and built to be easily managed during a disaster recovery scenario. The entire solution is hosted within a managed, dedicated environment that is certified PCI-compliant to protect all personal and transactional data.

Network and Security. Our network and security team is responsible for ensuring that our processing technology is secure, stable and aligns to the current standards set forth by the payment card networks. This includes PCI Level 1 and PA-DSS security requirements.

Product Development, Testing and Deployment. We follow a very strict product development methodology from concept to release. This methodology includes testing as well as security review for each development sprint to ensure our products are stable and secure. This shared-services team works directly with our business units

and distribution partners to gather business requirements, manage product release schedules, schedule product development and testing and coordinate the release schedules.

Developer Integration. Our developer integration team works directly with our business units and ISVs to accept new integration inquiries and support activities related to integrating business applications into our payment technology platform.

Technical Support. Our technical support team is responsible for technical inquiries related to our merchant acquiring and software products. The team is trained to resolve most technical inquiries and will engage third party partners where additional assistance is required.

Our Acquisition History

We have an established history of executing and integrating platform and tuck-in acquisitions that have opened new vertical markets and provided additional technology and solutions offerings to our existing clients. Key strategic acquisitions that we have completed include:

<u>Acquisition</u>	<u>Date</u>	<u>Strategic Importance of Target Business</u>
EMS, Inc.	January 2018	Integrated POS
CS, LLC	December 2017	Public Sector
SDCR, Inc.	October 2017	Integrated POS
Fairway	August 2017	Healthcare and Non-Profit
CCP, Inc.	June 2017	Education
CSC, LLC	December 2016	Healthcare and Non-Profit
Randall, Inc.	June 2016	Integrated POS
Axia	April 2016	Healthcare, Non-Profit, B2B
Fullerton, Inc.	March 2016	Education
SkyHill, Inc.	January 2016	Bill Presentment Software
Infintech	July 2015	B2Bs, Public Sector
PBS	May 2015	Non-Profit, Agent Bank, Hospitality
Local Level	May 2015	Education
EZ-Pay	March 2015	Education
Rentshare, Inc.	December 2014	Property Management
PaySchools	April 2014	Education

Our Competition

We compete with a variety of merchant acquirers that have different business models, go-to-market strategies and technical capabilities. We believe the most significant competitive factors in our markets are:

- (1) trust, including a strong reputation for quality service and trusted distribution partners;
- (2) convenience, such as speed in approving applications, client onboarding and dispute resolution;
- (3) service, including product functionality, value-added solutions and strong customer support; and
- (4) economics, including fees charged to clients and residuals and incentives offered to distribution partners.

Our competitors range from large and well established companies to smaller, earlier-stage businesses. See “Risk Factors—Risks Related to Our Business and Industry—The payment processing industry is highly competitive. Such competition could adversely affect the fees we receive, and as a result, our margins, business, financial condition and results of operations.”

Government Regulation

We operate in an increasingly complex legal and regulatory environment. Our business and the products and services that we offer are subject to a variety of federal, state and local laws and regulations and the rules and

standards of the payment networks that we utilize to provide our electronic payment services, as more fully described below.

Dodd-Frank Act

The Dodd-Frank Act and the related rules and regulations have resulted in significant changes to the regulation of the financial services industry. Changes impacting the electronic payment industry include providing merchants with the ability to set minimum dollar amounts for the acceptance of credit cards and to offer discounts or incentives to entice consumers to pay with cash, checks, debit cards or credit cards, as the merchant prefers. New rules also contain certain prohibitions on payment network exclusivity and merchant routing restrictions of debit card transactions. Additionally, the Durbin Amendment to the Dodd-Frank Act provides that the interchange fees that certain issuers charge merchants for debit transactions will be regulated by the Federal Reserve and must be "reasonable and proportional" to the cost incurred by the issuer in authorizing, clearing and settling the transactions. Rules released by the Federal Reserve in July 2011 to implement the Durbin Amendment mandate a cap on debit transaction interchange fees for issuers with assets of \$10 billion or greater.

The Dodd-Frank Act also created the CFPB, which has assumed responsibility for most federal consumer protection laws, and the Financial Stability Oversight Council, which has the authority to determine whether any non-bank financial company, such as us, should be supervised by the Board of Governors of the Federal Reserve System because it is systemically important to the U.S. financial system. Any new rules or regulations implemented by the CFPB or the Financial Stability Oversight Council or in connection with Dodd-Frank Act that are applicable to us, or any changes that are adverse to us resulting from litigation brought by third parties challenging such rules and regulations, could increase our cost of doing business or limit permissible activities.

Privacy and Information Security Regulations

We provide services that may be subject to privacy laws and regulations of a variety of jurisdictions. Relevant federal privacy laws include the Gramm-Leach-Bliley Act of 1999, which applies directly to a broad range of financial institutions and indirectly, or in some instances directly, to companies that provide services to financial institutions. These laws and regulations restrict the collection, processing, storage, use and disclosure of personal information, require notice to individuals of privacy practices and provide individuals with certain rights to prevent the use and disclosure of certain nonpublic or otherwise legally protected information. These laws also impose requirements for safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. Our business may also be subject to the Fair Credit Reporting Act and the Fair and Accurate Credit Transactions Act of 2003, which regulate the use and reporting of consumer credit information and also imposes disclosure requirements on entities who take adverse action based on information obtained from credit reporting agencies. In addition, there are state laws restricting the ability to collect and utilize certain types of information such as Social Security and driver's license numbers. Certain state laws impose similar privacy obligations as well as obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and consumer reporting agencies and businesses and governmental agencies that possess data.

Anti-Money Laundering and Counter-Terrorism Regulation

Our business is subject to U.S. federal anti-money laundering laws and regulations, including the Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act of 2001, which we refer to collectively as the "BSA." The BSA, among other things, requires money services businesses to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity and maintain transaction records. We are also subject to certain economic and trade sanctions programs that are administered by OFAC that prohibit or restrict transactions to or from (or transactions dealing with) specified countries, their governments and, in certain circumstances, their nationals, narcotics traffickers and terrorists or terrorist organizations. Similar anti-money laundering, counter terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified on lists maintained by organizations similar to OFAC in several other countries and which may impose specific data retention obligations or prohibitions on intermediaries in the payment process. We have developed and continue to enhance compliance programs and policies to monitor and address related legal and regulatory requirements and developments.

Unfair or Deceptive Acts or Practices

We and many of our clients are subject to Section 5 of the Federal Trade Commission Act prohibiting unfair or deceptive acts or practices. In addition, laws prohibiting these activities and other laws, rules and or regulations, including the Telemarketing Sales Act, may directly impact the activities of certain of our clients, and in some cases

may subject us, as the client's payment processor or provider of certain services, to investigations, fees, fines and disgorgement of funds if we are deemed to have aided and abetted or otherwise provided the means and instrumentalities to facilitate the illegal or improper activities of the client through our services. Various federal and state regulatory enforcement agencies including the Federal Trade Commission and the states attorneys general have authority to take action against non-banks that engage in unfair or deceptive acts or practices or violate other laws, rules and regulations and to the extent we are processing payments or providing services for a client that may be in violation of laws, rules and regulations, we may be subject to enforcement actions and as a result may incur losses and liabilities that may impact our business.

In addition, the CFPB has recently attempted to extend certain provisions of the Dodd-Frank Act that prevent the employment of UDAAP to payment processors. Though there is still litigation involving whether payment processing companies are subject to these requirements (and the extent of its application), these requirements may apply or be applicable in the future. UDAAPs could involve omissions or misrepresentations of important information to consumers or practices that take advantage of vulnerable consumers, such as elderly or low-income consumers.

Stored Value Services

Stored value cards, store gift cards and electronic gift certificates are subject to various federal and state laws and regulations, which may include laws and regulations related to consumer and data protection, licensing, consumer disclosures, escheat, anti-money laundering, banking, trade practices and competition and wage and employment. The clients who utilize the gift card processing products and services that we may sell may be subject to these laws and regulations. In the future, if we seek to expand these stored value card products and services, or as a result of regulatory changes, we may be subject to additional regulation and may be required to obtain additional licenses and registrations which we may not be able to obtain.

The Credit Card Accountability Responsibility and Disclosure Act of 2009 (the "Card Act") created new requirements applicable to general-use prepaid gift cards, store gift cards and electronic gift certificates. The Card Act, along with the Federal Reserve's amended Regulation E, created new requirements with respect to these cards and electronic certificates. These include certain prohibited features and revised disclosure obligations. Prepaid services may also be subject to the rules and regulations of Visa, Mastercard, Discover and American Express and other payment networks with which our clients and the card issuers do business. The clients who utilize the gift card processing products and services that we may sell are responsible for compliance with all applicable rules and requirements relating to their gift product program.

Additionally, the Financial Crimes Enforcement Network of the U.S. Department of the Treasury, or FinCEN, issued a final rule in July 2011 regarding the applicability of the Bank Secrecy Act's regulations to "prepaid access" products and services. This rulemaking clarifies the anti-money laundering obligations for entities engaged in the provision and sale of prepaid services, such as prepaid gift cards. We are not registered with FinCEN based on our determination that our current products and services do not constitute a "prepaid program" as defined in the Bank Secrecy Act and we are not a "provider" of prepaid access. We may in the future need to register with FinCEN as a "money services business-provider of prepaid access" in accordance with the rule based on changes to our products or services.

Indirect Regulatory Requirements

Certain of our distribution partners are financial institutions that are directly subject to various regulations and compliance obligations issued by the CFPB, the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration and other agencies responsible for regulating financial institutions, which includes state financial institution regulators. While these regulatory requirements and compliance obligations do not apply directly to us, many of these requirements materially affect the services we provide to our clients and us overall. The financial institution regulators have imposed requirements on regulated financial institutions to manage their third-party service providers. Among other things, these requirements include performing appropriate due diligence when selecting third-party service providers; evaluating the risk management, information security, and information management systems of third-party service providers; imposing contractual protections in agreements with third-party service providers (such as performance measures, audit and remediation rights, indemnification, compliance requirements, confidentiality and information security obligations, insurance requirements, and limits on liability); and conducting ongoing monitoring, diligence and audit of the performance of third-party service providers. Accommodating these requirements applicable to our clients imposes additional costs and risks in connection with our financial institution

relationships. We expect to expend significant resources on an ongoing basis in an effort to assist our clients in meeting their legal requirements.

Payment Network Rules and Standards

Payment networks establish their own rules and standards that allocate liabilities and responsibilities among the payment networks and their participants. These rules and standards, including the Payment Card Industry Data Security Standards, govern a variety of areas including how consumers and clients may use their cards, the security features of cards, security standards for processing, data security and allocation of liability for certain acts or omissions including liability in the event of a data breach. The payment networks may change these rules and standards from time to time as they may determine in their sole discretion and with or without advance notice to their participants. These changes may be made for any number of reasons, including as a result of changes in the regulatory environment, to maintain or attract new participants, or to serve the strategic initiatives of the networks and may impose additional costs and expenses on or be disadvantageous to certain participants. Participants are subject to audit by the payment networks to ensure compliance with applicable rules and standards. The networks may fine, penalize or suspend the registration of participants for certain acts or omissions or the failure of the participants to comply with applicable rules and standards.

An example of a recent standard is the "chip and pin" or "chip and signature" card requirement, known as EMV, which was mandated by Visa, Mastercard, American Express and Discover to be supported by payment processors by April 2013 and by merchants by October 2015. This mandate set new requirements and technical standards, including requiring IPOS systems to be capable of accepting the more secure "chip" cards that utilize the EMV standard and setting new rules for data handling and security. Processors and clients that do not comply with the mandate or do not use systems that are EMV compliant risk fines and liability for fraud-related losses. We have invested significant resources to ensure our systems' compliance with the mandate, and to assist our clients in becoming compliant.

To provide our electronic payment services, we must be registered either indirectly or directly as service providers with the payment networks that we utilize. Because we are not a bank, we are not eligible for primary membership in certain payment networks, including Visa and Mastercard, and are therefore unable to directly access these networks. The operating regulations of certain payment networks, including Visa and Mastercard, require us to be sponsored by a member bank as a service provider. We are registered with certain payment networks, including Visa and Mastercard, through various sponsor banks. The agreements with our bank sponsors give them substantial discretion in approving certain aspects of our business practices including our solicitation, application and qualification procedures for clients and the terms of our agreements with clients. We are also subject to network operating rules and guidelines promulgated by the NACHA relating to payment transactions we process using the Automated Clearing House Network. Like the card networks, NACHA may update its operating rules and guidelines at any time and we will be subject to these changes. These operating rules and guidelines allocate responsibility and liabilities to the various participants in the payment network. Recently, NACHA has focused upon data security and privacy responsibilities. We are subject to audit by our partner financial institutions for compliance with the rules and guidelines. Our sponsor financial institutions have substantial discretion in approving certain aspects of our business practices including the terms of our agreements with our ACH processing clients.

Money Transmitter Regulation

We are subject to various U.S. federal, state, and foreign laws and regulations governing money transmission and the issuance and sale of payment instruments, including some of the prepaid products we may sell.

In the United States, most states license money transmitters and issuers of payment instruments. These states not only regulate and control money transmitters, but they also license entities engaged in the transmission of funds. Many states exercise authority over the operations of our services related to money transmission and payment instruments and, as part of this authority, subject us to periodic examinations. Many states require, among other things, that proceeds from money transmission activity and payment instrument sales be invested in high-quality marketable securities before the settlement of the transactions or otherwise restrict the use and safekeeping of such funds. Such licensing laws also may cover matters such as regulatory approval of consumer forms, consumer disclosures and the filing of periodic reports by the licensee, and require the licensee to demonstrate and maintain specified levels of net worth. Many states also require money transmitters, issuers of payment instruments, and their agents to comply with federal and/or state anti-money laundering laws and regulations.

Other Regulation

We are subject to U.S. federal and state unclaimed or abandoned property (escheat) laws which require us to turn over to certain government authorities the property of others we hold that has been unclaimed for a specified period of time such as account balances that are due to a distribution partner or client following discontinuation of its relationship with us. The Housing Assistance Tax Act of 2008 requires certain merchant acquiring entities and third-party settlement organizations to provide information returns for each calendar year with respect to payments made in settlement of electronic payment transactions and third-party payment network transactions occurring in that calendar year. Reportable transactions are also subject to backup withholding requirements.

The foregoing is not an exhaustive list of the laws and regulations to which we are subject and the regulatory framework governing our business is changing continuously. See "Risk Factors—Risks Related to Our Business and Industry."

Our Intellectual Property

Certain of our products and services are based on proprietary software and related payment systems solutions. We rely on a combination of copyright, trademark, and trade secret laws, as well as employee and third-party non-disclosure, confidentiality, and contractual arrangements to establish, maintain, and enforce our intellectual property rights in our technology, including with respect to our proprietary rights related to our products and services. In addition, we license technology from third parties who are integrated into some of our solutions.

We own a number of registered federal service marks, including i3 Verticals®, PaySchools® and Axia®. We also own a number of domain names, including www.i3verticals.com.

Our Employees

As of March 31, 2018, we had 326 employees. None of our employees is represented by a labor union and we have experienced no work stoppages. We consider our employee relations to be in good standing.

Our Facilities

We maintain several offices across the United States, all of which we lease. We believe this geographic diversity allows us a competitive advantage by having a presence in many markets.

Our office locations include our corporate headquarters in Nashville, Tennessee with approximately 10,000 leased square feet, offices in Atlanta, Georgia with approximately 8,000 leased square feet, and additional leased office space in the following cities:

- Alexandria, VA
- Canton, OH
- Cincinnati, OH
- Centennial, CO
- Honolulu, HI
- Long Beach, CA
- New York, NY
- Owensboro, KY
- San Diego, CA
- Santa Barbara, CA
- Seattle, WA
- Shamokin Dam, PA
- Wellington, FL
- Wixom, MI
- Woodstock, GA.

We operate three dedicated call centers staffed by a total of approximately 50 employees. Our Atlanta, Georgia call center provides services and support for several of our businesses, including within our education vertical. Our Woodstock, Georgia call center provides services and support for our public sector vertical. Our San

Diego, California call center operates 24/7/365 and provides services and support for the integrated NCR POS products.

We believe our existing facilities are adequate to support our existing operations and, as needed, we will be able to obtain suitable additional facilities on commercially reasonable terms.

Legal Proceedings

From time to time, we are involved in various litigation matters arising in the ordinary course of our business. We do not believe that any of these matters, individually or in the aggregate, are currently material to us.

On June 14, 2016, Expert Auto Repair, Inc., for itself and on behalf of a class of additional plaintiffs, and Jeff Straight initiated a class action lawsuit against us, as successor to Merchant Processing Solutions, LLC, in the Los Angeles County Superior Court of California, seeking damages, restitution and declaratory and injunctive relief (the "Expert Auto Litigation"). The plaintiffs alleged that our predecessor engaged in unfair business practices in the merchant services sector including unfairly inducing merchants to obtain credit and debit card processing services and thereafter assessing them with improper fees. Subject to preliminary and final court approval, we have entered into a settlement agreement to settle the plaintiffs' claims for \$1.0 million, pending court approval. On April 10, 2018, the Court granted conditional class certification and preliminary approval of the agreed settlement, and scheduled the final fairness hearing and final approval of the settlement for December 2018.

In connection with the Expert Auto Litigation, on November 3, 2016 our insurance carrier, Starr Indemnity and Liability Company, Inc. ("Starr"), filed a complaint against us in the United States District Court for the Middle District of Tennessee, seeking a declaration that our insurance policies with Starr would not cover a settlement or award granted to the Expert Auto Litigation plaintiffs. This action was subsequently dismissed for lack of jurisdiction, prompting Starr to move the court to reconsider and on February 15, 2017 to file a complaint against us in the Twentieth Judicial District of the Davidson County Chancery Court of Tennessee repeating its federal court claims. Thereafter, after reconsidering its dismissal for lack of jurisdiction, the United States District Court for the Middle District of Tennessee revived Starr's complaint, allowing Starr's action to continue in federal court. On April 13, 2018, the court issued an order that continues the stay on discovery in the matter, requires Starr to file a motion for judgment on the pleadings by May 21, 2018, and requires us to respond to such motion by June 8, 2018. On April 23, 2018, i3 Verticals, LLC filed its answer and counterclaim to Starr's complaint. We intend to vigorously defend against Starr's claims.

MANAGEMENT

The following table sets forth certain information as of March 20, 2018 about our executive officers and persons who are expected to serve on our Board of Directors prior to the completion of this offering:

Name	Age	Position
Gregory Daily	59	Chief Executive Officer and Chairman
Clay Whitson	60	Chief Financial Officer and Director
Rick Stanford	57	President
Robert Bertke	49	Chief Technology Officer
Scott Meriwether	36	Senior Vice President — Finance
Paul Maple	44	General Counsel and Secretary
Elizabeth Seigenthaler Courtney	54	Director
John Harrison	61	Director
Burton Harvey	54	Director
Timothy McKenna	64	Director
David Morgan	65	Director
David Wilds	77	Lead Independent Director

Executive Officers

Gregory Daily has served as our Chief Executive Officer and Chairman of our Board of Directors since our formation in January 2018 and as the Chief Executive Officer of i3 Verticals, LLC and a member of i3 Verticals, LLC's board of directors since he founded i3 Verticals, LLC (formerly Charge Payment, LLC) in 2012. Before founding i3 Verticals, LLC, Mr. Daily founded iPayment, Inc. (Nasdaq: IPMT) in 2001 and served as its Chairman and Chief Executive Officer until his departure in 2011. In 1984, Mr. Daily co-founded PMT Services, Inc. (Nasdaq: PMT), a credit card processing company, and served as its President until the company was sold in 1998 to NOVA Corporation, where he continued to serve as Vice Chairman of the board of directors until 2001. Mr. Daily holds a Bachelor of Arts from Trevecca Nazarene University. Mr. Daily's detailed knowledge of our operations, finances, strategies and industry qualify him to serve as our Chief Executive Officer and as Chairman of our Board of Directors. For information related to a prior bankruptcy case involving Mr. Daily, please see "—Certain Legal Proceedings."

Clay Whitson has served as our Chief Financial Officer since our formation in January 2018 and as the Chief Financial Officer and Secretary of i3 Verticals, LLC and a member of i3 Verticals, LLC's board of directors since May 2014. Before joining i3 Verticals, LLC, Mr. Whitson was the Chief Financial Officer at Edo Interactive, a provider of card-linked services, from October 2010 to April 2014. From 2002 to 2010, Mr. Whitson served as Chief Financial Officer and Treasurer of iPayment, Inc. (Nasdaq: IPMT) and as a member of its board of directors from 2002 to 2006. Prior to 2002, he served in a variety of roles, including as Chief Financial Officer for The Corporate Executive Board (Nasdaq: EXBD) from 1998 to 2002, Secretary of the Corporate Executive Board from 1999 to 2002, Treasurer of the Corporate Executive Board from 2000 to 2002 and as Chief Financial Officer and Treasurer of PMT Services, Inc. (Nasdaq: PMT) from 1996 to 1998. Mr. Whitson holds a Bachelor of Arts from Southern Methodist University and a Masters of Business Administration from the University of Virginia Darden School of Business. We believe Mr. Whitson's extensive knowledge of our operations, finances, strategies and industry make him well-qualified to serve on our Board of Directors.

Rick Stanford has served as our President since our formation in January 2018, as the President of i3 Verticals, LLC since November 2017 and as the Executive Vice President of i3 Verticals, LLC from January 2013 to October 2017. In his role as our President and in his previous roles with i3 Verticals, LLC, Mr. Stanford is and has been responsible for acquisitions, among other duties. Prior to joining i3 Verticals, LLC, Mr. Stanford was Chief Marketing Officer for Direct Connect, a provider of electronic payment processing solutions, from 2011 to 2012, Senior Vice President of Sales for Sage Payment Solutions, a provider of online and cloud business management services, from 2009 to 2011, Vice President of Verus Financial Management from 2006 to 2009 prior to its acquisition by Sage Payment Solutions, Executive Vice President of Network 1 Financial, Inc. from 1999 to

2006 prior to its acquisition by Verus Financial Management and Vice President of PMT Services, Inc. (Nasdaq: PMT) from 1989 to 1999. Mr. Stanford holds a Bachelor of Science from the University of Memphis.

Robert Bertke has served as our Chief Technology Officer since March 2018 and previously served as Executive Vice President — Information Technology from our formation in January 2018. Mr. Bertke has served as Chief Technology Officer of i3 Verticals, LLC since March 2018 and previously served as Executive Vice President — Information Technology of i3 Verticals, LLC from August 2016 to March 2018. Prior to joining i3 Verticals, LLC, Mr. Bertke held leadership positions as Senior Vice President of Research & Development at Sage Payment Solutions from December 2008 to January 2016, as Group Vice President at SunTrust Bank, Inc. (NYSE: STI) from 2005 to 2008, as Program Manager at Open Business Exchange from 2002 to 2004 and as Managing Consultant/Product Development at American Express Company (NYSE: AXP) from 1996 to 2002. Mr. Bertke holds a Bachelor of Business Administration from Georgia State University.

Scott Meriwether has served as our Senior Vice President of Finance since our formation in January 2018 and as the Senior Vice President of Finance of i3 Verticals, LLC since March 2017 and the Vice President of Finance of i3 Verticals, LLC from April 2014 to February 2017. Prior to joining i3 Verticals, LLC, Mr. Meriwether served as the Vice President of Finance at Metro Medical Supply, Inc., a pharmaceutical and medical supply company, from December 2010 to April 2014, before which he served as the Assistant Treasurer of iPayment, Inc. (Nasdaq: IPMT). Mr. Meriwether's career began at PricewaterhouseCoopers, LLP where he served as Senior Associate. Mr. Meriwether holds a Bachelor of Arts from the University of Tennessee (Knoxville) and is an inactive Certified Public Accountant in the state of Tennessee.

Paul Maple has served as our General Counsel and Secretary since our formation in January 2018 and as the General Counsel of i3 Verticals, LLC since June 2017. Prior to joining i3 Verticals, LLC, Mr. Maple served as Chief Compliance Officer and Assistant General Counsel at CLARCOR, Inc. (NYSE: CLC), a filtration systems and packaging materials manufacturer, from May 2007 to May 2017. Prior to serving at CLARCOR, Inc., he was a partner at the law firm of Waller Lansden Dortch & Davis, LLP. Mr. Maple holds a Bachelor of Arts from Harding University and a Juris Doctor from the University of Mississippi.

Directors and Director Nominees

For the principal occupation and employment experience of Mr. Daily and Mr. Whitson during the last five years, see “—Executive Officers.”

Elizabeth Seigenthaler Courtney has served on our Board of Directors since May 2018. Since March 2015, Ms. Courtney has served as President and Managing Partner of DVL Seigenthaler, a public relations firm and a part of Finn Partners, Inc., a provider of marketing communications services. In 1987, Ms. Courtney joined Seigenthaler Public Relations, Inc., a provider of public relations services, where she served as Chairman and CEO from 2004 to March 2015. Ms. Courtney currently serves on the board of directors of Richards & Richards, Inc., a provider of information management services, and served as chairman of the LocalShares Investment Trust, an investment fund, from May 2013 to September 2017. She currently serves as the Chairman of the Nashville Convention and Visitors' Corporation and also serves on the boards of directors of Boys and Girls Clubs of Middle Tennessee, the Ensworth School, Nashville Public Radio and Tennessee Performing Arts Center. Ms. Courtney holds a B.A. in English and Communications from Boston College. We believe Ms. Courtney's communications, corporate governance, and business experience make her well qualified to serve on our Board of Directors.

John Harrison has served on our Board of Directors since August 2013. Mr. Harrison joined Harbert Management Corporation (“HMC”), an investment fund, in February 2000, where he serves as the Senior Managing Director of the HMC Credit Solutions Team and oversees the daily functions of HMC's mezzanine investment activities. Mr. Harrison is a member of the Investment Committee of the Harbert European Growth Fund and is a director of HMC. Prior to joining HMC, he served as Vice President of Sirrom Capital Corporation, a business development company, when it was acquired by Finova Group Inc., a private equity firm. We believe Mr. Harrison's private equity investment and company oversight experience and background with respect to acquisitions, debt financings and equity financings make him well qualified to serve on our Board of Directors.

Burton Harvey has served on our Board of Directors since August 2016. Since January 2012, Mr. Harvey has served as Managing Partner of Capital Alignment Partners. Mr. Harvey began his career at Wachovia Bank, where he served as Vice President from 1988 to 1993. From 1994 to 1996 he worked for Bank of America as Vice President. Mr. Harvey has more than two decades of experience with senior and subordinated debt and private equity capital including management roles at Sirrom Capital Corporation, a specialty finance company, from 1996 to 2000 and as a Founding Partner at the Morgan Keegan Mezzanine Funds, an investment fund, where he served from 2000 to 2009. He currently serves as a board member of, or maintains visitation rights to, several boards, including Employment Staffing Partners, Inc., an employment staffing company, since 2010; Care Hospice, a provider of hospice services from 2013 to 2017; and Intermountain Drilling Supply Corp., a provider of drilling supplies and drilling products, since 2010. We believe Mr. Harvey's private equity investment and company oversight experience and background with respect to acquisitions, debt financings and equity financings make him well qualified to serve on our Board of Directors.

Timothy McKenna has served on our Board of Directors since 2012. Prior to his retirement in 2000, Mr. McKenna served as President of Fidelity Capital Markets, the institutional trading arm of Fidelity Investments. Before becoming President of Fidelity Capital Markets in 1996, he spent nine years in various other capacities at Fidelity Capital Markets, including Executive Vice President — Fixed Income. Mr. McKenna's early career was spent primarily in municipal bond trading and management at the First National Bank of Boston and Kidder, Peabody & Co. During those years, he also served on the boards of the Pacific and Cincinnati Stock Exchanges, as well as the Regional Advisory Committee of the New York Stock Exchange and the National Association of Security Dealers. We believe Mr. McKenna's extensive strategic, risk management and organizational leadership experience makes him well qualified to serve on our Board of Directors.

David Morgan has served on our Board of Directors since March 2018. Since June 2015, Mr. Morgan has served as the Chairman and Vice President of LBMC Financial Services, LLC, a provider of financial, human resources and technology services. From 1984 to May 2015, Mr. Morgan worked with Lattimore Black Morgan & Cain, PC ("LBMC"), a certified public accountant and consulting firm, which he co-founded in 1984. At LBMC, he held different roles including the last 25 years as President. Mr. Morgan currently serves as the Treasurer and the Finance Committee Chairman of the Nashville Symphony and as Chairman of the Finance Committee of the Tennessee Society of Certified Public Accountants, where he has previously served as President and as a member of the board of directors. Mr. Morgan also previously served on the board of directors of the American Institute of Certified Public Accountants. Mr. Morgan holds a B.S. in Accounting from Tennessee Technological University and is a Certified Public Accountant in the state of Tennessee. We believe Mr. Morgan's accounting and financial expertise make him well qualified to serve on our Board of Directors.

David Wilds has served on our Board of Directors since 2012. Mr. Wilds is actively involved in managing the private equity investments of First Avenue Partners, a private equity fund that he founded in 1998 and of which he is the managing partner. From 1998 to August 2017, Mr. Wilds served at TFO, LLC, a global investment manager, including as Chief Executive Officer. Mr. Wilds was a principal with Nelson Capital Group from 1995 to 1998, Chairman of the Board for Cumberland Health Systems, Inc., an operator of hospitals and medical centers, from 1990 to 1995, and a partner at J.C. Bradford & Company, a banking and brokerage firm, from 1969 to 1990, where he was the head of research and institutional equity sales. Mr. Wilds has served as a member of the board of directors of several public companies, including iPayment, Inc. (Nasdaq: IPMT), Dollar General Corporation (NYSE: DG), Symbion, Inc. (Nasdaq: SMBI), Internet Pictures Corporation (Nasdaq: IPIXQ), and Comdata Holdings Corporation (Nasdaq: CMDT). Mr. Wilds serves or has served on the board of directors for a number of growth companies, including ILD Telecommunications, Inc., a provider of online back-office support services and HCCA International, Inc., a healthcare company. We believe Mr. Wilds' experience as a public company director, private equity investment and company oversight experience and background with respect to acquisitions, debt financings and equity financings make him well qualified to serve as our Lead Independent Director.

Corporate Governance

Composition of our Board of Directors

Our business and affairs are managed under the direction of our Board of Directors. The number of directors will be fixed by our Board of Directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws, which will include a requirement that the number of directors be fixed exclusively by a resolution adopted by directors constituting a majority of the total number of authorized

directors, whether or not there exist any vacancies in previously authorized directorships. Our Board of Directors currently consists of eight directors.

When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our Board of Directors to satisfy its oversight responsibilities effectively in light of our business and structure, the Board of Directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Corporate Governance Profile

We intend to structure our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure will include the following:

- our Board of Directors will not be classified, with each of our directors subject to re-election annually;
- we expect that a majority of our directors will satisfy the Nasdaq listing standards for independence;
- generally, all matters to be voted on by stockholders will be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class;
- we intend to comply with the requirements of the Nasdaq marketplace rules, including having committees comprised solely of independent directors; and
- we do not have a stockholder rights plan.

Our directors will stay informed about our business by attending meetings of our Board of Directors and its committees and through supplemental reports and communications. Our independent directors will meet regularly in executive sessions without the presence of our corporate officers or non-independent directors.

Role of the Board in Risk Oversight

One of the key functions of our Board of Directors is to provide informed oversight of our risk management process. Upon completion of this offering, our Board of Directors will administer this oversight function directly, with support from its two standing committees, the Audit Committee and the Compensation Committee, each of which will address risks specific to its respective areas of oversight. In particular, our Audit Committee will have the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including creating guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee will also monitor compliance with legal and regulatory requirements in addition to oversight of the performance of our internal audit function. Our Compensation Committee will assess and monitor whether any of our compensation policies and programs have the potential to encourage excessive risk-taking.

Director Independence

The Nasdaq marketplace rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominations committees be independent, or, if a listed company has no nominations committee, that director nominees be selected or recommended for the board's selection by independent directors constituting a majority of the board's independent directors. The Nasdaq marketplace rules further require that audit committee members satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act and that compensation committee members satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act.

Prior to the completion of this offering, our Board of Directors undertook a review of the independence of our directors and considered whether any director has a material relationship with us that could compromise that director's ability to exercise independent judgment in carrying out that director's responsibilities. Our Board of Directors has affirmatively determined that each of Ms. Courtney and Messrs. Harrison, McKenna, Morgan and Wilds qualify as an independent director, as defined under the applicable corporate governance standards of Nasdaq. These rules require that our Audit Committee be composed of at least three members, one of whom must be independent on the date of listing on the Nasdaq, a majority of whom must be independent within 90

days of the effective date of the registration statement containing this prospectus, and all of whom must be independent within one year of the effective date of the registration statement containing this prospectus.

Lead Independent Director

In connection with this offering, we intend to adopt corporate governance guidelines that will provide that one of our independent directors should serve as a lead independent director at any time when our Chief Executive Officer serves as the Chairman of our Board of Directors, or if the Chairman is not otherwise independent. Because Mr. Daily is our Chairman and is not an "independent director" as defined the Nasdaq marketplace rules, our Board of Directors intends to appoint Mr. Wilds as lead independent director to preside over periodic meetings of our independent directors, serve as a liaison between our Chairman and the independent directors and perform additional duties as our board of directors may otherwise determine or delegate from time to time.

Committees of the Board

Prior to the completion of this offering, our Board of Directors will establish an Audit Committee and a Compensation Committee. Each committee will operate under a charter approved by our Board of Directors. Following this offering, copies of each committee's charter will be posted on the Corporate Governance section of our website, www.i3verticals.com. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

Audit Committee. Upon completion of this offering, our Audit Committee will be comprised of Messrs. Morgan, Harrison and Wilds, each of whom is an independent director. Mr. Morgan will serve as the chair of our Audit Committee. Prior to the completion of this offering, we expect to adopt an Audit Committee Charter, which will detail the functions of the Audit Committee, including, among other things:

- evaluating the performance, independence and qualifications of our independent auditors and determining whether to retain our existing independent auditors or engage new independent auditors;
- reviewing and approving the engagement of our independent auditors to perform audit services and any permissible non-audit services;
- reviewing our annual and quarterly financial statements and reports and discussing the statements and reports with our independent auditors and management;
- reviewing with our independent auditors and management significant issues that arise regarding accounting principles and financial statement presentation, and matters concerning the scope, adequacy and effectiveness of our financial controls;
- reviewing with management and our auditors any earnings announcements and other public announcements regarding material developments;
- establishing procedures for the receipt, retention and treatment of complaints we receive regarding accounting, internal accounting controls or auditing matters and other matters;
- preparing the report of the Audit Committee that the SEC requires in our annual proxy statement;
- overseeing risks associated with financial matters such as accounting, internal controls over financial reporting and financial policies;
- reviewing and providing oversight with respect to any related party transactions and monitoring compliance with our code of ethics; and
- reviewing and evaluating, at least annually, the performance of the Audit Committee, including compliance of the Audit Committee with its charter.

Our Board of Directors has determined that Mr. Morgan qualifies as an "audit committee financial expert" within the meaning of SEC rules and regulations. In making its determination that Mr. Morgan qualifies as an "audit committee financial expert," our Board of Directors has considered the formal education and nature and scope of Mr. Morgan's previous experience, coupled with past and present service on various audit committees. Upon completion of this offering, both our independent registered public accounting firm and management personnel periodically will meet privately with our Audit Committee.

Compensation Committee. Upon completion of this offering, our Compensation Committee will be comprised of Mr. McKenna and Ms. Courtney, with Mr. McKenna serving as chair of the Compensation Committee. Prior to

the completion of this offering, we expect to adopt a Compensation Committee Charter, which will detail the functions of the Compensation Committee, including, among other things:

- reviewing and recommending to our Board of Directors the compensation and other terms of employment of our executive officers;
- reviewing and recommending to our Board of Directors performance goals and objectives relevant to the compensation of our executive officers;
- evaluating and approving the equity incentive plans, compensation plans and similar programs advisable for us, as well as modification or termination of existing plans and programs;
- evaluating and recommending to our Board of Directors the type and amount of compensation to be paid or awarded to Board members;
- administering our equity incentive plans;
- reviewing and recommending to our Board of Directors policies with respect to incentive compensation and equity compensation arrangements;
- reviewing the competitiveness of our executive compensation programs and evaluating the effectiveness of our compensation policy and strategy in achieving expected benefits to us;
- evaluating and overseeing risks associated with compensation policies and practices;
- reviewing and recommending to our Board of Directors the terms of any employment agreements, severance arrangements, change in control protections and any other compensatory arrangements for our executive officers and other members of senior management;
- preparing the report of the Compensation Committee that the SEC requires in our annual proxy statement;
- reviewing the adequacy of its charter on an annual basis; and
- reviewing and evaluating, at least annually, the performance of the Compensation Committee, including compliance of the Compensation Committee with its charter.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves or has served as a member of the Board of Directors or Compensation Committee (or other committee performing similar functions) of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

Code of Business Conduct and Ethics

Upon completion of this offering, our Board of Directors will establish a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. A current copy of the code will be posted on our website, which is located at www.i3verticals.com. Any amendments to our code of conduct will be disclosed on our Internet website promptly following the date of such amendment or waiver. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Certain Legal Proceedings

In 2002, Mr. Daily was personally named in a lawsuit in the Superior Court of Los Angeles, California related to his beneficial ownership of iPayment, Inc., a company he founded in 2001 and for which he served as its Chairman and Chief Executive Officer until his departure in 2011. In 2009, a \$350 million judgment was rendered against Mr. Daily in this lawsuit and was subsequently settled by the parties, which resulted in Mr. Daily filing for personal bankruptcy protection under Chapter 11 of the Bankruptcy Code in May 2009. Mr. Daily received a full discharge and the final decree was issued in December 2011.

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named under “—Fiscal Year 2017 Summary Compensation Table” below. In fiscal year 2017, our “named executive officers” and their positions were as follows:

- Gregory Daily, Chief Executive Officer;
- Clay Whitson, Chief Financial Officer; and
- Rick Stanford, President.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion.

Fiscal Year 2017 Summary Compensation Table

The following table sets forth information regarding the compensation earned by, or paid to, our named executive officers during the fiscal year ended September 30, 2017.

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Stock Awards ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾ (\$)	Total (\$)
Gregory Daily						
<i>Chief Executive Officer</i>	2017	5,711	—	—	5,141	10,852
Clay Whitson						
<i>Chief Financial Officer</i>	2017	200,000	50,000	—	9,141	259,141
Rick Stanford						
<i>President</i>	2017	240,000	60,000	—	10,264	310,264

(1) The salary paid to Mr. Daily equals the employee cost of Mr. Daily's health insurance premium.

(2) Represents discretionary cash incentive bonuses paid to each of our named executive directors in May 2017.

(3) In fiscal year 2017, Mr. Whitson and Mr. Stanford were each granted an aggregate of 135,113 Class P units (35,113 units were granted on November 29, 2016, and 100,000 units were granted on August 10, 2017), and no Class P units were granted to Mr. Daily. The Class P units cliff vest three years from the anniversary of the applicable grant date, subject to the individual's continued employment with i3 Verticals, LLC. The Class P units represent a right to a fractional portion of the profits and distributions of i3 Verticals, LLC in excess of a "participation threshold" that is set equal to an amount, as determined by the Board, that would be distributable to the members if immediately prior to the grant of the Class P units, i3 Verticals, LLC sold all of its assets for fair market value, paid all of its liabilities, and liquidated. As the Class P units issued to Messrs. Whitson and Stanford were issued at a participation threshold above the valuation of i3 Verticals, LLC on the grant date, the grant date fair value computed in accordance with ASC Topic 718 is zero.

(4) Represents health insurance premiums paid by i3 Verticals, LLC.

Narrative to Summary Compensation Table

Each of our named executive officers was provided with the following material elements of compensation in the year ended September 30, 2017:

Base Salaries

Since i3 Verticals, LLC's founding in 2012, the compensation program for the named executive officers has reflected that of a privately-held, high growth company. In this regard, while cash compensation in the form of base salaries has been set generally below market for senior management, since 2012 management has been incentivized through increasing the valuation of their equity ownership in i3 Verticals, LLC. For example, during

fiscal year 2017, Mr. Daily elected to receive only a nominal salary that was equivalent to the employee cost of his health insurance premiums. In addition, the salaries for Messrs. Whitson and Stanford have not changed since they joined i3 Verticals, LLC and remained at \$200,000 and \$240,000, respectively, in fiscal year 2017.

Annual Cash Incentive Awards

Annual cash bonuses are a key component of our executive compensation strategy and represented approximately 25% of the total compensation paid to our named executive officers in fiscal 2017. The compensation committee of i3 Verticals, LLC retained the right to award cash bonuses to the named executive officers in its sole discretion and sound business judgment, if the committee determined that a named executive officer made a significant contribution to i3 Verticals, LLC's success. Although the Company's fiscal year ends September 30, the compensation committee has historically awarded cash incentive awards following each calendar year. The annual incentive bonuses actually awarded to each named executive officer in March 2017 were ultimately based on a discretionary performance evaluation conducted by our compensation committee and Chief Executive Officer, in consultation with other executive officers. The determination involved an analysis of both (i) the Company's overall performance, including significant growth in fiscal year 2016 and (ii) the performance of the individual officer and his contributions to the Company. The compensation committee decided, in consultation with Mr. Daily, to award no bonus to Mr. Daily due to his considerable ownership share in our Company.

Equity Compensation

Profits Interests. Pursuant to the i3 Verticals LLC Agreement, certain of our employees, including each of our named executive officers, currently hold profits interests in i3 Verticals, LLC in the form of Class P units. In fiscal year 2017, Messrs. Whitson and Stanford were each granted an aggregate of 135,113 Class P units (100,000 units each were granted on August 10, 2017 and 35,113 units each were granted on November 29, 2016). The Class P units cliff vest three years from the anniversary of the applicable grant date, subject to the individual's continued employment with i3 Verticals, LLC. The Class P units represent a right to a fractional portion of the profits and distributions of i3 Verticals, LLC in excess of a "participation threshold" that is set equal to an amount, as determined by the Board of Directors, that would be distributable to i3 Verticals, LLC's members if immediately prior to the grant of the Class P units, i3 Verticals, LLC sold all of its assets for fair market value, paid all of its liabilities, and liquidated.

Other Elements of Compensation

Retirement Plans. We currently maintain a 401(k) savings plan for eligible employees, including our named executive officers. We will provide discretionary matching contributions to 401(k) plan participants beginning January 1, 2018. We do not maintain a defined benefit pension plan.

Employee Benefits. Eligible employees, including our named executive officers, participate in broad-based and comprehensive employee benefit programs, including medical, dental, vision, life and disability insurance. Our named executive officers participate in these programs on the same basis as eligible employees.

No Tax Gross-Ups. We do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by our company.

Employment Agreements. Other than Mr. Whitson's employment agreement, we currently do not have any employment agreements with our named executive officers. Pursuant to Mr. Whitson's employment agreement, he receives an annual base salary of \$200,000, reviewed annually by the Compensation Committee, and is eligible to participate in standard benefit plans. Mr. Whitson is also eligible to receive an annual performance bonus payment equal to 50% of his base salary for achieving performance criteria established by the board of directors.

Under Mr. Whitson's employment agreement, if we terminate his employment without "Cause" or Mr. Whitson terminates his employment for "Good Reason" (as such terms are defined therein), then in addition to any accrued amounts of base salary and bonuses earned but not yet paid, Mr. Whitson is entitled to receive (1) employee and fringe benefits under any and all employee benefit plans which are from time to time generally made available to the executive employees of i3 Verticals, LLC, for a period of twelve months after the date of termination, (2) a pro-rata portion of his annual bonus payment for the fiscal year in which termination occurs,

assuming achievement of any applicable performance objectives, paid in a lump sum within 60 days of Mr. Whitson's termination, and (3) twelve months of his base salary. If Mr. Whitson's employment is terminated within six months of a Change in Control (as defined in the agreement), Mr. Whitson is entitled to a lump sum payment equal to (1) a year of his annual base salary at the time of the Change in Control, (2) his annual bonus for the previous year, and (3) one year of benefits which he was receiving at time of the termination.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes the number of outstanding equity awards held by each of our named executive officers as of September 30, 2017.

Name	Number of Profits Interests That Have Not Vested (#)	Market Value of Profits Interests That Have Not Vested (\$) ⁽¹⁾
Gregory Daily	0	0
Clay Whitson	165,113	15,842
Rick Stanford	165,113	15,842

(1) There is no public market for the Class P units. For purposes of this disclosure, we have valued the Class P units using a third-party valuation of the value per share of Class P units as of September 30, 2017. The amount reported above under the heading "Market Value of Profits Interests That Have Not Vested" reflects the intrinsic value of the profits interests as of September 30, 2017.

Fiscal Year 2018 Executive Compensation Elements

The Compensation Committee determined the following with respect to our fiscal year 2018 executive compensation program, which includes the compensation of our named executive officers:

- *Base Salaries* : There were no salary changes for Messrs. Daily, Whitson and Stanford for fiscal year 2018. Mr. Daily will continue to receive a nominal salary to cover the cost of health insurance. Messrs. Whitson and Stanford will continue to receive base salaries of \$200,000 and \$240,000, respectively. Upon completion of the offering, Mr. Daily's nominal salary will remain unchanged and the salaries for Messrs. Whitson and Stanford will increase to \$225,000 and \$275,000, respectively.
- *Annual Cash Incentive Awards* : Consistent with its historical practice of awarding cash incentive awards following each calendar year, in March 2018, the compensation committee of i3 Verticals, LLC determined it appropriate to approve the following cash incentive bonuses to the named executive officers: no bonus for Mr. Daily, \$50,000 for Mr. Whitson and \$60,000 for Mr. Stanford. The annual incentive bonuses awarded to each named executive officer in March 2018 were ultimately based on a discretionary performance evaluation conducted by our compensation committee and Chief Executive Officer, in consultation with other executive officers. The determination involved an analysis of both (i) the Company's overall performance, including significant growth in fiscal year 2017 and (ii) the performance of the individual officer and his contributions to the Company. The compensation committee decided, in consultation with Mr. Daily, to award no bonus to Mr. Daily due to his considerable ownership share in our Company.

Equity Incentive Plans

i3 Verticals, LLC Amended and Restated Equity Incentive Plan

We adopted our Amended and Restated Equity Incentive Plan, or the Equity Plan, to promote the profitability of and growth of i3 Verticals, LLC by providing equity-based incentives to encourage certain key members of management and other service providers to i3 Verticals, LLC to contribute to i3 Verticals, LLC's growth and financial success. Of the 3,283,808 Class P units that were eligible for issuance pursuant to awards made under the Equity Plan, 2,222,060 Class P units were subject to outstanding unvested awards as of March 31, 2018. Although the Equity Plan remains in effect for awards granted under the Equity Plan, we will not make any additional awards under the Equity Plan.

2018 Equity Incentive Plan

In connection with this offering, we intend to adopt the 2018 Equity Incentive Plan, or 2018 Plan. The purpose of the 2018 Plan will be to attract and retain key officers, employees, directors and consultants, motivate such individuals by means of performance-related incentives to achieve long-range performance goals, enable such individuals to participate in our long-term growth and financial success, encourage ownership of our stock by such individuals, and link such individuals' compensation to the long-term interests of us and our stockholders.

The material terms of the 2018 Plan, as it is currently contemplated, are summarized below. Our Board of Directors is still in the process of developing, approving and implementing the 2018 Plan and, accordingly, this summary is subject to change.

Eligibility . Awards will be granted under the 2018 Plan to employees (including current and prospective officers), directors (including non-employee directors) and certain consultants of our company or of our subsidiaries or other affiliates. Only employees of us or any of our subsidiaries or other affiliates will be eligible to receive incentive stock options.

Administration, Amendment and Termination . Our Compensation Committee will have the power and authority to administer the 2018 Plan. The Compensation Committee will have the authority to interpret the terms and intent of the 2018 Plan, determine eligibility for and terms of awards for participants and make all other determinations necessary or advisable for the administration of the 2018 Plan. To the extent to be permitted by the terms of the 2018 Plan, the Compensation Committee charter, and applicable law, our Compensation Committee may delegate certain authority under the 2018 Plan to one or more officers or managers of us or any affiliate, or to a committee of such officers or managers under terms and limitations the Compensation Committee may establish.

Our Board of Directors will have the authority to amend, alter, suspend, discontinue or terminate the 2018 Plan at any time. No such action may be taken without the approval of stockholders if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board of Directors deems it necessary or desirable to comply. Furthermore, subject to the 2018 Plan's repricing restrictions, the Compensation Committee will be enabled to waive any conditions or rights under, amend any terms of or alter, suspend, discontinue, cancel or terminate, any award granted under the 2018 Plan, prospectively or retroactively, provided that any such action that would materially and adversely affect the rights of any participant or any holder or beneficiary of any such award will not to that extent be effective without consent.

Awards . Awards under the 2018 Plan may be made in the form of options, stock appreciation rights, restricted stock awards, restricted stock units, performance awards, other stock-based awards or any other rights, interests or options relating to shares or other property (including cash), whether singly, in combination, or in tandem.

Shares Subject to the Plan . Following this offering, the aggregate number of shares of our Class A common stock that may be issued initially pursuant to awards under the 2018 Plan is _____ shares. The maximum number of shares that may be issued pursuant to the exercise of incentive stock options under the 2018 Plan is _____ shares. The number of shares of Class A common stock available for issuance under the 2018 Plan also will include an annual increase on the first day of each year beginning with the 2019 calendar year, equal to 4.0% of the outstanding shares of all classes of our common stock as of the last day of the immediately preceding calendar year, unless the Board of Directors determines prior to the last trading day of December of the immediately preceding calendar year that the increase shall be less than 4%.

Shares issued under the 2018 Plan may be authorized but unissued shares or treasury shares. Any shares covered by an award, or portion of an award, granted under the 2018 Plan that are forfeited or canceled, expired or are settled in cash and shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award shall again be available for issuance under the 2018 Plan. If we satisfy withholding tax liabilities arising from an award other than an option or stock appreciation right by tendering or withholding shares, the shares so tendered or withheld shall again be available for issuance under the 2018 Plan. Shares that are issued in connection with substitute awards will not reduce the shares available for awards under the 2018 Plan or count against any limits otherwise set forth in the 2018 Plan.

Non-Employee Director Awards . The Board of Directors will be authorized to provide that all or a portion of a nonemployee director's annual retainer, meeting fees and/or other awards or compensation as determined by the

Board of Directors, be payable (either automatically or at the election of a non-employee director) in the form of non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units and/or other stock-based awards under the 2018 Plan, including unrestricted shares. The Board of Directors will determine the terms and conditions of any such awards, including the terms and conditions which will apply upon a termination of the non-employee director's service as a member of the Board of Directors, and will have full power and authority in its discretion to administer such awards, subject to the terms of the 2018 Plan and applicable law.

Adjustment of Shares Subject to the Plan. In the event of certain changes in our capitalization, the Compensation Committee will adjust, among other award terms, the number and class of shares, other securities or other property that may be delivered in connection with awards and the exercise price, grant price or purchase price relating to any award in such manner as the Compensation Committee determines to be appropriate in an equitable and proportionate manner. Furthermore, the Compensation Committee will adjust the aggregate number and class of shares or other securities (or the number and kind of other property) with respect to which awards may be granted under the 2018 Plan.

Effect of a Change in Control. The discussion below of the effects of a change in control (as defined in the 2018 Plan) applies to outstanding awards unless otherwise to be provided in an award agreement. Our 2018 Plan will provide that in the event of a change in control, as defined in our 2018 Plan, outstanding awards acquired under the 2018 Plan shall be subject to the agreement evidencing the change in control, which need not treat all outstanding awards in an identical manner. If the successor entity in the change in control continues, assumes or issues a substitute award for an award outstanding under the 2018 Plan, the award must provide that if, within twelve months after the Company obtains actual knowledge that a change in control has occurred, a participant's service relationship is actually or constructively involuntarily terminated by the Company or an affiliate (or any of their successors), all continued, assumed and substituted awards of such participant shall vest, become immediately exercisable and have all restrictions lifted. In addition, the agreement evidencing the change in control may provide for the full or partial acceleration of exercisability or vesting and accelerated expiration of an outstanding award, the lapse of the Company's right to repurchase or re-acquire shares acquired under an award, the lapse of forfeiture rights with respect to shares acquired under an award, and/or the settlement of the full value of such outstanding award (whether or not then vested or exercisable) in cash, cash equivalents, or securities of the successor entity (or its parent, if any). With respect to awards granted to non-employee directors, in the event of a change in control, the participant will fully vest in options and SARs, all restrictions on his or her restricted stock and restricted stock units will lapse, and all other terms and conditions of such awards will be deemed to be met.

Director Compensation

During fiscal year 2017, none of our directors received cash compensation for their services as directors and none of our directors were granted Class P units. Each of our non-employee directors received a one-time initial grant of 83,722 Class P units at the time such director joined the Board of Directors of i3 Verticals, LLC, with the exception of Mr. Harvey who received 42,000 Class P units. As of September 30, 2017, there are no unvested profits interests held by non-employee directors.

Commencing with fiscal year 2018, each non-employee director that was a member of the board of directors of i3 Verticals, LLC prior to this initial public offering will be eligible to receive annually options to purchase 10,000 shares of Class A common stock pursuant to the 2018 Plan, with the first grant to occur in connection with this offering. With respect to any non-employee director that was not a member of the board of directors of i3 Verticals, LLC prior to this initial public offering (e.g., Mr. Morgan and Ms. Courtney), such non-employee director will be entitled to receive a \$30,000 annual cash retainer and a one-time grant of options to purchase 40,000 shares of Class A common stock pursuant to the 2018 Plan, with the grant to occur at the later of (i) the time of the offering or (ii) the director's appointment to the Board. The options granted to the non-employee directors will vest equally over a three-year period. When the one-time grant of options to purchase 40,000 shares of Class A common stock has fully vested, the director will be eligible to receive annually options to purchase 10,000 shares of Class A common stock pursuant to the 2018 Plan consistent with those non-employee directors that were members of the board of directors of i3 Verticals, LLC prior to this initial public offering. In addition, under the 2018 non-employee director compensation program, we will also pay an annual cash retainer of \$10,000 for serving as the chair of the Audit Committee or Compensation Committee. Additionally, all directors will be reimbursed for

their out-of-pocket expenses arising from attendance at meetings of the Board and its committees. Management directors do not receive any additional compensation for their service on the Board.

Certain Interests of Management and Directors in the Reorganization Transactions

In connection with the Reorganization Transactions, we will engage in certain transactions with certain of our directors, executive officers and other persons and entities which are or will become holders of 5% or more of our voting securities upon the consummation of the Reorganization Transactions. These transactions are described in "Our Organizational Structure."

i3 Verticals, LLC Related Party Debt

Mezzanine Notes

In August 2013, i3 Verticals, LLC issued an aggregate of \$10.5 million of Mezzanine Notes to an affiliate of Harbert Management Corporation (\$5.25 million), in which John Harrison, our director, serves as a senior managing director, and certain affiliates of Capital Alignment Partners (\$5.25 million), in which Burton Harvey, our director, is a managing partner. The Mezzanine Notes bear interest at a rate of 12.0%, payable monthly, and the outstanding principal of \$10.5 million is payable at maturity on November 29, 2020. The Mezzanine Notes are subordinated to the Senior Secured Credit Facility. The Mezzanine Notes are redeemable at our option at any time prior to November 29, 2020, subject to five calendar days' prior written notice to the lenders. In connection with this transaction, the purchasers received warrants to purchase 1,423,688 common units of i3 Verticals, LLC at \$0.01 per unit. The Mezzanine Notes are secured by substantially all assets of i3 Verticals, LLC in accordance with the terms of the security agreement but are subordinate to the Senior Secured Credit Facility. As of March 31, 2018, the outstanding principal amount of the Mezzanine Notes was \$10.5 million. The amount of interest paid from October 1, 2014 to March 31, 2018 with respect to these Mezzanine Notes was \$4.2 million, and no principal payments were made during this period. We intend to cause i3 Verticals, LLC to use a portion of the proceeds from this offering to repay the Mezzanine Notes in full. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Use of Proceeds."

Junior Subordinated Notes

In February 2014 and July 2014, i3 Verticals, LLC issued notes payable in the total aggregate principal of \$17.6 million to unrelated and related creditors. Junior Subordinated Notes payable to related creditors included \$4.1 million to Greg Daily, our CEO, and parties affiliated with him, \$175,000 to Clay Whitson, our CFO, \$100,000 to Scott Meriwether, our SVP of Finance, and parties affiliated with him, \$283,000 to Hayes Bryant, a former member of our Board of Directors and our former interim CFO, and \$3.0 million to James Turner, Jr. and certain of his affiliates. The Junior Subordinated Notes accrue interest, payable monthly, at a fixed rate of 10.0% and mature on February 14, 2019, when all outstanding principal and accrued and unpaid interest are due. However, the unsecured notes are subordinated to the Mezzanine Notes and the Senior Secured Credit Facility, which both have maturities beyond the Junior Subordinated Notes. Should the Junior Subordinated Notes reach maturity and the current terms of the Mezzanine Notes and Senior Secured Credit Facility remain in place, the term of the Junior Subordinated Notes would be extended until after the maturity of the Mezzanine Notes and Senior Secured Credit Facility, in accordance with the terms of the Junior Subordinated Notes. For every \$1.0 million of Junior Subordinated Notes, the purchasers received warrants to purchase 81,436 common units of i3 Verticals, LLC at \$2.095 per unit. As of March 31, 2018, the outstanding principal amount of the Junior Subordinated Notes was \$16.1 million. The amount of interest paid from October 1, 2014 to March 31, 2018 with respect to these Junior Subordinated Notes was \$2.4 million, and no principal payments were made during this period.

In June 2016, Mr. Daily converted \$1.0 million of the Junior Subordinated Notes into 309,580 Class A units of i3 Verticals, LLC at a rate of \$3.23 per unit. In July 2017, Mr. Daily converted \$500,000 of the Junior Subordinated Notes into 147,929 Class A units of i3 Verticals, LLC at a rate of \$3.38 per unit. These transactions were in each case approved by the Board of Directors of i3 Verticals, LLC and its Class A unitholders.

As previously disclosed, in connection with the Reorganization Transactions we will issue _____ shares of our Class A common stock (based on the midpoint of the estimated public offering price range set forth on the cover page of this prospectus) pursuant to a voluntary private note conversion with certain eligible holders of the Junior Subordinated Notes who have elected to convert approximately \$ _____ in aggregate indebtedness into Class A common stock. Of this indebtedness, approximately \$ _____ is attributable to the Continuing Equity Owners. We intend to cause i3 Verticals, LLC to use a portion of the proceeds from this offering to repay in full the remaining

balance of the Junior Subordinated Notes. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Use of Proceeds."

Daily Note

In May 2013, i3 Verticals, LLC issued an unsecured convertible note, as amended, in the total aggregate principal amount of \$1.0 million to Greg Daily, our CEO (the "Daily Note"). The Daily Note accrued interest at a fixed rate of 10.0%, payable monthly, and was set to mature on February 14, 2019, when all outstanding principal and accrued and unpaid interest was due. The Daily Note contained a conversion option into i3 Verticals, LLC's Class A units until the maturity date. On March 31, 2016, the Daily Note was converted according to its terms into 1,000,000 Class A units in i3 Verticals, LLC pursuant to the provisions of the note. The amount of interest paid with respect to the Daily Note from October 31, 2015 to March 31, 2016 was \$150,000.

Purchase of Common Units from Members of Management and Directors

We intend to use the net proceeds from this offering (including any net proceeds from any exercise of the underwriters' overallotment option) to purchase:

- (1) _____ common units (or _____ common units if the underwriters exercise their overallotment option in full) directly from i3 Verticals, LLC at a price per unit equal to the initial public offering price per share of Class A common stock in this offering less the underwriting discounts and commissions, and
- (2) _____ common units directly from certain of the Continuing Equity Owners at a price per unit equal to the initial public offering price per share of Class A common stock in this offering less the underwriting discounts and commissions.

The following table sets forth the cash proceeds certain of the Continuing Equity Owners will receive from our purchase of common units with the proceeds from this offering (based on the midpoint of the estimated public offering price range set forth on the cover page of this prospectus), less the underwriting discounts and commissions:

Name	Assuming no exercise of the overallotment option		Assuming the overallotment option is exercised in full	
	Number of Common Units	Cash Proceeds	Number of Common Units	Cash Proceeds

i3 Verticals LLC Agreement

Agreement in Effect Before Consummation of this Offering

i3 Verticals, LLC and the Original Equity Owners are parties to the Third Amended and Restated Limited Liability Company Agreement of i3 Verticals, LLC, dated as of January 15, 2014, as amended by Amendment No. 1 dated as of November 14, 2014 and Amendment No. 2 dated as of June 30, 2016. This agreement, as amended (the "Existing LLC Agreement") governs the business operations of i3 Verticals, LLC and defines the relative rights and privileges associated with the existing units of i3 Verticals, LLC. Under the Existing LLC Agreement, the Board of Directors of i3 Verticals, LLC has the full, complete and exclusive authority to manage, direct and control the business, affairs and properties of i3 Verticals, LLC, and officers of i3 Verticals, LLC oversee the day-to-day business operations of i3 Verticals, LLC. Each Original Equity Owner's rights under the Existing LLC Agreement continue until the effective time of the i3 Verticals LLC Agreement to be adopted in connection with this offering, as described below, when the Continuing Equity Owners will continue as members that hold common units in i3 Verticals, LLC with the respective rights thereunder under the i3 Verticals LLC Agreement.

Agreement in Effect Upon Consummation of this Offering

In connection with the consummation of this offering, we and the Continuing Equity Owners will enter into an amended and restated i3 Verticals, LLC Limited Liability Company Agreement, which we refer to as the i3 Verticals LLC Agreement.

Appointment as Manager. Under the i3 Verticals LLC Agreement, i3 Verticals, Inc. will become a member and the sole manager of i3 Verticals, LLC. As the sole manager, we will be able to control all of the day-to-day business affairs and decision-making of i3 Verticals, LLC without the approval of any other member. Through our officers and directors, we will be responsible for all operational and administrative decisions of i3 Verticals, LLC and the day-to-day management of i3 Verticals, LLC's business. Under the i3 Verticals LLC Agreement, we cannot, under any circumstances, be removed or replaced as the sole manager of i3 Verticals, LLC except by our resignation, which may be given at any time by written notice to the members.

Appointment as Partnership Representative. We will be the "Partnership Representative" with respect to i3 Verticals, LLC. As such, we will represent i3 Verticals, LLC in connection with all examinations of its affairs by tax authorities.

Compensation, Fees and Expenses. We will not be entitled to compensation for our services as manager. We will be entitled to reimbursement by i3 Verticals, LLC for reasonable fees and expenses incurred on behalf of i3 Verticals, LLC, including all expenses associated with this offering, any subsequent offering of our Class A common stock, redemptions or exchanges of common units for Class A common stock, being a public company and maintaining our corporate existence.

Distributions. The i3 Verticals LLC Agreement will require "tax distributions" to be made by i3 Verticals, LLC to its members, as that term is used in the agreement, except to the extent such distributions would render i3 Verticals, LLC insolvent or are otherwise prohibited by law, by our Senior Secured Credit Facility or by any of our future debt agreements. Tax distributions will be made on a quarterly basis, to each member of i3 Verticals, LLC, including us, based on such member's allocable share of the taxable income of i3 Verticals, LLC and an assumed tax rate that we will determine. For this purpose, i3 Verticals, Inc.'s allocable share of i3 Verticals, LLC's taxable income shall be net of its share of taxable losses of i3 Verticals, LLC and shall be determined without regard to any Basis Adjustments (as described below under "—Tax Receivable Agreement"). The tax rate used to determine tax distributions will apply regardless of the actual final tax liability of any such members. Tax distributions will also be made only to the extent all distributions from the Company for the relevant period were otherwise insufficient to enable each member to cover its tax liabilities as calculated in the manner described above. The i3 Verticals LLC Agreement will also allow for cash distributions to be made by i3 Verticals, LLC (subject to our sole discretion as the sole manager of i3 Verticals, LLC) to its members on a pro rata basis out of "distributable cash," as that term is defined in the agreement. We expect i3 Verticals, LLC may make distributions out of distributable cash periodically and as necessary to enable us to cover our operating expenses and other obligations, including our tax liability and obligations under the Tax Receivable Agreement, except to the extent such distributions would render i3 Verticals, LLC insolvent or are otherwise prohibited by law, by our Senior Secured Credit Facility or by any of our future debt agreements.

Transfer Restrictions. The i3 Verticals LLC Agreement generally does not permit transfers of common units by members, except for transfers to permitted transferees, transfers pursuant to the participation right described below and transfers we approve in writing, as manager, and other limited exceptions. In the event of a permitted transfer under the i3 Verticals LLC Agreement, the transferring member will be required to simultaneously transfer shares of Class B common stock to such transferee equal to the number of common units that the member transferred to such transferee in the permitted transfer.

The i3 Verticals LLC Agreement provides that, if a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to our Class A common stock, each of which we refer to as a Pubco Offer, is approved by our Board of Directors or otherwise effected or to be effected with the consent or approval of our Board of Directors, each holder of common units of i3 Verticals, LLC shall be permitted to participate in such Pubco Offer by delivering a redemption notice, which shall be effective immediately prior to, and contingent upon, the consummation of such Pubco Offer. If a Pubco Offer is proposed by i3 Verticals, Inc., then i3 Verticals, Inc. is required to use its reasonable best efforts expeditiously and in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit the holders of such common

units to participate in such Pubco Offer to the same extent as or on an economically equivalent basis with the holders of shares of Class A common stock, provided that in no event shall any holder of common units of i3 Verticals, LLC be entitled to receive aggregate consideration for each common unit that is greater than the consideration payable in respect of each share of Class A common stock pursuant to the Pubco Offer.

Except for certain exceptions, any transferee of common units must assume, by operation of law or executing a joinder to the i3 Verticals LLC Agreement, all of the obligations of a transferring member with respect to the transferred units, and such transferee shall be bound by any limitations and obligations under the i3 Verticals LLC Agreement even if the transferee is not admitted as a member of i3 Verticals, LLC. A member shall remain as a member with all rights and obligations until the transferee is accepted as substitute member in accordance with the i3 Verticals LLC Agreement.

Maintenance of One-to-one Ratio between Shares of Class A Common Stock and Common Units Owned by i3 Verticals, Inc. and One-to-one Ratio between Shares of Class B Common Stock and Common Units Owned by the Continuing Equity Owners. In connection with this offering, we will issue to each Continuing Equity Owner for nominal consideration one share of Class B common stock for each common unit of i3 Verticals, LLC that such Continuing Equity Owner owns. The i3 Verticals LLC Agreement requires i3 Verticals, LLC to take all actions with respect to its common units, including issuances, reclassifications, distributions, divisions or recapitalizations, such that:

- (1) we at all times maintain a ratio of one common unit we own, directly or indirectly, for each share of Class A common stock we issue, and
- (2) i3 Verticals, LLC at all times maintains (a) a one-to-one ratio between the number of shares of Class A common stock we issue and the number of common units we own and (b) a one-to-one ratio between the number of shares of Class B common stock owned by the Continuing Equity Owners and the number of common units owned by the Continuing Equity Owners.

The ratio requirement disregards (1) shares of our Class A common stock under unvested options we issue, (2) treasury stock and (3) preferred stock or other debt or equity securities (including warrants, options or rights) we issue that are convertible into or redeemable or exchangeable for shares of Class A common stock, except to the extent we have contributed the net proceeds from such other securities, including any exercise or purchase price payable upon conversion, redemption or exchange thereof, to the equity capital of i3 Verticals, LLC. In addition, the Class A common stock ratio requirement disregards all common units at any time held by any other person, including the Continuing Equity Owners and the holders of any options over common units. If we issue, transfer or deliver from treasury stock or repurchase shares of Class A common stock in a transaction not contemplated by the i3 Verticals LLC Agreement, we as manager have the authority to take all actions such that, after giving effect to all such issuances, transfers, deliveries or repurchases, the number of outstanding common units we own equals, on a one-for-one basis, the number of outstanding shares of Class A common stock. If we issue, transfer or deliver from treasury stock or repurchase or redeem any of our preferred stock in a transaction not contemplated by the i3 Verticals LLC Agreement, we as manager have the authority to take all actions such that, after giving effect to all such issuances, transfers, deliveries repurchases or redemptions, we hold (in the case of any issuance, transfer or delivery) or cease to hold (in the case of any repurchase or redemption) equity interests in i3 Verticals, LLC which (in our good faith determination) are in the aggregate substantially equivalent to our preferred stock so issued, transferred, delivered, repurchased or redeemed. i3 Verticals, LLC is prohibited from undertaking any subdivision (by any split of units, distribution of units, reclassification, recapitalization or similar event) or combination (by reverse split of units, reclassification, recapitalization or similar event) of the common units that is not accompanied by an identical subdivision or combination of (1) our Class A common stock to maintain at all times a one-to-one ratio between the number of common units we own and the number of outstanding shares of our Class A common stock, or (2) our Class B common stock to maintain at all times a one-to-one ratio between the number of common units owned by the Continuing Equity Owners and the number of outstanding shares of our Class B common stock, as applicable, in each case, subject to exceptions.

Issuance of Common Units upon Exercise of Options or Issuance of Other Equity Compensation. Upon the exercise of options we issue (as opposed to options issued by i3 Verticals, LLC), or our issuance of other types of equity compensation (such as the issuance of restricted or non-restricted stock, payment of bonuses in stock or settlement of stock appreciation rights in stock), we will have the right to acquire from i3 Verticals, LLC a number

of common units equal to the number of our shares of Class A common stock being issued in connection with the exercise of such options or issuance of other types of equity compensation. When we issue shares of Class A common stock in settlement of stock options granted to persons who are not officers or employees of i3 Verticals, LLC or its subsidiaries, we will make, or be deemed to make, a capital contribution in i3 Verticals, LLC equal to the aggregate value of such shares of Class A common stock, and i3 Verticals, LLC will issue to us a number of common units equal to the number of shares we issued. When we issue shares of Class A common stock in settlement of stock options granted to persons who are officers or employees of i3 Verticals, LLC or its subsidiaries, then we will be deemed to have sold directly to the person exercising such award a portion of the value of each share of Class A common stock equal to the exercise price per share, and we will be deemed to have sold directly to i3 Verticals, LLC (or the applicable subsidiary of i3 Verticals, LLC) the difference between the exercise price and market price per share for each such share of Class A common stock. In cases where we grant other types of equity compensation to employees of i3 Verticals, LLC or its subsidiaries, on each applicable vesting date (a) we will be deemed to have sold to i3 Verticals, LLC (or such subsidiary) the number of vested shares at a price equal to the market price per share, (b) i3 Verticals, LLC (or such subsidiary) will deliver the shares to the applicable person, and (c) we will be deemed to have made a capital contribution in i3 Verticals, LLC equal to the purchase price for such shares in redemption or exchange for an equal number of common units of i3 Verticals, LLC.

Dissolution. The i3 Verticals LLC Agreement will provide that the consent of i3 Verticals, Inc. as the managing member of i3 Verticals, LLC and members holding a majority of the voting units will be required to voluntarily dissolve i3 Verticals, LLC. In addition to a voluntary dissolution, i3 Verticals, LLC will be dissolved upon the entry of a decree of judicial dissolution or other circumstances in accordance with Delaware law. Upon a dissolution event, the proceeds of a liquidation will be distributed in the following order: (1) first, to pay the expenses of winding up i3 Verticals, LLC; (2) second, to pay debts and liabilities owed to creditors of i3 Verticals, LLC, other than members; and (3) third, to the members pro-rata in accordance with their respective percentage ownership interests in i3 Verticals, LLC (as determined based on the number of common units held by a member relative to the aggregate number of all outstanding common units).

Confidentiality. We, as manager, and each member agree to maintain the confidentiality of i3 Verticals, LLC's confidential information. This obligation excludes: (1) information independently obtained or developed by the members; and (2) information that is in the public domain or otherwise disclosed to a member; provided that such information was not obtained in violation of a confidentiality obligation included in the i3 Verticals LLC Agreement or such information was approved for release by written authorization of the Chief Executive Officer, the Chief Financial Officer or the General Counsel of either i3 Verticals, Inc. or i3 Verticals, LLC.

Indemnification. The i3 Verticals LLC Agreement will provide for indemnification of the manager, directors and officers of i3 Verticals, LLC and their respective subsidiaries or affiliates.

Common Unit Redemption Right. The i3 Verticals LLC Agreement will provide a redemption right to the Continuing Equity Owners that will entitle them to have their common units redeemed (subject in certain circumstances to time-based and service-based vesting requirements and limitations on the common units that will be converted from Class P units in connection with the Reorganization Transactions) for, at our option, newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case in accordance with the terms of the i3 Verticals LLC Agreement; provided that, at our election, we may effect a direct exchange by i3 Verticals, Inc. of such Class A common stock or such cash, as applicable, for such common units. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. In connection with the exercise of the redemption or exchange of common units (1) the Continuing Equity Owners will be required to surrender a number of shares of our Class B common stock registered in the name of such redeeming or exchanging Continuing Equity Owner, which we will cancel for no consideration on a one-for-one basis with the number of common units so redeemed or exchanged and (2) all redeeming members will surrender common units to i3 Verticals, LLC for cancellation.

Each Continuing Equity Owner's redemption rights will be subject to certain customary limitations, including the expiration of any contractual lock-up period relating to the shares of our Class A common stock that may be applicable to such Continuing Equity Owner and the absence of any liens or encumbrances on such common units redeemed. Additionally, in the case we elect a cash settlement, such Continuing Equity Owner may rescind

its redemption request within a specified period of time. Moreover, in the case of a settlement in Class A common stock, such redemption may be conditioned on the closing of an underwritten distribution of the shares of Class A common stock that may be issued in connection with such proposed redemption. In the case of a settlement in Class A common stock, such Continuing Equity Owner may also revoke or delay its redemption request if the following conditions exist:

- (1) any registration statement pursuant to which the resale of the Class A common stock to be registered for such Continuing Equity Owner at or immediately following the consummation of the redemption shall have ceased to be effective pursuant to any action or inaction by the SEC or no such resale registration statement has yet become effective;
- (2) we failed to cause any related prospectus to be supplemented by any required prospectus supplement necessary to effect such redemption;
- (3) we exercised our right to defer, delay or suspend the filing or effectiveness of a registration statement and such deferral, delay or suspension shall affect the ability of such Continuing Equity Owner to have its Class A common stock registered at or immediately following the consummation of the redemption;
- (4) such Continuing Equity Owner is in possession of any material non-public information concerning us, the receipt of which results in such Continuing Equity Owner being prohibited or restricted from selling Class A common stock at or immediately following the redemption without disclosure of such information (and we do not permit disclosure);
- (5) any stop order relating to the registration statement pursuant to which the Class A common stock was to be registered by such Continuing Equity Owner at or immediately following the redemption shall have been issued by the SEC;
- (6) there shall have occurred a material disruption in the securities markets generally or in the market or markets in which the Class A common stock is then traded;
- (7) there shall be in effect an injunction, a restraining order or a decree of any nature of any governmental entity that restrains or prohibits the redemption;
- (8) we shall have failed to comply in all material respects with our obligations under the Registration Rights Agreement, and such failure shall have affected the ability of such Continuing Equity Owner to consummate the resale of the Class A common stock to be received upon such redemption pursuant to an effective registration statement, as applicable; or
- (9) the redemption date would occur three business days or less prior to, or during, a black-out period.

Moreover, common units received in exchange for unvested profits interests in connection with the Reorganization Transactions will remain subject to their existing time-based and service-based vesting requirements. As such, the former Class P unit profits interests holders who hold these common units will not be able to exercise their redemption rights until the applicable vesting date.

The i3 Verticals LLC Agreement will require that in the case of a redemption by a Continuing Equity Owner we contribute cash or shares of our Class A common stock, as applicable, to i3 Verticals, LLC in exchange for an amount of newly-issued common units in i3 Verticals, LLC that will be issued to us equal to the number of common units redeemed from the Continuing Equity Owner. i3 Verticals, LLC will then distribute the cash or shares of our Class A common stock, as applicable, to such Continuing Equity Owner to complete the redemption. If a Continuing Equity Owner elects to redeem such owner's common units, we may, at our option, effect a direct exchange by i3 Verticals, Inc. of cash or our Class A common stock, as applicable, for such common units in lieu of such a redemption. Whether by redemption or exchange, we are obligated to ensure that at all times the number of common units that we own equals the number of our outstanding shares of Class A common stock (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities).

Amendments. In addition to certain other requirements, our consent, as manager, and the consent of a majority of the common units then outstanding and entitled to vote (excluding common units we hold directly or indirectly) will generally be required to amend or modify the i3 Verticals LLC Agreement.

Tax Receivable Agreement

As described in “Our Organizational Structure,” we intend to use the net proceeds from this offering to purchase common units of i3 Verticals, LLC directly from i3 Verticals, LLC and from some of the Continuing Equity Owners. We expect to obtain an increase in our share of the tax basis of the assets of i3 Verticals, LLC in connection with the purchase of common units directly from some of the Continuing Equity Owners. In addition, we may obtain an increase in our share of the tax basis of the assets of i3 Verticals, LLC in the future, when a Continuing Equity Owner redeems such owner’s common units (or we effect a direct exchange) and such owner thereby receives Class A common stock or cash, as applicable, from us, subject in certain circumstances to time-based and service-based vesting requirements and limitations on the common units that will be converted from Class P units in connection with the Reorganization Transactions. We intend to treat any such exchange as a direct purchase by us of common units from such Continuing Equity Owner for U.S. federal income and other applicable tax purposes, regardless of whether such common units are surrendered by a Continuing Equity Owner to i3 Verticals, LLC for redemption or sold to us upon the exercise of our election to acquire such common units directly. We refer to such basis increases, together with the basis increases in connection with the purchase of common units of i3 Verticals, LLC directly from certain of the Continuing Equity Owners in the Reorganization Transactions, as the “Basis Adjustments.” Any Basis Adjustment may have the effect of reducing the amounts that we would otherwise pay in the future to various tax authorities. The Basis Adjustments may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets.

In connection with the Reorganization Transactions described above, we will enter into a Tax Receivable Agreement with i3 Verticals, LLC and each of the Continuing Equity Owners that will provide for the payment by us to the Continuing Equity Owners (either directly or indirectly by contributing such payment to i3 Verticals, LLC for remittance to the Continuing Equity Owners) of 85% of the amount of certain tax benefits, if any, that we actually realize, or in some circumstances are deemed to realize in our tax reporting, as a result of the Reorganization Transactions described above, including the Basis Adjustments and certain other tax benefits attributable to payments made under the Tax Receivable Agreement. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the Tax Receivable Agreement, we expect that the total reduction in tax payments for us would be approximately \$ _____ over _____ years from the date of this offering based on an initial public offering price of \$ _____ per share, and assuming all future sales would occur one year after this offering. Under that scenario, we would be required to pay the Continuing Equity Owners 85% of such amount, or \$ _____ over the _____-year period from the date of this offering. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us, and payments under the Tax Receivable Agreement by us, will be calculated using the market value of our Class A common stock at the time of the sale and the prevailing tax rates applicable to us over the life of the Tax Receivable Agreement and will depend on whether we generate sufficient future taxable income to realize the benefit. i3 Verticals, LLC intends to have in effect an election under Section 754 of the Code effective for each taxable year in which a redemption or exchange of i3 Verticals, LLC common units for Class A common stock or cash occurs. Such a redemption or exchange would include a deemed exchange, and would include for this purpose the purchase of common units of i3 Verticals, LLC directly from certain Continuing Equity Owners described above. These tax benefit payments are not conditioned upon one or more of the Continuing Equity Owners maintaining a continued ownership interest in i3 Verticals, LLC. If a Continuing Equity Owner transfers common units but does not assign to the transferee of such units its rights under the Tax Receivable Agreement, such Continuing Equity Owner generally will continue to be entitled to receive payments under the Tax Receivable Agreement arising in respect of a subsequent exchange of such common units. In general, the Continuing Equity Owners’ rights under the Tax Receivable Agreement may not be assigned, sold, pledged or otherwise alienated to any person, other than certain permitted transferees, without (a) our prior written consent, which should not be unreasonably withheld, conditioned or delayed, and (b) such person’s becoming a party to the Tax Receivable Agreement and agreeing to succeed to the applicable Continuing Equity Owner’s interest therein.

The actual Basis Adjustments, as well as any amounts paid to the Continuing Equity Owners under the Tax Receivable Agreement, will vary depending on a number of factors, including:

- *the timing of any future redemptions or exchanges*—for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of i3 Verticals, LLC at the time of each redemption or exchange;
- *the price of shares of our Class A common stock when we purchase common units from the Continuing Equity Owners in connection with this offering and when redemptions or exchanges of common units occur in the future*—the Basis Adjustments, as well as any related increase in any tax deductions, are directly related to the price of shares of our Class A common stock at the time of such purchases or future redemptions or exchanges;
- *the extent to which such redemptions or exchanges are taxable*—if a redemption or exchange is not taxable for any reason, increased tax deductions will not be available; and
- *the amount and timing of our income* — the Tax Receivable Agreement generally will require us to pay 85% of the tax benefits as and when those benefits are treated as realized under the terms of the Tax Receivable Agreement. If i3 Verticals, Inc. does not have taxable income, we generally will not be required (absent a change of control or other circumstances requiring an early termination payment and treating any outstanding common units held by members other than i3 Verticals, Inc. as having been exchanged for Class A common stock for purposes of determining such early termination payment) to make payments under the Tax Receivable Agreement for that taxable year because no tax benefits will have been actually realized. However, any tax benefits that do not result in realized tax benefits in a given taxable year will likely generate tax attributes that may be used to generate tax benefits in future taxable years. The use of any such tax attributes will result in payments under the Tax Receivable Agreement.

For purposes of the Tax Receivable Agreement, cash savings in income tax will be computed by comparing our actual income tax liability to the amount of such taxes that we would have been required to pay had there been no Basis Adjustments, had the Tax Receivable Agreement not been entered into and had there been no tax benefits to us as a result of any payments made under the Tax Receivable Agreement; provided that for purposes of determining cash savings with respect to state and local income taxes we will use an assumed tax rate. There is no maximum term for the Tax Receivable Agreement, although we may terminate the Tax Receivable Agreement under an early termination procedure that requires us to pay the Continuing Equity Owners an agreed-upon amount equal to the estimated present value of the remaining payments to be made under the agreement (calculated with certain assumptions).

Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments that we may be required to make (directly or indirectly) to the Continuing Equity Owners could be substantial. Any payments made to the Continuing Equity Owners under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us or to i3 Verticals, LLC. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid; provided that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may result in the acceleration of payments due under the Tax Receivable Agreement. We anticipate funding ordinary course payments under the Tax Receivable Agreement from cash flow from operations of our subsidiaries, available cash or available borrowings under our Senior Secured Credit Facility or any future debt agreements. See "Unaudited Pro Forma Consolidated Financial Information." Decisions we make in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that a redeeming Continuing Equity Owner receives under the Tax Receivable Agreement. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the Tax Receivable Agreement and increase the present value of such payments.

The Tax Receivable Agreement provides that if certain mergers, asset sales, other forms of business combination or other changes of control were to occur, if we fail to make any payment pursuant to the Tax Receivable Agreement when due or if, at any time, we elect an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor's obligations, under the Tax Receivable Agreement would accelerate and become due and payable, based on certain

assumptions, including an assumption that we would have sufficient taxable income to fully use all potential future tax benefits that are subject to the Tax Receivable Agreement. In those circumstances, members of i3 Verticals, LLC would be deemed to exchange any remaining outstanding common units for Class A common stock and would generally be entitled to payments under the Tax Receivable Agreement resulting from such deemed exchanges. We may elect to completely terminate the Tax Receivable Agreement early only with the written approval of a majority of i3 Verticals, Inc.'s "independent directors" (within the meaning of Rule 10A-3 promulgated under the Exchange Act and the Nasdaq rules).

As a result of the foregoing, we could be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. We also could be required to make cash payments (directly or indirectly) to the Continuing Equity Owners that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination, or other changes of control. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine. We will not be reimbursed for any cash payments previously made to the Continuing Equity Owners pursuant to the Tax Receivable Agreement if any tax benefits we initially claim are subsequently challenged by a taxing authority and ultimately disallowed. Instead, any excess cash payments we make to a Continuing Equity Owner will be netted against any future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement. However, a challenge to any tax benefits we initially claim may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments against which to net. The applicable federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with our tax reporting positions. As a result, it is possible that cash payments could be made under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings. Although we are not currently aware of any potential challenge, if we subsequently determine that any Basis Adjustments or other tax benefits may be subjected to a reasonable challenge by a taxing authority, we may withhold payments to the Continuing Equity Owners under the Tax Receivable Agreement related to such Basis Adjustments or other tax benefits in an interest-bearing escrow account until such a challenge is no longer possible.

If we receive a formal notice or assessment from a taxing authority with respect to any cash savings covered by the Tax Receivable Agreement, we will place certain subsequent tax benefit payments that would otherwise be made to the Continuing Equity Owners into an interest-bearing escrow account until there is a final determination. We will have full responsibility for, and sole discretion over, all i3 Verticals, Inc. tax matters, including the filing and amendment of all tax returns and claims for refund and defense of all tax contests, subject to certain participation and approval rights held by the Continuing Equity Owners.

Under the Tax Receivable Agreement, we are required to provide the Continuing Equity Owners with a schedule showing the calculation of payments that are due under the Tax Receivable Agreement for each taxable year with respect to which a payment obligation arises within 90 days after filing our federal income tax return for such taxable year. This calculation will be based upon the advice of our tax advisors. Payments under the Tax Receivable Agreement will generally be made to the Continuing Equity Owners within three business days after this schedule becomes final pursuant to the procedures set forth in the Tax Receivable Agreement, although interest on such payments will begin to accrue at a rate of 100 basis points from the due date (without extensions) of such tax return. Any late payments that may be made under the Tax Receivable Agreement will continue to accrue interest at a rate equal to the sum of the highest rate applicable at the time under the Senior Secured Credit Facility (or any replacement thereof), plus 200 basis points (or, if there is no Senior Secured Credit Facility at such time, LIBOR plus 500 basis points), until such payments are made, generally including any late payments that we may subsequently make because we did not have enough available cash to satisfy our payment obligations at the time at which they originally arose.

Registration Rights Agreement

We intend to enter into a Registration Rights Agreement with certain of the Continuing Equity Owners, including Greg Daily and certain of his affiliates, entities affiliated with First Avenue Partners L.P., entities affiliated with Harbert Management Corporation, entities affiliated with Capital Alignment Partners, James Stephen Turner, Jr. and certain of his affiliates and Clay Whitson, in connection with this offering. The Registration Rights Agreement will provide certain of the parties the right, at any time after 180 days following our initial public offering and the expiration of any related lock-up period, to require us to register under the Securities Act the offer and sale of shares of Class A common stock issuable to them, at our election, upon redemption or exchange of their common units in i3 Verticals, LLC. The Registration Rights Agreement will also provide for customary "piggyback" registration rights for all parties to the agreement. The Registration Rights Agreement will provide that we will pay certain expenses of the registration rights holders in connection with the exercise of their registration rights, and that we will indemnify the registration rights holders against certain liabilities which may arise under the Securities Act or other federal or state securities laws.

Director and Officer Indemnification and Insurance

Prior to the consummation of this offering, we intend to enter into separate indemnification agreements with each of our directors and executive officers. We also intend to purchase directors' and officers' liability insurance. See "Description of Capital Stock—Limitation of Liability and Indemnification of Directors and Officers."

Agreement with Axia Technologies, LLC

In April 2016, we entered into a purchase agreement to purchase certain assets of Axia. As part of the purchase, i3 Verticals, LLC entered into a Processing Services Agreement (the "Axia Tech Agreement") with Axia Technologies, LLC ("Axia Tech"). Under the Axia Tech Agreement, we agreed to provide processing services for certain merchants as designated by Axia Tech from time to time. In fiscal year 2017, and for the six months ended March 31, 2018, we earned net revenues of \$27,000 and \$11,000, respectively, related to the Axia Tech Agreement. i3 Verticals, LLC, Greg Daily and Clay Whitson own 3%, 11% and 1%, respectively, of the outstanding equity of Axia Tech.

Policies and Procedures for Related Party Transactions

Our Board of Directors will adopt a written related person transaction policy, to be effective upon the closing of this offering, setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant and a related person had or will have a direct or indirect material interest, as determined by the Audit Committee of our Board of Directors, including, purchases of goods or services by or from the related person or entities in which the related person has a material interest, and indebtedness, guarantees of indebtedness or our employment of a related person. In reviewing any such proposal, our Audit Committee will be tasked to consider all relevant facts and circumstances, including the commercial reasonableness of the terms, the benefit or perceived benefit, or lack thereof, to us, opportunity costs of alternate transactions, the materiality and character of the related person's direct or indirect interest and the actual or apparent conflict of interest of the related person.

All related party transactions described in this section occurred prior to adoption of this policy and as such, these transactions were not subject to the approval and review procedures set forth in the policy.

In addition to the compensation arrangements with directors and executive officers described under "Executive Compensation," the foregoing is a description of each transaction since October 1, 2014, and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers, beneficial holders of more than 5% of our capital stock, or any member of their immediate family or person sharing their household had or will have a direct or indirect material interest.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our Class A common stock and Class B common stock (1) immediately following the consummation of the Reorganization Transactions (excluding this offering), as described in "Our Organizational Structure" and (2) as adjusted to give effect to this offering, for:

- each person, or group of affiliated persons, who is known by us to own more than 5% of our Class A or Class B common stock;
- each of the directors, director nominees and named executive officers individually; and
- all directors, director nominees and executive officers as a group.

As described in "Our Organizational Structure" and "Certain Relationships and Related Party Transactions," each common unit (other than common units we hold) is redeemable from time to time at each holder's option (subject in certain circumstances to time-based and service-based vesting requirements and limitations on the common units that will be converted from Class P units in connection with the Reorganization Transactions) for, at our election, newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the i3 Verticals LLC Agreement; provided that, at our election, we may effect a direct exchange by i3 Verticals, Inc. of such Class A common stock or such cash, as applicable, for such common units. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. See "Certain Relationships and Related Party Transactions—i3 Verticals LLC Agreement." In connection with this offering, we will issue to each Continuing Equity Owner for nominal consideration one share of Class B common stock for each common unit of i3 Verticals, LLC it owns. As a result, the number of shares of Class B common stock listed in the table below correlates to the number of common units of i3 Verticals, LLC each such Continuing Equity Owner will own immediately after this offering. Although the number of shares of Class A common stock being offered hereby to the public and the total number of i3 Verticals, LLC common units outstanding after the offering will remain fixed regardless of the initial public offering price in this offering, the shares of Class B common stock held by the beneficial owners set forth in the table below after the consummation of the Reorganization Transactions will vary, depending on the initial public offering price in this offering. The table below assumes the shares of Class A common stock are offered at \$ _____ per share (the midpoint of the price range listed on the cover page of this prospectus).

The number of shares beneficially owned by each stockholder as described in this prospectus is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, or other rights, including the redemption right described above with respect to each common unit, held by such person that are currently exercisable or will become exercisable within 60 days of the date of this prospectus, are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. The percentage ownership of each individual or entity after giving effect to the Reorganization Transactions and before this offering is computed on the basis of shares of our Class A common stock outstanding and shares of our Class B common stock outstanding. Unless otherwise indicated, the address of all listed stockholders is 40 Burton Hills Blvd., Suite 415, Nashville, TN 37215.

Each of the stockholders listed has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

Name of Beneficial Owner	Class A Common Stock Beneficially Owned ⁽¹⁾			Class B Common Stock Beneficially Owned			Combined Voting Power ⁽²⁾	
	After Giving Effect to the Reorganization Transactions and Before this Offering	After Giving Effect to the Reorganization Transactions and this Offering (No Exercise of Option)	After Giving Effect to the Reorganization Transactions and this Offering (With Full Exercise of Option)	After Giving Effect to the Reorganization Transactions and Before this Offering	After Giving Effect to the Reorganization Transactions and this Offering (No Exercise of Option)	After Giving Effect to the Reorganization Transactions and this Offering (With Full Exercise of Option)	After Giving Effect to the Reorganization Transactions and this Offering (No Exercise of Option)	After Giving Effect to the Reorganization Transactions and this Offering (With Full Exercise of Option)
	Number %	Number %	Number %	Number %	Number %	Number %	Number %	Number %
5% Stockholders:								
First Avenue Partners ⁽³⁾								
Harbert Management ⁽⁴⁾								
Capital Alignment Partners ⁽⁵⁾								
Named executive officers and directors:								
Gregory Daily ⁽⁶⁾								
Clay Whitson								
Rick Stanford								
Elizabeth Seigenthaler Courtney								
John Harrison ⁽⁴⁾								
Burton Harvey ⁽⁵⁾								
Timothy McKenna								
David Morgan								
David Wilds ⁽³⁾								
All directors and executive officers as a group (12 people)								

* Represents beneficial ownership of less than 1% of our outstanding common stock.

- Each common unit (other than common units we hold and common units held by certain of the former Class P unit profits interests holders that are initially subject to time-based or service-based vesting requirements) is redeemable from time to time at each holder's option for, at our election, newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the i3 Verticals LLC Agreement; provided that, at our election, we may effect a direct exchange by i3 Verticals, Inc. of such Class A common stock or such cash, as applicable, for such common units. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. See "Certain Relationships and Related Party Transactions—i3 Verticals LLC Agreement." In these tables, beneficial ownership of common units has been reflected as beneficial ownership of shares of our Class A common stock for which such common units may be exchanged. When a common unit is exchanged by a Continuing Equity Owner who holds shares of our Class B common stock, a corresponding share of Class B common stock will be canceled.
- Represents the percentage of voting power of our Class A common stock and Class B common stock voting as a single class. Each share of Class A common stock and each share of Class B common stock entitles the registered holder thereof to one vote per share on all matters presented to stockholders for a vote generally, including the election of directors. The Class A common stock and Class B common stock will vote as a single class on all matters except as required by law or the amended and restated certificate of incorporation.
- Includes (a) shares of Class A common stock held by First Avenue Partners II, L.P., (b) shares of Class A common stock held by First Avenue-ETC Partners, L.P., (c) shares of Class A common stock held by Front Street Equities, LLC (together with First Avenue Partners II, L.P. and First Avenue-ETC Partners, L.P., "First Avenue Partners"). Front Street Equities, LLC is the General Partner of First Avenue Partners II, L.P. and First Avenue-ETC Partners, L.P. Mr. Wilds serves as the sole limited partner and managing member of First Avenue Partners II, L.P., as the managing member of First Avenue-ETC Partners, L.P., and as the sole member of Front Street Equities, LLC. Decisions regarding the voting or disposition of the shares held by First Avenue Partners are made by Mr. Wilds. The address of First Avenue Partners is 30 Burton Hills Blvd, Ste 550, Nashville, Tennessee.
- Includes shares of Class A common stock held by Harbert Mezzanine Partners III, L.P. HMP III GP, LLC is the General Partner of Harbert Mezzanine Partners III, L.P. Decisions regarding the voting or disposition of the shares held by the foregoing are made by an investment committee or committees (or authorized sub-committees or designees thereof). The current voting members of these committees are: John Harrison, Rob Bourquin, John Scott, Mike Luce, Sonja Keeton and Trey Ferguson. Each of Mr. Harrison, Mr. Bourquin, Mr. Scott, Mr. Luce, Ms. Keeton and Mr. Ferguson disclaims beneficial ownership of the Class A common stock held by HMP III

Equity Holdings, LLC. The address of HMP III Equity Holdings, LLC and HMP III GP, LLC is 2100 3rd Ave N, Ste 600, Birmingham, Alabama.

- (5) Includes (a) _____ shares of Class A common stock held by CCSD II, L.P., (b) _____ shares of Class A common stock held by Claritas Capital Specialty Debt Fund, L.P., (c) _____ shares of Class A common stock held by CF i3 Corporation. CCSD GP II, LLC is the general partner of CCSD II, L.P. and CCSD GP LLC is the general partner of Claritas Capital Specialty Debt Fund, L.P. Decisions regarding the voting or disposition of the shares held by the CCSD II, L.P. and Claritas Capital Specialty Debt Fund, L.P. are made by an investment committee or committees (or authorized sub-committees or designees thereof). The current voting members of these committees are: Burton Harvey, Lee Ballew and Mark McManigal. Decisions regarding the voting or disposition of the shares held by the CF i3 Corporation are made by its officers, Mr. Harvey and Mr. Ballew. Each of Mr. Harvey, Mr. Ballew and Mr. McManigal disclaims beneficial ownership of the Class A common stock held by CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and CF i3 Corporation. The address of CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P., CF i3 Corporation, CCSD GP, LLC and CCSD GP II, LLC is 40 Burton Hills Blvd, Ste 250, Nashville, Tennessee.
- (6) Includes (a) _____ shares of Class A common stock held of record by Greg Daily and Collie Daily, Mr. Daily's spouse, of which Mr. Daily has shared voting and investment power, (b) _____ shares of Class A common stock held of record by Courtney Daily, Mr. Daily's daughter and (c) _____ shares of Class A common stock held by Daily Family Investments, LLC, of which Mr. Daily serves as tax matters member. Decisions regarding the voting or disposition of the shares held by the Daily Family Investments, LLC are made by its sole manager, Jeffrey Gould. Each of Mr. Daily and Mr. Gould disclaims beneficial ownership of the Class A common stock held by Daily Family Investments, LLC. The address of Daily Family Investments, LLC is 5353 Hillsboro Pike, Nashville, Tennessee.

DESCRIPTION OF CAPITAL STOCK

The following descriptions are summaries of the material terms of our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the consummation of this offering. Reference is made to the more detailed provisions of, and the descriptions are qualified in their entirety by reference to, the amended and restated certificate of incorporation and amended and restated bylaws, forms of which are filed with the SEC as exhibits to the registration statement of which this prospectus is a part, and applicable law.

General

Following this offering, our authorized capital stock will consist of _____ shares of Class A common stock, par value \$0.0001 per share, _____ shares of Class B common stock, par value \$0.0001 per share; and _____ shares of preferred stock, par value \$0.0001 per share.

Class A Common Stock

Class A common stock outstanding. Immediately prior to the completion of this offering, there were no outstanding shares of our Class A common stock. There will be _____ shares of Class A common stock outstanding, assuming no exercise of the underwriters' overallotment option, after giving effect to the sale of the shares of Class A common stock offered hereby. All shares of Class A common stock to be issued upon completion of this offering will be fully paid and non-assessable.

Voting rights. The holders of Class A common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. The holders of our Class A common stock do not have cumulative voting rights in the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class.

Dividend rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of Class A common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available therefor. However, we do not intend to pay dividends for the foreseeable future. Holders of shares of Class B common stock are not entitled to receive dividends in respect of such shares. See "Dividend Policy."

Rights upon liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of Class A common stock are entitled to share ratably in all assets remaining after payment of our debts and other liabilities, subject to prior distribution rights of preferred stock, then outstanding, if any.

Other rights. The holders of our Class A common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Class A common stock. The rights, preferences and privileges of holders of our Class A common stock will be subject to those of the holders of any shares of our preferred stock we may issue in the future.

Class B Common Stock

Class B common stock outstanding. Immediately prior to the completion of this offering, there were no outstanding shares of our Class B common stock. Following the offering, there will be _____ shares of Class B common stock outstanding. All shares of Class B common stock to be issued upon completion of this offering will be fully paid and non-assessable.

Shares of Class B common stock will be issued in the future only to the extent necessary to maintain a one-to-one ratio between the number of common units of i3 Verticals, LLC held by the Continuing Equity Owners and the number of shares of Class B common stock issued to the Continuing Equity Owners. Shares of Class B common stock are transferable only together with an equal number of common units of i3 Verticals, LLC. Only permitted transferees of common units held by the Continuing Equity Owners will be permitted transferees of Class B common stock. See "Certain Relationships and Related Party Transactions—i3 Verticals LLC Agreement."

Voting rights. The holders of our Class B common stock are entitled to one vote for each share held of record on all matters presented to our stockholders generally. The holders of shares of our Class B common stock do not have cumulative voting rights in the election of directors. Holders of shares of our Class B common stock will vote together with holders of our Class A common stock as a single class on all matters presented to our stockholders for their vote or approval, except for certain amendments to our amended and restated certificate of incorporation described below or as otherwise required by applicable law or the amended and restated certificate of incorporation. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class.

Dividend rights. The holders of our Class B common stock will not participate in any dividends declared by our Board of Directors.

Other rights. The holders of shares of our Class B common stock do not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the Class B common stock. Any amendment of our amended and restated certificate of incorporation that gives holders of our Class B common stock (1) any rights to receive dividends or any other kind of distribution, (2) any right to convert into or be exchanged for Class A common stock or (3) any other economic rights must be approved by the majority of the voting power of all of our outstanding voting stock.

Preferred Stock

Our Board of Directors has the authority to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our Board of Directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of i3 Verticals, Inc. without further action by the stockholders. Additionally, the issuance of preferred stock may adversely affect the holders of our Class A common stock by restricting dividends on the Class A common stock, diluting the voting power of the Class A common stock or subordinating the liquidation rights of the Class A common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our Class A common stock. At present, we have no shares of preferred stock issued and outstanding and we have no plans to issue any preferred stock.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Certain Provisions of Delaware Law

Our amended and restated certificate of incorporation, amended and restated bylaws and the DGCL contain provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of our Board of Directors and to discourage certain types of transactions that may involve an actual or threatened acquisition of our company. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control or other unsolicited acquisition proposal, and enhance the ability of our Board of Directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have the effect of delaying, deterring or preventing a merger or acquisition of our company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including attempts that might result in a premium over the prevailing market price for the shares of Class A common stock held by stockholders. Our amended and restated certificate of incorporation provides that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such stockholders and may not be effected by any consent in writing by such stockholders.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of Nasdaq, which would apply if and so long as our Class A common stock remains listed on Nasdaq, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of Class A common stock. Additional shares that may be used

in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock may be to enable our Board of Directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of Class A common stock at prices higher than prevailing market prices.

Election of Directors and Vacancies

Our amended and restated certificate of incorporation will provide that our Board of Directors will consist of between three and 15 directors. The exact number of directors will be fixed from time to time by a majority of our Board of Directors. Each director will be elected for a one-year term. There will be no limit on the number of terms a director may serve on our Board of Directors.

In addition, our amended and restated certificate of incorporation will provide that any vacancy on the Board of Directors, including a vacancy that results from an increase in the number of directors or a vacancy that results from the removal of a director with cause, may be filled only by a majority of the directors then in office.

Business Combinations

We intend to opt out of Section 203 of the DGCL; however, our amended and restated certificate of incorporation will contain similar provisions providing that we may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our Board of Directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the votes of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our Board of Directors and by the affirmative vote of holders of at least 66 2/3% of the votes of our outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of the votes of our outstanding voting stock. For purposes of this provision, "voting stock" means any class or series of stock entitled to vote generally in the election of directors.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with our company for a three-year period. This provision may encourage companies interested in acquiring our company to negotiate in advance with our Board of Directors because the stockholder approval requirement would be avoided if our Board of Directors approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our Board of Directors and may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Quorum

Our amended and restated certificate of incorporation will provide that at any meeting of the Board of Directors, a majority of the total number of directors then in office constitutes a quorum for all purposes.

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the amended and restated certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation will not authorize cumulative voting.

Special Stockholder Meetings

Our amended and restated certificate of incorporation will provide that special meetings of our stockholders may be called at any time only by or at the direction of the chairman of our Board of Directors, our chief executive officer, or by our Board of Directors, and not by our stockholders. Our amended and restated bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

Requirements for Advance Notification of Director Nominations and Stockholder Proposals

Our amended and restated bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our Board of Directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our Board of Directors or by a stockholder who is a stockholder of record who is entitled to vote at the meeting, or who is a stockholder that holds such stock through a nominee or "street name" holder of record and can demonstrate to us that such indirect ownership of such stock and such stockholder's entitlement to vote such stock on such business, and who has given our secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. To be timely, such notice must be delivered to our secretary:

- in the case of an annual meeting of stockholders, not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of 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 we first make a public announcement of the date of such meeting; and
- in the case of a special meeting of stockholders called for the purpose of electing directors, not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the date 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.

Amendment of Certificate of Incorporation and Bylaws

The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Upon consummation of this offering, our bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of a majority of the votes which all our stockholders would be eligible to cast in an election of directors.

Conflicts of Interest

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest, expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to certain of our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries' employees. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, any director or stockholder who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will not have any duty to refrain from (1) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (2) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, if any director or stockholder, other than a director or stockholder who is not employed by us or our affiliates acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity,

unless such opportunity was expressly offered to them solely in their capacity as a director, executive officer or employee of us or our affiliates. To the fullest extent permitted by Delaware law, no potential transaction or business opportunity may be deemed to be a corporate opportunity of the corporation or its subsidiaries unless (1) we or our subsidiaries would be permitted to undertake such transaction or opportunity in accordance with the amended and restated certificate of incorporation, (2) we or our subsidiaries at such time have sufficient financial resources to undertake such transaction or opportunity, (3) we have an interest or expectancy in such transaction or opportunity and (4) such transaction or opportunity would be in the same or similar line of our or our subsidiaries' business in which we or our subsidiaries are engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business. Our amended and restated certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to an employee director or employee in his or her capacity as a director or employee of i3 Verticals, Inc. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our amended and restated certificate, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business.

Limitation of Liability and Indemnification of Directors and Officers

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our amended and restated certificate of incorporation will include a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions will be to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation will not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We intend to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance will be useful to attract and retain qualified directors and officers.

The limitation of liability, indemnification and advancement provisions that will be included in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breaches of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

We intend to enter into indemnification agreements with each of our directors and executive officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under the DGCL against expenses, losses and liabilities that may arise in connection with actual or threatened proceedings in which they are involved by reason of their service to us and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Stockholder Registration Rights

We intend to enter into a Registration Rights Agreement with the Continuing Equity Owners in connection with this offering pursuant to which such parties will have specified rights to require us to register all or a portion of their shares under the Securities Act. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

Listing on the Nasdaq Global Select Market

We have applied to list the Class A common stock on the Nasdaq Global Select Market under the symbol "IIIV."

Transfer Agent and Registrar

The transfer agent and registrar for the Class A common stock is ComputerShare Trust Company, N.A. Its address is 250 Royall Street, Canton, Massachusetts 02021, and its telephone number is (781) 575-3951.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of substantial amounts of our Class A common stock in the public market or the perception that such sales might occur could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our Class A common stock in the public market after the restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future.

After completion of this offering and after giving effect to the Reorganization Transactions, we will have _____ shares of Class A common stock outstanding (or a maximum of _____ Class A common stock if the underwriters exercise their overallotment option in full). All of the shares of Class A common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act, unless the shares are owned by our "affiliates" as that term is defined in Rule 144 under the Securities Act and except certain shares that will be subject to the lock-up period described in the next succeeding paragraph after completion of this offering. Any shares owned by our affiliates may not be resold except in compliance with Rule 144 volume limitations, manner of sale and notice requirements, pursuant to another applicable exemption from registration or pursuant to an effective registration statement. The shares of Class A common stock issuable to holders of our common units will be "restricted securities" as that term is defined in Rule 144 under the Securities Act. These restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 under the Securities Act. This rule is summarized below.

In addition, at our request, the underwriters have reserved up to _____ shares of the _____ shares of Class A common stock offered for sale pursuant to this prospectus for sale to some of our directors, executive officers, employees, members of i3 Verticals, LLC and business associates in a directed shares program. Any of these directed shares purchased by our executive officers, directors and members of i3 Verticals, LLC, will be subject to the 180-day lock-up restriction described under "Underwriting." Accordingly, the number of shares freely transferable upon completion of this offering will be reduced by the number of directed shares purchased by our executive officers, directors and members of i3 Verticals, LLC, and there will be a corresponding increase in the number of shares that become eligible for sale after 180 days from the date of this prospectus.

Each common unit held by our Continuing Equity Owners will be redeemable, at the election of each Continuing Equity Owner (subject in certain circumstances to time-based and service-based vesting requirements and limitations on the common units that will be converted from Class P units in connection with the Reorganization Transactions), for, at our election, newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the i3 Verticals LLC Agreement; provided that, at our election, we may effect a direct exchange by i3 Verticals, Inc. of such Class A common stock or such cash, as applicable, for such common units. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. See "Certain Relationships and Related Party Transactions — i3 Verticals LLC Agreement." Upon consummation of this offering, our Continuing Equity Owners will hold common units, all of which will be redeemable or exchangeable for shares of our Class A common stock. The shares of Class A common stock we issue upon such redemptions or exchanges would be "restricted securities" as defined in Rule 144 unless we register such issuances. However, we will enter into a Registration Rights Agreement with certain Continuing Equity Owners that will require us to register under the Securities Act these shares of Class A common stock if the conditions of the Registration Rights Agreement are met. See "Certain Relationships and Related Party Transactions — Registration Rights Agreement."

Rule 144

In general with Rule 144 as currently in effect, a person who has beneficially owned restricted shares of our Class A common stock for at least six months, including the holding period of any prior owner other than our affiliates, would be entitled to sell such securities without complying with the manner of sale, volume limitation or notice provisions of Rule 144, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. If such person has beneficially owned the shares

proposed to be sold for at least one year, including the holding period of any prior owner than our affiliates, then that person is entitled to sell those shares without complying with any of the requirements of Rule 144. Persons who have beneficially owned restricted shares of our Class A common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period, upon expiration of the lock-up agreements described below, only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately _____ shares immediately after this offering; or
- the average weekly trading volume of our Class A common stock on the Nasdaq Global Select Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales by affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144.

We are unable to estimate the number of shares that will be sold under Rule 144 since this will depend on the market price for our common stock, the personal circumstances of the stockholder and other factors.

Lock-up Agreements

Our executive officers, directors and certain of our other stockholders will agree, subject to certain exceptions, not to offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic consequence of ownership of, directly or indirectly, or make any demand or request or exercise any right with respect to the registration of, or file with the SEC a registration statement under the Securities Act relating to, any common stock or securities convertible into or exchangeable or exercisable for any common stock without the prior written consent of the Representatives, for a period of 180 days after the date of the pricing of the offering. See "Underwriting."

Equity Incentive Plan

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of all shares of Class A common stock subject to outstanding stock options and Class A common stock issued or issuable under our 2018 Plan. We expect to file the registration statement covering shares offered pursuant to our 2018 Plan shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

Registration Rights

We intend to enter into a Registration Rights Agreement with certain Continuing Equity Owners in connection with this offering pursuant to which such parties will have specified rights to require us to register all or a portion of their shares under the Securities Act. See "Certain Relationships and Related Party Transactions — Registration Rights Agreement."

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of our Class A common stock by a beneficial owner that is a “non-U.S. holder.” For purposes of this discussion, a “non-U.S. holder” is a person or entity that, for U.S. federal income tax purposes, is:

- a non-resident alien individual, other than certain former citizens and residents of the United States subject to tax as expatriates;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of a jurisdiction other than the United States or any state or political subdivision thereof or the District of Columbia;
- a trust if it (1) is not subject to the primary supervision of a court within the United States, or no United States persons have the authority to control all substantial decisions of the trust, and (2) does not have a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or
- an estate, other than an estate the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein. This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to non-U.S. holders in light of their particular circumstances (including a non-U.S. holder who is a United States expatriate, foreign pension fund, “controlled foreign corporation,” “passive foreign investment company” or a partnership or other pass-through entity for U.S. federal income tax purposes or who does not hold Class A common stock as a capital asset within the meaning of Section 1221 of the Code) and it does not address the Medicare contribution tax on net investment income pursuant to the Health Care and Education Reconciliation Act of 2010 or any tax consequences arising under the laws of any state, local or foreign jurisdiction.

If a partnership holds our Class A common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership holding Class A common stock, or a partner in such a partnership, you should consult your tax advisors.

Prospective holders are urged to consult their tax advisors with respect to the particular tax consequences to them of owning and disposing of the Class A common stock, including the consequences under the laws of any state, local or foreign jurisdiction.

Dividends

As discussed under “Dividend Policy,” we do not currently expect to pay dividends. If we do make any distributions with respect to shares of Class A common stock, such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits as determined under U.S. federal income tax principles, the excess will be treated first as a tax-free return of capital, causing a reduction in the non-U.S. holder’s adjusted tax basis in the Class A common stock, and to the extent the amount of the distribution exceeds a non-U.S. holder’s adjusted tax basis in the Class A common stock, the excess will be treated as gain from the disposition of our common stock, subject to the tax treatment described below in “Gain on Disposition of the Class A Common Stock.” Dividends paid to a non-U.S. holder of the Class A common stock generally will be subject to withholding of U.S. federal income tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding, a non-U.S. holder will be required to provide to the applicable withholding agent an Internal Revenue Service Form W-8BEN or W-8BEN-E (or other applicable form), certifying under penalty of perjury that such holder is not a U.S. person as defined under the Code and is eligible for treaty benefits. Additional certification requirements apply if a non-U.S. holder holds the Class A common stock through a foreign partnership or a foreign intermediary.

The withholding tax does not apply to dividends paid to a non-U.S. holder who provides a Form W-8ECI, certifying that the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment). Instead, the effectively connected dividends will be subject to regular U.S. federal income tax as if the non-U.S. holder were a United States person (as defined in the Code) unless an applicable income tax treaty provides otherwise. A non-U.S. corporation receiving effectively connected dividends may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) with respect to its effectively-connected earnings and profits attributable to such dividends and other income.

If you are a non-U.S. holder, you may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for a refund with the Internal Revenue Service. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under an appropriate income tax treaty and the specific manner of claiming the benefits of the treaty.

Gain on Disposition of the Class A Common Stock

Subject to the discussion of backup withholding and FATCA below, a non-U.S. holder generally will not be subject to U.S. federal income tax on gain realized on a sale or other disposition of the Class A common stock unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States, (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a U.S. real property holding corporation, as defined in the Code, and the non-U.S. holder held, directly or indirectly, more than 5% of our common stock at any time within the shorter of the five-year period ending on the date of the disposition and the non-U.S. holder's holding period, and certain other conditions are met.

Generally, a corporation is a "United States real property holding corporation" if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for U.S. federal income tax purposes). We believe that we are not, and we do not anticipate becoming, a U.S. real property holding corporation.

Gain that is effectively connected with a U.S. trade or business will be subject to regular U.S. income tax as if the non-U.S. holder were a U.S. person, subject to an applicable treaty providing otherwise. A non-U.S. corporation with effectively connected gains may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) with respect to its effectively-connected earnings and profits attributable to such gains and other income.

Information Reporting and Backup Withholding

Information returns will be filed with the Internal Revenue Service in connection with payments of dividends. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. A non-U.S. holder may have to comply with certification procedures to establish that it is not a United States person in order to avoid information reporting and backup withholding with respect to payments of dividends and the proceeds from a sale or other disposition of the Class A common stock. The amount of any backup withholding from a payment to a non-U.S. holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

FATCA

Pursuant to Code provisions commonly referred to as "FATCA," additional withholding is generally imposed at a rate of 30% on payments to certain foreign entities of dividends on and the gross proceeds of dispositions of U.S. common stock, unless various U.S. information reporting and due diligence requirements (generally relating

to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied. Under regulations and related guidance issued by the Treasury Department, this withholding will apply to payments of dividends on the Class A common stock that are made and will apply to payments of gross proceeds from a sale or other disposition of the Class A common stock made on or after December 31, 2018. Any intergovernmental agreement between the United States and an applicable foreign country, or future Treasury regulations, may modify the FATCA reporting rules and withholding obligations.

Non-U.S. holders should consult their tax advisors regarding the possible implications of FATCA on their investment in the Class A common stock.

Federal Estate Tax

Individual non-U.S. holders and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers) should note that, absent an applicable treaty benefit, the Class A common stock will be treated as U.S. situs property subject to U.S. federal estate tax.

UNDERWRITING

We and the underwriters for the offering named below have entered into an underwriting agreement with respect to the common stock being offered. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase from us the number of shares of our common stock set forth opposite its name below. Cowen and Company, LLC and Raymond James & Associates, Inc. are the representatives of the underwriters (the Representatives).

<u>Underwriter</u>	<u>Number of Shares</u>
Cowen and Company, LLC	
Raymond James & Associates, Inc.	
KeyBanc Capital Markets Inc.	
Total	

The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased, other than those shares covered by the overallotment option described below. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect thereof.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Overallotment Option to Purchase Additional Shares. We have granted to the underwriters an option to purchase up to _____ additional shares of common stock at the public offering price, less the underwriting discount. This option is exercisable for a period of 30 days. The underwriters may exercise this option solely for the purpose of covering overallotments, if any, made in connection with the sale of common stock offered hereby. To the extent that the underwriters exercise this option, the underwriters will purchase additional shares from us in approximately the same proportion as shown in the table above.

Discounts and Commissions. The following table shows the public offering price, underwriting discount and proceeds, before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' overallotment option.

We estimate that the total expenses of the offering, excluding underwriting discount, will be approximately \$ _____. We will pay those expenses.

	<u>Total Per Share</u>	<u>Without Overallotment</u>	<u>With Overallotment</u>
Public offering price			
Underwriting discount			
Proceeds, before expenses, to us			

The underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover of this prospectus. The underwriters may offer the shares of common stock to securities dealers at the public offering price less a concession not in excess of \$ _____ per share. If all of the shares are not sold at the public offering price, the underwriters may change the offering price and other selling terms.

Discretionary Accounts. The underwriters do not intend to confirm sales of the shares to any accounts over which they have discretionary authority.

Market Information. Prior to this offering, there has been no public market for shares of our common stock. The initial public offering price will be determined by negotiations between us and the Representatives. In addition to prevailing market conditions, the factors to be considered in these negotiations will include:

- the history of, and prospects for, our company and the industry in which we compete;
- our past and present financial information;
- an assessment of our management; its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development;
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

We have applied to list the Class A common stock on the Nasdaq Global Select Market under the symbol "IIIV."

Stabilization. In connection with this offering, the underwriters may engage in stabilizing transactions, overallotment transactions, syndicate covering transactions, penalty bids and purchases to cover positions created by short sales.

- Stabilizing transactions permit bids to purchase shares of common stock so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the common stock while the offering is in progress.
- Overallotment transactions involve sales by the underwriters of shares of common stock in excess of the number of shares the underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the overallotment option. In a naked short position, the number of shares involved is greater than the number of shares in the overallotment option. The underwriters may close out any short position by exercising their overallotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared with the price at which they may purchase shares through exercise of the overallotment option. If the underwriters sell more shares than could be covered by exercise of the overallotment option and, therefore, have a naked short position, the position can be closed out only by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the shares in the open market that could adversely affect investors who purchase in the offering.
- Penalty bids permit the Representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by that syndicate member is purchased in stabilizing or syndicate covering transactions to cover syndicate short positions .

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may be effected on the Nasdaq Stock Market, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Passive Market Making. In connection with this offering, underwriters and selling group members may engage in passive market making transactions in our common stock on the Nasdaq Stock Market in accordance with Rule 103 of Regulation M under the Securities Exchange Act of 1934, as amended, during a period before the commencement of offers or sales of common stock and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, such bid must then be lowered when specified purchase limits are exceeded.

Lock-Up Agreements. Pursuant to certain "lock-up" agreements, we and our executive officers, directors and certain of our other stockholders, have agreed, subject to certain exceptions, not to offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic consequence of ownership of, directly or indirectly, or make any demand or request or exercise any right with respect to the registration of, or file with the SEC a registration statement under the Securities Act relating to, any common stock or securities convertible into or exchangeable or exercisable for any common stock without the prior written consent of the Representatives, for a period of 180 days after the date of the pricing of the offering.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for common stock. The exceptions permit us, among other things and subject to restrictions, to: (a) issue common stock or options pursuant to employee benefit plans; (b) issue common stock upon exercise of outstanding options or warrants; (c) issue securities in connection with acquisitions or similar transactions; and (d) file registration statements on Form S-8. The exceptions permit parties to the "lock-up" agreements, among other things and subject to restrictions, to: (a) make certain gifts; (b) if the party is a corporation, partnership, limited liability company or other business entity, make transfers to any shareholders, partners, members of, or owners of similar equity interests in, the party, or to an affiliate of the party, if such transfer is not for value; and (c) if the party is a corporation, partnership, limited liability company or other business entity, make transfers in connection with the sale or transfer of all of the party's capital stock, partnership interests, membership interests or other similar equity interests, as the case may be, or all or substantially all of the party's assets, in any such case not undertaken for the purpose of avoiding the restrictions imposed by the "lock-up" agreement. In addition, the lock-up provision will not restrict broker-dealers from engaging in market making and similar activities conducted in the ordinary course of their business.

The Representatives, in their sole discretion, may jointly release our common stock and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release our common stock and other securities from lock-up agreements, the Representatives will consider, among other factors, the holder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time of the request. In the event of such a release or waiver for one of our directors or officers, the Representatives shall provide us with notice of the impending release or waiver at least three business days before the effective date of such release or waiver and we will announce the impending release or waiver by issuing a press release at least two business days before the effective date of the release or waiver.

Directed Share Program. At our request, the underwriters have reserved up to _____ shares of our common stock for sale, at the initial public offering price, through a directed share program to our directors, executive officers, employees, members of i3 Verticals, LLC and business associates. There can be no assurance that any of the reserved shares will be so purchased. The number of shares available for sale to the general public in the offering will be reduced to the extent the reserved shares are purchased in the directed share program. Any reserved shares of common stock not purchased through the directed share program will be offered to the general public on the same basis as the other common stock offered hereby.

Canada. The common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

United Kingdom. Each of the underwriters has represented and agreed that:

- it has not made or will not make an offer of the securities to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended) (FSMA) except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority (FSA);
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us; and
- it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

Switzerland. The securities will not be offered, directly or indirectly, to the public in Switzerland and this prospectus does not constitute a public offering prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations.

European Economic Area. In relation to each Member State of the European Economic Area (the "EEA") which has implemented the European Prospectus Directive (each, a "Relevant Member State"), an offer of our shares may not be made to the public in a Relevant Member State other than:

- to any legal entity which is a qualified investor, as defined in the European Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the European Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the European Prospectus Directive,

provided that no such offer of our shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the European Prospectus Directive or supplement prospectus pursuant to Article 16 of the European Prospectus Directive.

For the purposes of this description, the expression an "offer to the public" in relation to the securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that Relevant Member State by any measure implementing the European Prospectus Directive in that member state, and the expression "European Prospectus Directive" means Directive 2003/71/EC (and amendments hereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

Israel. In the State of Israel this prospectus shall not be regarded as an offer to the public to purchase shares of common stock under the Israeli Securities Law, 5728-1968, which requires a prospectus to be published and authorized by the Israel Securities Authority, if it complies with certain provisions of Section 15 of the Israeli Securities Law, 5728-1968, including, inter alia, if: (i) the offer is made, distributed or directed to not more than 35 investors, subject to certain conditions (the "Addressed Investors"); or (ii) the offer is made, distributed or directed to certain qualified investors defined in the First Addendum of the Israeli Securities Law, 5728-1968, subject to certain conditions (the "Qualified Investors"). The Qualified Investors shall not be taken into account in the count of the Addressed Investors and may be offered to purchase securities in addition to the 35 Addressed Investors. We have not and will not take any action that would require us to publish a prospectus in accordance with and subject to the Israeli Securities Law, 5728-1968. We have not and will not distribute this prospectus or make, distribute or direct an offer to subscribe for our common stock to any person within the State of Israel, other than to Qualified Investors and up to 35 Addressed Investors.

Qualified Investors may have to submit written evidence that they meet the definitions set out in of the First Addendum to the Israeli Securities Law, 5728-1968. In particular, we may request, as a condition to be offered common stock, that Qualified Investors will each represent, warrant and certify to us and/or to anyone acting on our behalf: (i) that it is an investor falling within one of the categories listed in the First Addendum to the Israeli Securities Law, 5728-1968; (ii) which of the categories listed in the First Addendum to the Israeli Securities Law, 5728-1968 regarding Qualified Investors is applicable to it; (iii) that it will abide by all provisions set forth in the Israeli Securities Law, 5728-1968 and the regulations promulgated thereunder in connection with the offer to be issued common stock; (iv) that the shares of common stock that it will be issued are, subject to exemptions available under the Israeli Securities Law, 5728-1968: (a) for its own account; (b) for investment purposes only; and (c) not issued with a view to resale within the State of Israel, other than in accordance with the provisions of the Israeli Securities Law, 5728-1968; and (v) that it is willing to provide further evidence of its Qualified Investor status. Addressed Investors may have to submit written evidence in respect of their identity and may have to sign and submit a declaration containing, inter alia, the Addressed Investor's name, address and passport number or Israeli identification number.

We have not authorized and do not authorize the making of any offer of securities through any financial intermediary on our behalf, other than offers made by the underwriters and their respective affiliates, with a view to the final placement of the securities as contemplated in this document. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of shares on our behalf or on behalf of the underwriters.

Electronic Offer, Sale and Distribution of Shares. A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The Representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

Other Relationships. The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they have received or may receive customary fees and expenses.

In the ordinary course of business, the underwriters and their respective affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account or for the accounts of their customers, and such investment and securities activities may involve or relate to assets, securities or instruments of the issuer (directly, as collateral securing other

obligations or otherwise) or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also make investment recommendations, market color or trading ideas or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such assets, securities and instruments.

LEGAL MATTERS

The validity of the shares of Class A common stock offered hereby will be passed upon for us by Bass, Berry & Sims PLC, Nashville, Tennessee. Nelson Mullins Riley & Scarborough LLP, Washington, D.C., has acted as counsel for the underwriters.

EXPERTS

The (1) financial statements of i3 Verticals, LLC as of September 30, 2017 and 2016 and for the years then ended, (2) financial statements of Fairway Payments, Inc. for the seven months ended July 31, 2017 and the year ended December 31, 2016, and (3) financial statements of San Diego Cash Register Company, Inc. as of October 31, 2017 and for the year then ended, all appearing in this prospectus have been so included in reliance on the reports of BDO USA, LLP, an independent registered public accounting firm, appearing elsewhere herein, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the shares of Class A common stock being offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed with the registration statement. For further information about us and the Class A common stock offered hereby, we refer you to the registration statement and the exhibits filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

Upon the closing of this offering, we will be required to file periodic reports, proxy statements, and other information with the SEC pursuant to the Exchange Act. You may read and copy this information at the Public Reference Room of the Securities and Exchange Commission, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the SEC. The address of that site is www.sec.gov. We also maintain a website at www.i3verticals.com, through which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

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i3 Verticals, Inc.

The financial statements of i3 Verticals, Inc. have been omitted because this entity is a business combination related shell company, as defined in Rule 405 under the Securities Act, has only nominal assets, has not commenced operations and has not engaged in any business or other activities except in connection with its formation. i3 Verticals, Inc. does not have any contingent liabilities or commitments.

i3 Verticals, LLC

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands)

	March 31, 2018	September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 755	\$ 955
Accounts receivable, net	8,672	8,412
Settlement assets	439	5,196
Prepaid expenses and other current assets	2,865	1,141
Total current assets	<u>12,731</u>	<u>15,704</u>
Property and equipment, net	2,136	1,420
Restricted cash	664	1,013
Capitalized software, net	3,486	3,778
Goodwill	80,373	58,517
Intangible assets, net	67,866	59,259
Other assets	2,714	300
Total assets	<u>\$ 169,970</u>	<u>\$ 139,991</u>
Liabilities, Redeemable Class A Units and members' equity (deficit)		
Liabilities		
Current liabilities		
Accounts payable	\$ 2,631	\$ 1,600
Current portion of long-term debt	5,000	4,000
Accrued expenses and other current liabilities	14,387	6,706
Settlement obligations	439	5,196
Deferred revenue	2,927	2,719
Total current liabilities	<u>25,384</u>	<u>20,221</u>
Long-term debt, less current portion and debt issuance costs, net	127,786	106,836
Other long-term liabilities	12,994	2,065
Total liabilities	<u>166,164</u>	<u>129,122</u>
Commitments and contingencies (see Note 9)		
Redeemable Class A Units; 4,900 Units authorized, issued and outstanding as of March 31, 2018 and September 30, 2017	8,101	7,723
Members' equity (deficit)		
Class A Units; 13,892 Units authorized, issued and outstanding as of March 31, 2018 and September 30, 2017	36,596	34,924
Common Units; 4,606 and 4,406 Units authorized as of March 31, 2018 and September 30, 2017, respectively; 1,749 and 1,549 Units issued and outstanding as of March 31, 2018 and September 30, 2017, respectively	1,344	1,240
Class P Units; 8,256 and 7,647 Units authorized as of March 31, 2018 and September 30, 2017, respectively; 8,256 and 7,647 Units issued and outstanding as of March 31, 2018 and September 30, 2017, respectively	—	—
Accumulated deficit	(42,235)	(33,018)
Total members' equity (deficit)	<u>(4,295)</u>	<u>3,146</u>
Total liabilities, Redeemable Class A Units and members' equity (deficit)	<u>\$ 169,970</u>	<u>\$ 139,991</u>

See Notes to Interim Condensed Consolidated Financial Statements

i3 Verticals, LLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In thousands)

	Six months ended March 31,	
	2018	2017
Revenue	\$ 154,920	\$ 124,466
Operating expenses		
Interchange and network fees	102,872	89,116
Other costs of services	19,058	13,615
Selling general and administrative	19,041	12,936
Depreciation and amortization	5,876	5,071
Change in fair value of contingent consideration	2,129	923
Total operating expenses	148,976	121,661
Income from operations	5,944	2,805
Other expenses		
Interest expense, net	5,006	3,243
Change in fair value of warrant liability	8,245	—
Total other expenses	13,251	3,243
Loss before income taxes	(7,307)	(438)
Benefit for income taxes	(139)	(70)
Net loss	\$ (7,168)	\$ (368)

See Notes to Interim Condensed Consolidated Financial Statements

i3 Verticals, LLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY (DEFICIT) (UNAUDITED)

(In thousands)

	Class A Units	Common Units	Class P Units	Accumulated Deficit	Total Members' Equity (Deficit)
Balance at September 30, 2017	\$ 34,924	\$ 1,240	\$ —	\$ (33,018)	\$ 3,146
Preferred returns on Class A Units	1,672	—	—	(1,672)	—
Preferred returns on Redeemable Class A Units	—	—	—	(377)	(377)
Issuance of Common Units	—	104	—	—	104
Net loss	—	—	—	(7,168)	(7,168)
Balance at March 31, 2018	\$ 36,596	\$ 1,344	\$ —	\$ (42,235)	\$ (4,295)

See Notes to Interim Condensed Consolidated Financial Statements

i3 Verticals, LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

	Six months ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (7,168)	\$ (368)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	5,876	5,071
Provision (benefit) for doubtful accounts	61	(33)
Amortization of deferred financing costs	465	220
Loss on disposal of assets	5	43
Benefit for deferred income taxes	(468)	—
Non-cash change in fair value of warrant liability	8,245	—
Increase in non-cash contingent consideration expense from original estimate	2,129	923
Changes in operating assets:		
Accounts receivable	1,460	(824)
Prepaid expenses and other current assets	904	12
Restricted cash	349	(600)
Other assets	(1,567)	28
Changes in operating liabilities:		
Accounts payable	(311)	(23)
Accrued expenses and other current liabilities	2,712	564
Deferred revenue	(2,085)	(1,155)
Other long-term liabilities	149	72
Contingent consideration paid in excess of original estimates	(814)	—
Net cash provided by operating activities	9,942	3,930
Cash flows from investing activities:		
Expenditures for property and equipment	(1,005)	(312)
Expenditures for capitalized software	(483)	(564)
Purchases of merchant portfolios and residual buyouts	(954)	(1,141)
Acquisitions of businesses, net of cash acquired	(26,862)	(4,000)
Acquisition of other intangibles	(802)	(7)
Net cash used in investing activities	(30,106)	(6,024)

See Notes to Interim Condensed Consolidated Financial Statements

i3 Verticals, LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

	Six months ended March 31,	
	2018	2017
Cash flows from financing activities:		
Proceeds from revolving credit facility	15,500	8,000
Payments of revolving credit facility	(16,350)	(7,000)
Proceeds from notes payable to banks	24,671	—
Payments of notes payable to banks	(2,500)	(2,000)
Payment of debt issuance costs	(261)	(13)
Cash paid for contingent consideration	(250)	(500)
Payment of equity issuance costs	(846)	—
Net cash provided by (used in) financing activities	19,964	(1,513)
Net decrease in cash and cash equivalents	(200)	(3,607)
Cash and cash equivalents, beginning of period	955	3,776
Cash and cash equivalents, end of period	\$ 755	\$ 169
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 6,000	\$ 2,981
Cash paid for income taxes	\$ 205	\$ 163
Supplemental disclosure of non-cash investing and financing activities:		
Common Units issued as part of acquisitions' purchase consideration (Note 3)	\$ 104	\$ —
Acquisition date fair value of contingent consideration in connection with business combinations	\$ 2,084	\$ 1,221
Replacement of 2016 Senior Secured Credit Facility with Senior Secured Credit Facility	\$ 87,525	\$ —
Preferred return on Redeemable Class A Units	\$ 377	\$ 342
Preferred return on Class A Units	\$ 1,672	\$ 975
Debt issuance costs financed with proceeds from Senior Secured Credit Facility	\$ 904	\$ —
Increase in accrued equity issuance costs	\$ 1,550	\$ —

i3 VERTICALS, LLC AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2018

1. NATURE OF OPERATIONS

i3 Verticals, LLC, a Delaware limited liability company (collectively the “Company,” “we,” “us,” or “our”) was founded in 2012 and delivers seamless integrated payment and software solutions to small- and medium-sized businesses (“SMBs”) and organizations in strategic vertical markets.

The Company’s headquarters are in Nashville, Tennessee, with operations throughout the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and pursuant to the reporting and disclosure rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for fair presentation of the unaudited condensed consolidated financial statements of the Company and its subsidiaries as of March 31, 2018 and for the six months ended March 31, 2018 and 2017. The results of operations for the six months ended March 31, 2018 and 2017 are not necessarily indicative of the operating results for the full year. It is recommended that these interim condensed consolidated financial statements be read in conjunction with the consolidated financial statements and related footnotes for the years ended September 30, 2017 and 2016 included elsewhere herein beginning on page F-22.

All amounts are presented in thousands.

Principles of Consolidation

These interim condensed consolidated financial statements include the accounts of the Company’s and its wholly-owned subsidiary companies. All significant intercompany accounts and transactions have been eliminated in consolidation.

Inventories

Inventories consist of point-of-sale equipment to be sold to customers and are stated at the lower of cost, determined on a weighted average basis, or net realizable value. Inventories were \$1,737 and \$454 at March 31, 2018 and September 30, 2017, respectively, and are included within prepaid expenses and other current assets on the accompanying condensed consolidated balance sheets.

Acquisitions

Business acquisitions have been recorded using the acquisition method of accounting in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 805, *Business Combinations* (“ASC 805”), and, accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair value as of the date of acquisition. Where relevant, the fair value of contingent consideration included in an acquisition is calculated using a Monte Carlo simulation. The fair value of merchant relationships and non-compete assets acquired is identified using the Income Approach. The fair value of trade names acquired is identified using the Relief from Royalty Method. The fair value of deferred revenue is identified using the Adjusted Fulfillment Cost Method. After the purchase price has been allocated, goodwill is recorded to the extent the total consideration paid for the acquisition, including the acquisition date fair value of contingent consideration, if any, exceeds the sum of the fair values of the separately identifiable acquired assets and assumed liabilities. Acquisition costs for business combinations are expensed when incurred and recorded in selling general and administrative expenses in the accompanying condensed consolidated statements of operations.

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Acquisitions not meeting the accounting criteria to be accounted for as a business combination are accounted for as an asset acquisition. An asset acquisition is recorded at its purchase price, inclusive of acquisition costs, which are allocated among the acquired assets and assumed liabilities based upon their relative fair values at the date of acquisition.

The operating results of an acquisition are included in the Company's condensed consolidated statements of operations from the date of such acquisition. Acquisitions completed during the six months ended March 31, 2018 contributed \$9,332 and \$2,172 of revenue and net income, respectively, to the results in our condensed consolidated statements of operations for the six months then ended.

Revenue Recognition and Deferred Revenue

Revenue is recognized when it is realized or realizable and earned, in accordance with ASC 605, Revenue Recognition ("ASC 605"). Recognition occurs when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been performed; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured. The Company accrues for rights of refund, processing errors or penalties, or other related allowances based on historical experience.

More than 85% of our gross revenue for the six months ended March 31, 2018 and 2017 is derived from volume-based payment processing fees ("discount fees") and other related fixed transaction or service fees. The remainder is comprised of sales of software licensing subscriptions, ongoing support, and other POS-related solutions the Company provides to its clients directly and through its processing bank relationships.

Discount fees represent a percentage of the dollar amount of each credit or debit transaction processed. Discount fees are recognized at the time the merchants' transactions are processed. The Company follows the requirements of ASC 605-45 Revenue Recognition—Principal Agent Considerations, in determining its merchant processing services revenue reporting. Generally, where the Company has control over merchant pricing, merchant portability, credit risk and ultimate responsibility for the merchant relationship, revenues are reported at the time of sale on a gross basis equal to the full amount of the discount charged to the merchant. This amount includes interchange fees paid to card issuing banks and assessments paid to payment card networks pursuant to which such parties receive payments based primarily on processing volume for particular groups of merchants. Revenues generated from merchant portfolios where the Company does not have control over merchant pricing, liability for merchant losses or credit risk or rights of portability are reported net of interchange and other fees.

Revenues are also derived from a variety of fixed transaction or service fees, including authorization fees, convenience fees, statement fees, annual fees, and fees for other miscellaneous services, such as handling chargebacks.

Revenues from sales of the Company's software licensing subscriptions are recognized when they are realized or realizable and earned. Revenue is considered realized and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable and collection of the resulting receivable is reasonably assured. Contractual arrangements are evaluated for indications that multiple element arrangements may exist including instances where more-than-incidental software deliverables are included. Arrangements may contain multiple elements, such as hardware, software products, maintenance, and professional installation and training services. Revenues are allocated to each element based on the selling price hierarchy. The selling price for a deliverable is based on vendor specific objective evidence of selling price, if available, third party evidence, or estimated selling price. The Company establishes estimated selling price, based on the judgment of the Company's management, considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. In arrangements with multiple elements, the Company determines allocation of the transaction price at inception of the arrangement based on the relative selling price of each unit of accounting.

In multiple element arrangements where more-than-incidental software deliverables are included, the Company applied the residual method to determine the amount of software license revenues to be recognized.

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Under the residual method, if fair value exists for undelivered elements in a multiple-element arrangement, such fair value of the undelivered elements is deferred with the remaining portion of the arrangement consideration recognized upon delivery of the software license or services arrangement. The Company allocates the fair value of each element of a software related multiple-element arrangement based upon its fair value as determined by vendor specific objective evidence of selling price, with any remaining amount allocated to the software license. If evidence of the fair value cannot be established for the undelivered elements of a software arrangement, then the entire amount of revenue under the arrangement is deferred until these elements have been delivered or objective evidence can be established. These amounts, if any, are included in deferred revenue in the condensed consolidated balance sheets. Revenues related to software licensing subscriptions, maintenance or other support services with terms greater than one month are recognized ratably over the term of the agreement.

Revenues from sales of the Company's combined hardware and software element are recognized when they are realized or realizable and earned which has been determined to be upon the delivery of our product. Revenues derived from service fees are recognized at the time the services are performed and there are no further performance obligations. The Company's training, installation, and repair services are billed and recognized as revenue as these services are performed.

Deferred revenue represents amounts billed to customers by the Company for services contracts. The initial prepaid contract agreement balance is deferred. The balance is then recognized as the services are provided over the contract term. Deferred revenue that is expected to be recognized as revenue within one year is recorded as short-term deferred revenue and the remaining portion is recorded as other long-term liabilities in the condensed consolidated balance sheets.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include, but are not limited to, the value of purchase consideration paid and identifiable assets acquired and assumed in acquisitions, goodwill and intangible asset impairment review, warrant valuation, revenue recognition for multiple element arrangements, loss reserves, assumptions used in the calculation of equity-based compensation and in the calculation of income taxes, and certain tax assets and liabilities as well as the related valuation allowances. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230). The amendments in ASU 2016-18 require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. As an emerging growth company, the Company will not be required to adopt this ASU until October 1, 2019. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in this ASU should be applied using a retrospective transition method to each period presented. The Company is currently evaluating the impact of the adoption of this principle on the Company's interim condensed consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (Topic 230). The update clarifies how cash receipts and cash payments in certain transactions are presented and classified in the statement of cash flows. The effective date of this update is for

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fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. As an emerging growth company, the Company will not be required to adopt this ASU until October 1, 2019. The update requires retrospective application to all periods presented but may be applied prospectively if retrospective application is impracticable. The Company is currently evaluating the impact of the adoption of this principle on the Company's interim condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU amends the existing guidance by recognizing all leases, including operating leases, with a term longer than twelve months on the balance sheet and disclosing key information about the lease arrangements. The effective date of this update is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. As a public business entity, the Company is an emerging growth company and has elected to use the extended transition period provided for such companies. As a result, the Company will not be required to adopt this ASU until October 1, 2020. The update requires modified retrospective transition, which requires application of the ASU at the beginning of the earliest comparative period presented in the year of adoption. The Company is currently evaluating the impact of the adoption of this principle on the Company's interim condensed consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers* (Topic 606). The ASU supersedes the revenue recognition requirements in ASC 605. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires additional disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard, as amended, is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. As an emerging growth company, the Company will not be required to adopt this ASU until October 1, 2019. The amendment allows companies to use either a full retrospective or a modified retrospective approach to adopt this ASU. The Company has formed a project team and is currently assessing the impact of the adoption of this principle on the Company's interim condensed consolidated financial statements.

3. ACQUISITIONS

During the six months ended March 31, 2018, the Company acquired the following intangible assets and businesses:

Residual Buyouts

From time to time, the Company acquires future commission streams from sales agents in exchange for an upfront cash payment. This results in an increase in overall gross volume to the Company. The residual buyouts are treated as asset acquisitions, resulting in recording a residual buyout intangible asset at cost on the date of acquisition. These assets are amortized using a method of amortization that reflects the pattern in which the economic benefits of the intangible asset are expected to be utilized over their estimated useful lives.

During the six months ended March 31, 2018, the Company purchased \$954 in residual buyouts using a mixture of cash on hand and borrowings on our revolving line of credit. The acquired residual buyout intangible assets have an estimated amortization period of two years.

Referral Agreement

On February 21, 2018, the Company entered into a referral agreement with an agent bank. Under the agreement, the bank exclusively refers its customers to the Company for credit card processing services. Because the Company paid an up-front fee to compensate the bank, the amount is treated as an asset acquisition in which the Company has acquired an intangible stream of referrals. This asset is amortized over a straight-line period over the initial five year term of the referral agreement.

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Total consideration paid for the referral agreement was \$800, paid for with cash on hand.

Purchase of San Diego Cash Register Company, Inc.

On October 31, 2017, the Company closed an agreement to purchase all of the outstanding stock of San Diego Cash Register Company, Inc. ("SDCR, Inc."). The acquisition was completed to expand our revenue within the integrated POS market. Total purchase consideration was \$20,834 which includes \$104 of common units in i3 Verticals, LLC ("Common Units") issued to the seller. The acquisition was funded using \$20,000 in proceeds from the issuance of long-term debt from the Senior Secured Credit Facility and \$730 of contingent consideration. The preliminary purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

Cash and cash equivalents	\$	1,338
Accounts receivable		1,008
Related party receivable		773
Inventories		1,318
Prepaid expenses and other current assets		1,176
Property and equipment		69
Acquired merchant relationships		5,500
Non-compete agreements		40
Trade name		1,340
Goodwill		16,523
Total assets acquired		<u>29,085</u>
Accounts payable		1,342
Accrued expenses and other current liabilities		3,123
Deferred revenue, current		2,029
Other long-term liabilities		1,757
Net assets acquired	\$	<u>20,834</u>

The goodwill associated with the acquisition is not deductible for tax purposes. The acquired relationships contracts intangible asset has an estimated amortization period of twelve years. The non-compete agreement and trade name have an amortization period of two and five years, respectively. The weighted-average amortization period for all intangibles acquired is eleven years.

Acquisition-related costs for SDCR, Inc. were \$288 and were expensed as incurred.

Certain provisions in the purchase agreement provide for additional consideration of up to \$2,400 in the aggregate, to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, through October 2019. The Company determined the acquisition date fair value of the liability for the contingent consideration based on a discounted cash flow analysis. In each subsequent reporting period the Company will reassess its current estimates of performance relative to the targets and adjust the contingent liability to its fair value through earnings. See additional disclosures in Note 7.

The following unaudited pro forma results of operations have been prepared as though the acquisitions of SDCR, Inc. had occurred on October 1, 2016 and of Fairway Payments, LLC (see Note 4 of the consolidated financial statements for the years ended September 30, 2017 and 2016 included elsewhere herein) had occurred on October 1, 2015. Pro forma adjustments were made to reflect the impact of depreciation and amortization, changes to executive compensation and the revised debt load, all in accordance with ASC 805. This pro forma

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information does not purport to be indicative of the results of operations that would have been attained had the acquisitions been made on these dates, or of results of operations that may occur in the future.

	Six months ended March 31,	
	2018	2017
Revenue	\$ 156,463	\$ 157,599
Net income (loss)	\$ (6,890)	\$ 2,339

Purchase of Court Solutions, LLC

On December 1, 2017, the Company acquired certain assets of Court Solutions, LLC ("CS, LLC"). The acquisition was completed to expand the Company's merchant base and increase our processing base in the public sector. Total purchase consideration was \$2,890, including \$2,200 in cash and revolver proceeds and \$690 of contingent cash consideration. The preliminary purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

Property and equipment	\$	5
Capitalized software		100
Other assets		4
Acquired merchant relationships		1,500
Goodwill		1,281
Total assets acquired	\$	2,890

The goodwill associated with the acquisition is deductible for tax purposes. The acquired merchant relationships intangible asset has an estimated amortization period of fifteen years.

Acquisition-related costs for CS, LLC amounted to approximately \$117 and were expensed as incurred.

Certain provisions in the purchase agreement provide for additional consideration of up to \$2,800 in the aggregate, to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, through November 2019. The Company determined the acquisition date fair value of the liability for the contingent consideration based on a discounted cash flow analysis. In each subsequent reporting period, the Company will reassess its current estimates of performance relative to the targets and adjust the contingent liability to its fair value through earnings. See additional disclosures in Note 7.

The pre-acquisition operating results of CS, LLC are not considered material to the condensed consolidated results of operations of the Company. As such, the Company has not disclosed supplemental pro forma revenue and earnings, in accordance with ASC 805.

Purchase of Enterprise Merchant Solutions, Inc.

On January 31, 2018, the Company acquired certain assets and assumed certain liabilities of Enterprise Merchant Solutions, Inc. ("EMS, Inc."). The acquisition was completed to expand our revenue within the integrated POS market. Total purchase consideration was \$6,664, including \$6,000 in cash and revolver proceeds and \$664 of contingent cash consideration. The preliminary purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

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Inventories	130
Property and equipment	14
Acquired merchant relationships	1,500
Non-compete agreements	1,400
Trade name	200
Goodwill	4,052
Total assets acquired	<u>7,296</u>
Accrued expenses and other current liabilities	442
Deferred revenue, current	190
Net assets acquired	<u>\$ 6,664</u>

The goodwill associated with the acquisition is deductible for tax purposes. The acquired relationships contracts intangible asset has an estimated amortization period of fifteen years. The non-compete agreement and trade name have an amortization period of three and five years, respectively. The weighted-average amortization period for all intangibles acquired is nine years.

Acquisition-related costs for EMS, Inc. were \$92 and were expensed as incurred.

Certain provisions in the purchase agreement provide for additional consideration of up to \$9,000 in the aggregate, to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, through January 2020. The Company determined the acquisition date fair value of the liability for the contingent consideration based on a discounted cash flow analysis. In each subsequent reporting period the Company will reassess its current estimates of performance relative to the targets and adjust the contingent liability to its fair value through earnings. See additional disclosures in Note 7 .

The pre-acquisition operating results of EMS, Inc. are not considered material to the condensed consolidated results of operations of the Company. As such, the Company has not disclosed supplemental pro forma revenue and earnings, in accordance with ASC 805.

4. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

	Merchant Services	Other	Total
Balance at September 30, 2017 (net of accumulated impairment losses of \$11,458 and \$0, respectively)	\$ 49,173	\$ 9,344	\$ 58,517
Goodwill attributable to the acquisitions of SDCR, Inc., CS, LLC and EMS, Inc.	20,575	1,281	21,856
Balance at March 31, 2018	<u>\$ 69,748</u>	<u>\$ 10,625</u>	<u>\$ 80,373</u>

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Intangible assets consisted of the following as of March 31, 2018:

	Cost	Accumulated Amortization	Carrying Value	Amortization Life and Method
Finite-lived intangible assets:				
Merchant relationships	\$ 92,691	\$ (30,578)	\$ 62,113	15 years – accelerated or straight-line
Non-compete agreements	1,850	(370)	1,480	2 to 3 years – straight-line
Website development costs	18	(11)	7	3 years – straight-line
Trade names	3,717	(1,368)	2,349	2 to 5 years – straight-line
Residual buyouts	1,431	(331)	1,100	2 years – straight-line
Referral agreements	800	(13)	787	5 years – straight-line
Total finite-lived intangible assets	100,507	(32,671)	67,836	
Indefinite-lived intangible assets:				
Trademarks	30	—	30	
Total identifiable intangible assets	\$ 100,537	\$ (32,671)	\$ 67,866	

Amortization expense for intangible assets amounted to \$4,629 and \$3,866 during the six months ended March 31, 2018 and 2017, respectively.

Based on gross carrying amounts at March 31, 2018, our estimate of future amortization expense for intangible assets are presented in the table below.

2018 (six months remaining)	\$ 4,622
2019	8,231
2020	6,647
2021	5,901
2022	5,562
Thereafter	36,873
	\$ 67,836

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5. LONG-TERM DEBT, NET

A summary of long-term debt, net as of March 31, 2018 is as follows:

	Maturity	Amount
Notes payable to Mezzanine lenders	November 29, 2020	\$ 10,500
Unsecured notes payable to related and unrelated creditors	February 14, 2019	16,108
Term loans to banks	October 30, 2022 (1)	37,500
Revolving lines of credit to banks	October 30, 2022 (1)	70,750
Debt issuance costs		(2,072)
Total long-term debt, net of issuance costs		132,786
Less current portion of long-term debt		(5,000)
Long-term debt, net of current portion		\$ 127,786

(1) This debt matures on the earlier of October 30, 2022 or 181 days before the maturity date of the Company's notes payable in aggregate principal amount of \$10,500 (the "Mezzanine Notes").

New Senior Secured Credit Facility

On October 30, 2017 the Company replaced its existing credit facility with a new credit agreement ("the Senior Secured Credit Facility"). The Company concluded that the Senior Secured Credit Facility should be accounted for as a debt modification based on the guidance in ASC 470-50. The Senior Secured Credit Facility consists of term loans in the original principal amount of \$40,000 and a \$110,000 revolving line of credit. The Senior Secured Credit Facility accrues interest, payable monthly, at prime plus a margin of 0.50% to 2.00% (2.00% as of March 31, 2018) or at the 30-day LIBOR rate plus a margin of 2.75% to 4.00% (4.00% as of March 31, 2018), in each case depending on the ratio of consolidated debt to EBITDA, as defined in the agreement. Additionally, the Senior Secured Credit Facility requires the Company to pay unused commitment fees of up to 0.15% to 0.30% (0.30% as of March 31, 2018) on any undrawn amounts under the revolving line of credit. The maturity date of the Senior Secured Credit Facility is the earlier of October 30, 2022 or 181 days before the maturity date of the Mezzanine Notes. Principal payments of \$1,250 are due on the last day of each calendar quarter until the maturity date, when all outstanding principal and accrued and unpaid interest are due. At March 31, 2018 there was \$39,250 available for borrowing under the revolving line of credit.

The Senior Secured Credit Facility is secured by substantially all assets of the Company. The notes payable to banks and revolving line of credit to banks hold senior rights to collateral and principal repayment over all other creditors.

The provisions of the Senior Secured Credit Facility place certain restrictions and limitations upon the Company. These include, among others, restrictions on liens, investments, indebtedness, fundamental changes and dispositions; maintenance of certain financial ratios; and certain non-financial covenants pertaining to the activities of the Company during the period covered. The Company was in compliance with such covenants as of March 31, 2018. In addition, the Senior Secured Credit Facility restricts our ability to make dividends or other distributions to the holders of our equity. We are permitted to (i) make cash distributions to the holders of our equity in order to pay taxes incurred by owners of equity in i3 Verticals, LLC, by reason of such ownership, (ii) move intercompany cash between subsidiaries that are joined to the Senior Secured Credit Facility, (iii) repurchase equity from employees, directors, officers or consultants after the restructuring of the Company in connection with the initial public offering of our equity in an aggregate amount not to exceed \$1.5 million per year, and (iv) make other dividends or distributions in an aggregate amount not to exceed 5% of the net cash proceeds received from any additional common equity issuance after an initial public offering. We are also permitted to make noncash dividends in the form of additional equity issuances. All other forms of dividends or distributions are prohibited under the Senior Secured Credit Facility.

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Mezzanine Warrants

As of March 31, 2018 and September 30, 2017, there were in the aggregate 1,424 warrants outstanding and exercisable to purchase Common Units related to the issuance of the Mezzanine Notes. The intrinsic value of the Mezzanine warrants was \$9,012 and \$767 as of March 31, 2018 and September 30, 2017, respectively.

	Warrants	Expiration	Exercise Price
Mezzanine Warrants	1,424	November 29, 2020	\$ 0.010

The Mezzanine warrants are mandatorily redeemable and embody a conditional obligation to redeem the instrument by a transfer of assets. The Company uses the Black-Scholes option pricing model to determine the fair market value of the Mezzanine warrants at each reporting period. The option pricing model requires the input of highly subjective assumptions, including the estimated enterprise value of the Company, expected term of the warrants, expected volatility, risk-free interest rates and discount for lack of marketability. See additional disclosures in Note 7. To determine the fair value of the Mezzanine warrants, the Company engages an outside consultant to prepare a valuation of the unit price for each reporting date, using information provided by management and information obtained from private and public sources. We use an expected volatility based on the historical volatilities of a group of guideline companies and estimated a liquidity event in June 2018 to determine the term of the warrants. The risk-free interest rates are obtained from publicly available U.S. Treasury yield curve rates. The discount for lack of marketability was determined using the Finnerty Model. The Mezzanine warrants are remeasured at each reporting date through the settlement of the instrument and changes in value are reflected in earnings. The fair market value of the warrants was \$9,012 and \$767 as of March 31, 2018 and September 30, 2017, respectively, and is reflected within other long-term liabilities within the accompanying condensed consolidated balance sheets.

6. INCOME TAXES

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the Company updates its estimate of the annual effective tax rate, and if the Company's estimated tax rate changes, it makes a cumulative adjustment in that period. The Company's benefit for income taxes was \$ 139 and 70 for the six months ended March 31, 2018 and 2017, respectively.

On December 22, 2017, the Tax Cuts and Jobs Acts was enacted into law. The new legislation contains several key tax provisions, including the reduction of the federal corporate income tax rate to 21% effective January 1, 2018, as well as a variety of other changes, including limitation of the tax deductibility of interest expense, acceleration of expensing of certain business assets and reductions in the amount of executive pay that could qualify as a tax deduction. The Company is assessing the impact of the enacted tax law on its business and its consolidated financial statements and recorded a provisional discrete tax benefit related to the re-measurement of its deferred tax assets and liabilities at SDCR, Inc. of \$504 for the reduced federal tax rates during the six-month period ended March 31, 2018.

7. FAIR VALUE MEASUREMENTS

The Company applies the provisions of ASC 820, Fair Value Measurement, which defines fair value, establishes a framework for its measurement and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or the price paid to transfer a liability as of the measurement date. A three-tier, fair-value reporting hierarchy exists for disclosure of fair value measurements based on the observability of the inputs to the valuation of financial assets and liabilities. The three levels are:

Level 1 — Quoted prices for identical instruments in active markets.

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Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable in active exchange markets.

The carrying value of the Company's financial instruments, including cash and cash equivalents, restricted cash, settlement assets and obligations, accounts receivable, other assets, accounts payable, and accrued expenses, approximated their fair values as of March 31, 2018 and September 30, 2017, because of the relatively short maturity dates on these instruments. The carrying amount of debt approximates fair value as of March 31, 2018 and September 30, 2017, because interest rates on these instruments approximate market interest rates.

The Company has no Level 1 or Level 2 financial instruments. The following tables present the changes in our Level 3 financial instruments that are measured at fair value on a recurring basis.

	Mezzanine Warrants	Accrued Contingent Consideration
Balance at September 30, 2017	\$ 767	\$ 3,340
Change in the fair value of warrant liabilities	8,245	—
Contingent consideration accrued at time of business combination (Note 3)	—	2,084
Change in fair value of contingent consideration included in operating expenses	—	2,129
Contingent consideration paid	—	(1,064)
Balance at March 31, 2018	<u>\$ 9,012</u>	<u>\$ 6,489</u>

	Mezzanine Warrants	Accrued Contingent Consideration
Balance at September 30, 2016	\$ 1,182	\$ 5,537
Change in the fair value of warrant liabilities	—	—
Contingent consideration accrued at time of business combination	—	1,221
Change in fair value of contingent consideration included in operating expenses	—	923
Contingent consideration paid	—	(500)
Balance at March 31, 2017	<u>\$ 1,182</u>	<u>\$ 7,181</u>

Approximately \$4,058 and \$2,229 of contingent consideration was recorded in accrued expenses and other current liabilities as of March 31, 2018 and September 30, 2017, respectively. Approximately \$2,431 and \$1,111 of contingent consideration was recorded in other long-term liabilities as of March 31, 2018 and September 30, 2017, respectively.

8 . MEMBER'S EQUITY (DEFICIT)

As of March 31, 2018, the Company has authorized the issuance of Class A Units, Class P Units and Common Units. Any offering costs associated with the issuance of units are presented net within equity.

Restricted Class P Units

As of March 31, 2018 and September 30, 2017, respectively, there were 4,823 and 4,771 vested, and 3,433 and 2,876 non-vested, restricted Class P Units issued and outstanding to certain Board members and employees.

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The Class P Units are subject to restrictions which establish forfeiture provisions, limit the transferability, encumbrance and disposition of units, and establish vesting provisions.

All Class P Units are issued at a participation threshold above the valuation of the Company at the grant date. As a result, they have a nominal value, individually and in the aggregate, at the grant date. Using an option-pricing model and considering liquidation preferences of the Class P Units, as well as the lack of marketability, management has determined that any compensation expense related to the restricted units is immaterial to the interim condensed consolidated financial statements.

9 . COMMITMENTS AND CONTINGENCIES

Leases

The Company utilizes office space and equipment under operating leases. Rent expense under these leases amounted to \$686 and \$482 during the six months ended March 31, 2018 and 2017, respectively. A summary of approximate future minimum payments under these leases as of March 31, 2018 is as follows:

Years ending September 30:		
2018 (six months remaining)	\$	754
2019		1,468
2020		1,340
2021		981
2022		868
Thereafter		1,486
Total	\$	6,897

Minimum Processing Commitments

We have non-exclusive agreements with several processors to provide us services related to transaction processing and transmittal, transaction authorization and data capture, and access to various reporting tools. Certain of these agreements require us to submit a minimum monthly number of transactions for processing. If we submit a number of transactions that is lower than the minimum, we are required to pay to the processor the fees it would have received if we had submitted the required minimum number of transactions. As of March 31, 2018, such minimum fee commitments were as follows:

Years ending September 30:		
2018 (six months remaining)	\$	2,479
2019		1,300
2020		1,300
Thereafter		—
Total	\$	5,079

The Company met all minimum fee commitments for the six months ended March 31, 2018 and 2017.

Litigation

With respect to all legal, regulatory and governmental proceedings, and in accordance with ASC 450-20, *Contingencies—Loss Contingencies*, the Company considers the likelihood of a negative outcome. If the Company determines the likelihood of a negative outcome with respect to any such matter is probable and the amount of the loss can be reasonably estimated, the Company records an accrual for the estimated amount of

i3 VERTICALS, LLC AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2018

loss for the expected outcome of the matter. If the likelihood of a negative outcome with respect to material matters is reasonably possible and the Company is able to determine an estimate of the amount of possible loss or a range of loss, whether in excess of a related accrued liability or where there is no accrued liability, the Company discloses the estimate of the amount of possible loss or range of loss. However, the Company in some instances may be unable to estimate an amount of possible loss or range of loss based on the significant uncertainties involved in, or the preliminary nature of, the matter, and in these instances the Company will disclose the nature of the contingency and describe why the Company is unable to determine an estimate of possible loss or range of loss.

In addition, the Company is involved in ordinary course legal proceedings, which include all claims, lawsuits, investigations and proceedings, including unasserted claims, which are probable of being asserted, arising in the ordinary course of business and otherwise not described below. The Company has considered all such ordinary course legal proceedings in formulating its disclosures and assessments.

In June 2016, Expert Auto Repair, Inc., for itself and on behalf of a class of additional plaintiffs, and Jeff Straight initiated a class action lawsuit against us, as successor to Merchant Processing Solutions, LLC, seeking damages, restitution and declaratory and injunctive relief (the "Expert Auto Litigation"). The plaintiffs alleged that our predecessor engaged in unfair business practices in the merchant services sector including unfairly inducing merchants to obtain credit and debit card processing services and thereafter assessing them with improper fees. Subject to preliminary and final court approval, we have entered into a settlement agreement to settle the plaintiffs' claims for \$995, pending court approval of the settlement. On April 10, 2018, the Court granted conditional class certification and preliminary approval of the agreed settlement, and scheduled the final fairness hearing and final approval of the settlement for December 14, 2018. The reserved amount is reflected in accrued expenses and other current liabilities as of March 31, 2018. The amount was included in general and administrative expenses in our consolidated statement of operations for the year ended September 30, 2017.

In connection with the Expert Auto Litigation, in November 2016 our insurance carrier, Starr Indemnity and Liability Company, Inc. ("Starr"), filed a complaint against us seeking a declaration that our insurance policies with Starr would not cover a settlement or award granted to the Expert Auto Litigation plaintiffs. The Company intends to vigorously defend against Starr's claims.

Other

Our subsidiary CP-PS, LLC has certain indemnification obligations in favor of FDS Holdings, Inc. related to the acquisition of certain assets of Merchant Processing Solutions, LLC in February 2014. We have incurred expenses related to these indemnification obligations in prior periods and may have additional expenses in the future. However, after taking into consideration the evaluation of such matters by the Company's legal counsel, the Company's management believes at this time that the anticipated outcome of any existing or potential indemnification liabilities related to this matter will not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

10 . RELATED PARTY TRANSACTIONS

Related parties held \$6,158 of our Company's Junior Subordinated Notes as of March 31, 2018 and September 30, 2017. Interest expense to related parties for the Company's Junior Subordinated Notes amounted to \$311 and \$302 during the six months ended March 31, 2018 and 2017, respectively.

All lenders party to the Company ' s Mezzanine Notes are considered related parties, through their ownership interest in the Company and affiliated director relationships. Outstanding Mezzanine Notes payable to related parties amounted to \$10,500 as of March 31, 2018 and September 30, 2017. Interest expense to related parties for the Company's Mezzanine Notes amounted to \$637 during the six months ended March 31, 2018 and 2017, respectively.

i3 VERTICALS, LLC AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2018

In April, 2016, we entered into a purchase agreement to purchase certain assets of Axia, LLC, pursuant to which we acquired certain legacy agreements with Merrick Bank Corporation. On April 29, 2016, the Company entered into a Processing Services Agreement (the "Axia Tech Agreement") with Axia Technologies, LLC ("Axia Tech"), an entity controlled by the previous owner of Axia, LLC. Under the Axia Tech Agreement, we agreed to provide processing services for certain merchants as designated by Axia Tech from time to time. In accordance with ASC 605-45, revenue is recognized net of interchange, residual expense and other fees. We earned net revenues of \$24 and \$8 related to the Axia Tech Agreement during the six months ended March 31, 2018 and 2017, respectively. i3 Verticals, LLC, our CEO and our CFO each own 3%, 11% and 1%, respectively, of the outstanding equity of Axia Tech.

11 . SEGMENTS

The Company determines its operating segments based on how the chief operating decision making group monitors and manages the performance of the business. The Company's operating segments are strategic business units that offer different products and services.

Our core business is delivering seamless integrated payment and software solutions to small- and medium-sized businesses ("SMBs") and organizations in strategic vertical markets. This is primarily accomplished through Merchant Services, which constitutes an operating segment. We also provide integrated payment services with proprietary owned software. The proprietary owned software operating segments do not meet applicable materiality thresholds for separate segment disclosure or aggregation, but are included as the primary components of an "all other" category under GAAP as set forth below. The other category also includes corporate overhead expenses.

We primarily use processing margin to measure operating performance. The following is a summary of reportable segment operating performance for the six months ended March 31, 2018 and 2017.

	As of and for the Six Months Ended March 31, 2018		
	Merchant Services	Other	Total
Revenue	\$ 145,151	\$ 9,769	\$ 154,920
Operating expenses			
Interchange and network fees	100,339	2,533	102,872
Other costs of services	18,502	556	19,058
Selling general and administrative	11,002	8,039	19,041
Depreciation and amortization	4,715	1,161	5,876
Change in fair value of contingent consideration	1,448	681	2,129
Income (loss) from operations	\$ 9,145	\$ (3,201)	\$ 5,944
Processing margin ^(a)	\$ 33,038	\$ 6,750	\$ 39,788
Total assets	\$ 145,423	\$ 24,547	\$ 169,970
Goodwill	\$ 69,748	\$ 10,625	\$ 80,373

(a) Processing margin is equal to revenue less interchange and network fees, less other costs of services. \$6,728 and \$70 of residual expense, a component of other costs of services, are added back to the Merchant Services segment and Other category, respectively.

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2018

	As of and for the Six Months Ended March 31, 2017		
	Merchant Services	Other	Total
Revenue	\$ 117,032	\$ 7,434	\$ 124,466
Operating expenses			
Interchange and network fees	87,044	2,072	89,116
Other costs of services	12,895	720	13,615
Selling general and administrative	6,433	6,503	12,936
Depreciation and amortization	4,029	1,042	5,071
Change in fair value of contingent consideration	562	361	923
Income (loss) from operations	\$ 6,069	\$ (3,264)	\$ 2,805
Processing margin ^(a)	\$ 22,627	\$ 4,812	\$ 27,439

(a) Processing margin is equal to revenue less interchange and network fees, less other costs of services. \$5,534 and \$170 of residual expense, a component of other costs of services, are added back to the Merchant Services segment and Other category, respectively.

Corporate overhead expenses contributed losses from operations of \$4,467 and \$2,879, and depreciation and amortization of \$62 and \$58 for the six months ended March 31, 2018 and 2017, respectively.

12 . SUBSEQUENT EVENTS

The Company has evaluated events through May 10, 2018, the date the interim condensed consolidated financial statements were available to be issued.

Report of Independent Registered Public Accounting Firm

Board of Directors and Members
i3 Verticals, LLC
Nashville, Tennessee

We have audited the accompanying consolidated balance sheets of i3 Verticals, LLC and subsidiaries as of September 30, 2017 and 2016 and the related consolidated statements of operations, changes in members' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of i3 Verticals, LLC at September 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2 and 12 to the consolidated financial statements, the Company has changed its method of accounting for goodwill and has reclassified amounts related to its Class A units with certain redemption features in its consolidated balance sheets. As the Company meets the definition of a public business entity, the Company removed the effects of applying Accounting Standards Update No. 2014-02, *Accounting for Goodwill, a consensus of the Private Company Council*, and applied the provisions of Accounting Standards Codification ("ASC") Topic 350 applicable to public business entities. Additionally, amounts related to the Class A units with redemption features that are outside of the control of the Company were reclassified to temporary equity in accordance with ASC Topic 480-10-S99-3A, *Distinguishing Liabilities from Equity*.

/S/ BDO USA, LLP

Nashville, Tennessee
February 6, 2018

i3 Verticals, LLC and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(In thousands)

	September 30,	
	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 955	\$ 3,776
Accounts receivable, net	8,412	6,166
Settlement assets	5,196	4,446
Prepaid expenses and other current assets	1,141	1,207
Total current assets	15,704	15,595
Property and equipment, net	1,420	1,597
Restricted cash	1,013	413
Capitalized software, net	3,778	3,911
Goodwill	58,517	35,056
Intangible assets, net	59,259	43,345
Other assets	300	365
Total assets	\$ 139,991	\$ 100,282
Liabilities, Redeemable Class A Units and members' equity (deficit)		
Liabilities		
Current liabilities		
Accounts payable	\$ 1,600	\$ 1,984
Current portion of long-term debt	4,000	5,000
Accrued expenses and other current liabilities	6,706	6,602
Settlement obligations	5,196	4,446
Deferred revenue	2,719	2,273
Total current liabilities	20,221	20,305
Long-term debt, less current portion and debt issuance costs, net	106,836	78,537
Other long-term liabilities	2,065	3,928
Total liabilities	129,122	102,770
Commitments and contingencies (see Note 14)		
Redeemable Class A Units; 4,900 Units authorized, issued and outstanding as of September 30, 2017 and 2016 (see Note 12)	7,723	7,022
Members' equity (deficit)		
Class A Units; 13,892 and 10,046 Units authorized, issued and outstanding as of September 30, 2017 and 2016, respectively	34,924	19,765
Common Units; 4,406 and 3,906 Units authorized as of September 30, 2017 and 2016, respectively; 1,549 and 1,049 Units issued and outstanding as of September 30, 2017 and 2016, respectively	1,240	965
Class P Units; 7,647 and 5,895 Units authorized as of September 30, 2017 and 2016, respectively; 7,647 and 5,895 Units issued and outstanding as of September 30, 2017 and 2016, respectively	—	—
Accumulated deficit	(33,018)	(30,240)

i3 Verticals, LLC and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(In thousands)

Total members' equity (deficit)	3,146	(9,510)
Total liabilities, Redeemable Class A Units and members' equity (deficit)	<u>\$ 139,991</u>	<u>\$ 100,282</u>

See Notes to the Consolidated Financial Statements

i3 Verticals, LLC and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

	Year ended September 30,	
	2017	2016
Revenue	\$ 262,571	\$ 199,644
Operating expenses		
Interchange and network fees	189,112	140,998
Other costs of services	28,798	21,934
Selling general and administrative	27,194	20,393
Depreciation and amortization	10,085	9,898
Change in fair value of contingent consideration	(218)	2,458
Total operating expenses	254,971	195,681
Income from operations	7,600	3,963
Other expenses		
Interest expense, net	6,936	5,900
Change in fair value of warrant liability	(415)	(28)
Other (income) expenses	—	(59)
Total other expenses	6,521	5,813
Income (loss) before income taxes	1,079	(1,850)
Provision for income taxes	177	243
Net income (loss)	<u>\$ 902</u>	<u>\$ (2,093)</u>

See Notes to the Consolidated Financial Statements

i3 Verticals, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)

(In thousands)

	Class A Units	Common Units	Class P Units	Accumulated Deficit	Total Members' Equity (Deficit)
Balance at September 30, 2015	\$ 7,753	\$ 300	\$ —	\$ (25,664)	\$ (17,611)
Preferred returns on Class A Units	1,080	—	—	(1,080)	—
Preferred returns on Redeemable Class A Units	—	—	—	(639)	(639)
Issuance of Class A Units	11,000	—	—	—	11,000
Issuance of Common Units	—	665	—	—	665
Distributions to members	—	—	—	(764)	(764)
Equity issuance costs	(68)	—	—	—	(68)
Net loss	—	—	—	(2,093)	(2,093)
Balance at September 30, 2016	19,765	965	—	(30,240)	(9,510)
Preferred returns on Class A Units	2,223	—	—	(2,223)	—
Preferred returns on Redeemable Class A Units	—	—	—	(701)	(701)
Issuance of Class A Units	13,000	—	—	—	13,000
Issuance of Common Units	—	275	—	—	275
Distributions to members	—	—	—	(756)	(756)
Equity issuance costs	(64)	—	—	—	(64)
Net income	—	—	—	902	902
Balance at September 30, 2017	\$ 34,924	\$ 1,240	\$ —	\$ (33,018)	\$ 3,146

See Notes to the Consolidated Financial Statements

i3 Verticals, LLC and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended September 30,	
	2017	2016
Cash flows from operating activities:		
Net income (loss)	\$ 902	\$ (2,093)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	10,085	9,898
Provision for doubtful accounts	216	48
Amortization of deferred financing costs	453	443
Loss on disposal of assets	44	4
Provision (benefit) for deferred income taxes	56	(3)
Non-cash change in fair value of warrant liability	(415)	(28)
Increase (decrease) in non-cash contingent consideration expense from original estimate	(218)	2,458
Changes in operating assets:		
Accounts receivable	(2,432)	(1,182)
Prepaid expenses and other current assets	305	(563)
Restricted cash	(600)	1
Other assets	9	(142)
Changes in operating liabilities:		
Accounts payable	(384)	509
Accrued expenses and other current liabilities	1,515	806
Deferred revenue	388	548
Other long-term liabilities	40	(32)
Contingent consideration paid in excess of original estimates	(2,234)	(666)
Net cash provided by operating activities	7,730	10,006
Cash flows from investing activities:		
Expenditures for property and equipment	(636)	(862)
Expenditures for capitalized software	(1,452)	(1,992)
Purchases of merchant portfolios and residual buyouts	(1,632)	—
Acquisitions of businesses, net of cash acquired	(44,175)	(32,277)
Acquisition of other intangibles	(8)	(23)
Net cash used in investing activities	(47,903)	(35,154)

i3 Verticals, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(In thousands)

	Year ended September 30,	
	2017	2016
Cash flows from financing activities:		
Proceeds from revolving credit facility	56,500	55,600
Payments of revolving credit facility	(23,900)	(33,600)
Proceeds from notes payable to banks	—	6,500
Payments of notes payable to banks	(5,000)	(2,800)
Payment of debt issuance costs	(254)	(876)
Proceeds from the issuance of Class A Units	12,500	9,000
Payment of equity issuance costs	(64)	(68)
Cash paid for contingent consideration	(966)	(4,776)
Required distributions to members for tax obligations	(1,464)	(56)
Net cash provided by financing activities	37,352	28,924
Net (decrease) increase in cash and cash equivalents	(2,821)	3,776
Cash and cash equivalents, beginning of period	3,776	—
Cash and cash equivalents, end of period	\$ 955	\$ 3,776
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 6,288	\$ 5,386
Cash paid for income taxes	\$ 837	\$ 21
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of unsecured note payable to related party into Class A Units (Note 13)	\$ —	\$ 1,000
Exchange of Junior Subordinated Notes for Class A Units (Note 13)	\$ 500	\$ 1,000
Common Units issued as part of acquisitions' purchase consideration (Note 4)	\$ 275	\$ 665
Acquisition date fair value of contingent consideration in connection with business combinations	\$ 1,221	\$ 1,480
Preferred return on Redeemable Class A Units	\$ 701	\$ 639
Preferred return on Class A Units	\$ 2,223	\$ 1,080

See Notes to the Consolidated Financial Statements

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

i3 Verticals, LLC, a Delaware limited liability company (collectively the “Company,” “we,” “us,” or “our”), was founded in 2012 and delivers seamless integrated payment and software solutions to small- and medium-sized businesses (“SMBs”) and organizations in strategic vertical markets.

The Company’s headquarters are in Nashville, Tennessee, with operations throughout the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission (“SEC”).

All amounts are presented in thousands.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary companies. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash on hand, checking accounts, and savings accounts to be cash and cash equivalents. At times, the balance in these accounts may exceed federal insured limits. Cash equivalents are defined as financial instruments readily transferrable into cash with an original maturity less than 90 days.

Restricted Cash

Restricted cash represents funds held-on-deposit with processing banks pursuant to agreements to cover potential merchant losses. It is presented as long-term assets on the accompanying consolidated balance sheets since the related agreements extend beyond the next twelve months.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of uncollateralized credit card processing residual payments due from processing banks requiring payment within thirty days following the end of each month. Accounts receivable also include amounts due from the sales of the Company’s technology solutions to its customers. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts, if necessary, which reflects management’s best estimate of the amounts that will not be collected. The allowance is estimated based on management’s knowledge of its customers, historical loss experience and existing economic conditions. Accounts receivable and the allowance are written-off when, in management’s opinion, all collection efforts have been exhausted. The Company’s allowance for doubtful accounts was \$461 and \$244 as of September 30, 2017, and 2016, respectively, however, actual write-offs may exceed estimated amounts.

Settlement Assets and Obligations

Settlement assets and obligations result when funds are temporarily held or owed by the Company on behalf of merchants, consumers, schools, and other institutions. Timing differences, interchange expense, merchant reserves and exceptional items cause differences between the amount received from the card networks and the amount funded to counterparties. These balances arising in the settlement process are reflected as settlement assets and obligations on the accompanying consolidated balance sheets. With the exception of merchant reserves, settlement assets or settlement obligations are generally collected and paid within one to four days. As

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of September 30, 2017, and 2016, settlement assets and settlement obligations were both \$5,196 and \$4,446, respectively.

Inventories

Inventories consist of point-of-sale equipment to be sold to customers and are stated at the lower of cost, determined on a weighted average basis, or net realizable value. Inventories were \$454 and \$513 at September 30, 2017 and 2016, respectively, and are included within prepaid expenses and other current assets on the accompanying consolidated balance sheets.

Property and Equipment

Property and equipment are stated at cost or, if acquired through a business acquisition, fair value at the date of acquisition. Depreciation and amortization are provided over the assets' estimated useful lives (or if obtained in connection with a business acquisition, over the estimated remaining useful lives) using the straight-line method, except for leasehold improvements, which are depreciated over the shorter of the estimated useful lives of the assets or the lease term.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. Management reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company recognizes impairment when the sum of undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value of the asset. There were no impairment charges during the years ended September 30, 2017 and 2016.

Capitalized Software

Development costs for software to be sold or leased to customers are capitalized once technological feasibility of the software product has been established. Costs incurred prior to establishing technological feasibility are expensed as incurred. Technological feasibility is established when the Company has completed a detailed program design and has determined that a product can be produced to meet its design specifications, including functions, features and technical performance requirements. Capitalization of costs ceases when the product is generally available to clients. Software development costs are amortized using the greater of the straight-line method or the usage method over its estimated useful life, which is estimated to be three years.

Software development costs may become impaired in situations where development efforts are abandoned due to the viability of a planned project becoming doubtful or due to technological obsolescence of a planned software product. Management evaluates the remaining useful lives and carrying values of capitalized software at least annually or when events and circumstances warrant such a review, to determine whether significant events or changes in circumstances indicate that impairment in value may have occurred. To the extent the estimated net realizable values, which is estimated to equal future undiscounted cash flows, exceed the carrying value, no impairment is necessary. If the estimated net realizable values are less than the carrying value, an impairment charge is recorded. Impairment charges during the year ended September 30, 2017 were nominal and there were no impairment charges during the year ended September 30, 2016.

Identifiable software technology intangible assets resulting from acquisitions are amortized using the straight-line method over periods not exceeding their remaining estimated useful lives. GAAP requires that intangible assets with estimated useful lives be amortized over their respective estimated useful lives to their residual values, and reviewed for impairment. Acquisition technology intangibles' net book values are included in Capitalized software, net in the accompanying consolidated balance sheets.

Acquisitions

Business acquisitions have been recorded using the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations* ("ASC 805"), and, accordingly, the purchase price has been allocated to the assets acquired and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

liabilities assumed based on their estimated fair value as of the date of acquisition. Where relevant, the fair value of contingent consideration included in an acquisition is calculated using a Monte Carlo simulation. For a discussion of the estimate methodology and the significance of various inputs, please see the subheading below titled "Use of Estimates." The fair value of merchant relationships and non-compete assets acquired is identified using the Income Approach. The fair value of trade names acquired is identified using the Relief from Royalty Method. After the purchase price has been allocated, goodwill is recorded to the extent the total consideration paid for the acquisition, including the acquisition date fair value of contingent consideration, if any, exceeds the sum of the fair values of the separately identifiable acquired assets and assumed liabilities. Acquisition costs for business combinations are expensed when incurred and recorded in selling general and administrative expenses in the accompanying consolidated statements of operations.

Acquisitions not meeting the accounting criteria to be accounted for as a business combination are accounted for as an asset acquisition. An asset acquisition is recorded at its purchase price, inclusive of acquisition costs, which are allocated among the acquired assets and assumed liabilities based upon their relative fair values at the date of acquisition.

The operating results of an acquisition are included in the Company's consolidated statements of operations from the date of such acquisition. Acquisitions completed during the year ended September 30, 2017 contributed \$14,758 and \$2,182 of revenue and net income, respectively, to the results in our consolidated statements of operations for the year then ended. Acquisitions completed during the year ended September 30, 2016 contributed \$38,028 and \$2,599 of revenue and net income, respectively, to the results in the Company's consolidated statements of operations for the year then ended.

Goodwill

In January 2014, the FASB issued Accounting Standards Update ("ASU") 2014-02 related to the accounting for goodwill by private companies. Under this guidance, private companies may elect to amortize goodwill over 10 years, or less than 10 years if the entity can demonstrate that another useful life is more appropriate, and to test goodwill for impairment only upon occurrence of a triggering event that indicates that the book value of the entity may exceed the fair value of the entity, as opposed to testing goodwill for impairment at least annually under prior accounting guidance. The accounting guidance is effective for fiscal years beginning after December 15, 2014 and early adoption is permitted.

On January 1, 2013, the Company adopted ASU 2014-02 related to the accounting for goodwill by private companies. However, as the Company now meets the definition of a public business entity and is precluded from accounting for its goodwill under ASU 2014-02, the Company has revised its consolidated financial statements and now applies the provisions of ASC 350, *Intangibles—Goodwill and Other* in accounting for goodwill.

The Company's goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in business combinations. The goodwill generated from the business combinations is primarily related to the value placed on the employee workforce and expected synergies. Goodwill is tested for impairment at least annually in the fourth quarter and between annual tests if there are indicators of impairment that suggest a decline in the fair value of a reporting unit. Judgment is involved in determining if an indicator or change in circumstances relating to impairment has occurred. Such changes may include, among others, a significant decline in expected future cash flows, a significant adverse change in the business climate, and unforeseen competition. No goodwill impairment charges were recognized during the years ended September 30, 2017 and 2016.

The Company has the option of performing a qualitative assessment of impairment to determine whether any further quantitative testing for impairment is necessary. The option of whether or not to perform a qualitative assessment is made annually and may vary by reporting unit. Factors the Company considers in the qualitative assessment include general macroeconomic conditions, industry and market conditions, cost factors, overall financial performance of the Company's reporting units, events or changes affecting the composition or carrying amount of the net assets of its reporting units, sustained decrease in its share price, and other relevant entity

i3 VERTICALS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

specific events. If the Company determines not to perform the qualitative assessment or if it determines, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying value, then the Company performs a quantitative test for that reporting unit. The fair value of each reporting unit is compared to the reporting unit's carrying value, including goodwill. Subsequent to the adoption on January 1, 2017 of ASU No. 2017-04, *Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment*, if the fair value of a reporting unit is less than its carrying value, the Company recognizes an impairment equal to the excess carrying value, not to exceed the total amount of goodwill allocated to that reporting unit.

For a discussion of the estimate methodology and the significance of various inputs, please see the subheading below titled "Use of Estimates."

The Company has determined that it has eight reporting units. For the years ended September 30, 2017 and 2016, the Company performed a quantitative assessment for each of its reporting units. The Company determined that none of the reporting units were impaired.

Intangible Assets

Intangible assets include acquired merchant relationships, residual buyouts, trademarks, tradenames, website development costs and non-compete agreements. Merchant relationships represent the fair value of customer relationships purchased by the Company. Residual buyouts represent the right to not have to pay a residual to an independent sales agent related to certain future transactions of the agent's referred merchants.

The Company amortizes definite lived identifiable intangible assets using a method that reflects the pattern in which the economic benefits of the intangible asset are expected to be consumed or otherwise utilized. The estimated useful lives of the Company's customer-related intangible assets approximate the expected distribution of cash flows, whether straight-line or accelerated, generated from each asset. The useful lives of contract-based intangible assets are equal to the terms of the agreement.

Management evaluates the remaining useful lives and carrying values of long lived assets, including definite lived intangible assets, at least annually or when events and circumstances warrant such a review, to determine whether significant events or changes in circumstances indicate that a change in the useful life or impairment in value may have occurred. There were no impairment charges during the years ended September 30, 2017 and 2016.

Income Taxes

i3 Verticals, LLC and its subsidiaries are limited liability companies and have elected to be taxed as a partnership for income tax purposes. As such, any income (losses) flow through to the individual members of the Company and they are taxed accordingly. Some states have enacted statutes that treat partnerships as taxable entities for state income tax purposes. Thus, partnerships formed in these states or operating in these states may be subject to taxation on income generated within the states' boundaries.

The amount provided for state income taxes is based upon the amounts of current and deferred taxes payable or refundable at the date of the consolidated financial statements as a result of all events recognized in the financial statements as measured by the provisions of enacted tax laws.

Under GAAP, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Valuation of Contingent Consideration

On occasion, the Company may have acquisitions which include contingent consideration. Accounting for business combinations requires the Company to estimate the fair value of any contingent purchase consideration at the acquisition date. For a discussion of the estimate methodology and the significance of various inputs, please see the subheading below titled "Use of Estimates." Changes in estimates regarding the fair value contingent purchase consideration are reflected as adjustments to the related liability and recognized within operating expenses in the consolidated statements of operations. Short and long-term contingent liabilities are presented within accrued expenses and other current liabilities and other long-term liabilities on our consolidated balance sheets, respectively.

Classification of Financial Instruments

The Company classifies certain financial instruments issued as either equity or as liabilities. Determination of classification is based upon the underlying properties of the instrument. See specific discussion regarding the nature of instruments issued, the presentation on the consolidated financial statements and the related valuation method applied in Notes 9, 11, 12 and 13.

Revenue Recognition and Deferred Revenue

Revenue is recognized when it is realized or realizable and earned, in accordance with ASC 605, *Revenue Recognition* ("ASC 605"). Recognition occurs when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been performed; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured. The Company accrues for rights of refund, processing errors or penalties, or other related allowances based on historical experience.

More than 85% of our gross revenue for the years ended September 30, 2017 and 2016 is derived from volume-based payment processing fees ("discount fees") and other related fixed transaction or service fees. The remainder is comprised of sales of software licensing subscriptions, ongoing support, and other POS-related solutions the Company provides to its clients directly and through its processing bank relationships.

Discount fees represent a percentage of the dollar amount of each credit or debit transaction processed. Discount fees are recognized at the time the merchants' transactions are processed. The Company follows the requirements of ASC 605-45 Revenue Recognition—Principal Agent Considerations ("ASC 605-45"), in determining its merchant processing services revenue reporting. Generally, where the Company has control over merchant pricing, merchant portability, credit risk and ultimate responsibility for the merchant relationship, revenues are reported at the time of sale on a gross basis equal to the full amount of the discount charged to the merchant. This amount includes interchange fees paid to card issuing banks and assessments paid to payment card networks pursuant to which such parties receive payments based primarily on processing volume for particular groups of merchants. Revenues generated from merchant portfolios where the Company does not have control over merchant pricing, liability for merchant losses or credit risk or rights of portability are reported net of interchange and other fees.

Revenues are also derived from a variety of fixed transaction or service fees, including authorization fees, convenience fees, statement fees, annual fees, and fees for other miscellaneous services, such as handling chargebacks. Revenues derived from service fees are recognized at the time the services are performed and there are no further performance obligations. Revenue from the sale of equipment is recognized upon transfer of ownership and delivery to the customer, after which there are no further performance obligations.

Revenues from sales of the Company's software licensing subscriptions are recognized when they are realized or realizable and earned. Revenue is considered realized and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable and collection of the resulting receivable is reasonably assured. Contractual arrangements are evaluated for indications that multiple element arrangements may exist including instances where more-than-incidental software deliverables are included. Arrangements may contain multiple elements, such as hardware,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

software products, maintenance, and professional installation and training services. Revenues are allocated to each element based on the selling price hierarchy. The selling price for a deliverable is based on vendor specific objective evidence of selling price, if available, third party evidence, or estimated selling price. The Company establishes estimated selling price, based on the judgment of the Company's management, considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. In arrangements with multiple elements, the Company determines allocation of the transaction price at inception of the arrangement based on the relative selling price of each unit of accounting.

In multiple element arrangements where more-than-incidental software deliverables are included, the Company applied the residual method to determine the amount of software license revenues to be recognized. Under the residual method, if fair value exists for undelivered elements in a multiple-element arrangement, such fair value of the undelivered elements is deferred with the remaining portion of the arrangement consideration recognized upon delivery of the software license or services arrangement. The Company allocates the fair value of each element of a software related multiple-element arrangement based upon its fair value as determined by vendor specific objective evidence of selling price, with any remaining amount allocated to the software license. If evidence of the fair value cannot be established for the undelivered elements of a software arrangement, then the entire amount of revenue under the arrangement is deferred until these elements have been delivered or objective evidence can be established. These amounts, if any, are included in deferred revenue in the consolidated balance sheets. Revenues related to software licensing subscriptions, maintenance or other support services with terms greater than one month are recognized ratably over the term of the agreement.

Interchange and Network Fees and Other Cost of Services

Interchange and network fees consist primarily of fees that are directly related to discount fee revenue. These include interchange fees paid to issuers and assessment fees payable to card associations, which are a percentage of the processing volume we generate from Visa and Mastercard, as well as fees charged by card-issuing banks. Other costs of services include costs directly attributable to processing and bank sponsorship costs, which may not be based on a percentage of volume. These costs also include related costs such as residual payments to sales groups, which are based on a percentage of the net revenues generated from merchant referrals. In certain merchant processing bank relationships the Company is liable for chargebacks against a merchant equal to the volume of the transaction. Losses resulting from chargebacks against a merchant are included in other cost of services on the accompanying consolidated statement of operations. The Company evaluates its risk for such transactions and estimates its potential loss from chargebacks based primarily on historical experience and other relevant factors. The reserve for merchant losses is included within accrued expenses and other current liabilities on the accompanying consolidated balance sheets. The cost of equipment sold is also included in other cost of services. Interchange and other costs of services are recognized at the time the merchant's transactions are processed.

The Company accounts for all governmental taxes associated with revenue transactions on a net basis.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Advertising expense was \$920 and \$558 for the years ended September 30, 2017 and 2016, respectively, and is included in selling, general and administrative expenses in the Consolidated Statements of Operations.

Equity-based Compensation

The Company accounts for grants of equity awards to employees in accordance with ASC 718, Compensation—Stock Compensation. This standard requires compensation expense to be measured based on the estimated fair value of the share-based awards on the date of grant and recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period.

For the years ended September 30, 2017 and 2016, the Company recognized no equity-based compensation.

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include, but are not limited to, the value of purchase consideration paid and identifiable assets acquired and assumed in acquisitions, goodwill and intangible asset impairment review, warrant valuation, revenue recognition for multiple element arrangements, loss reserves, assumptions used in the calculation of equity-based compensation and in the calculation of income taxes, and certain tax assets and liabilities as well as the related valuation allowances. Actual results could differ from those estimates.

Below is a summary of the Company's critical accounting estimates for which the nature of management's assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and for which the impact of the estimates and assumptions on financial condition or operating performance is material.

Contingent Consideration in Acquisitions

On occasion, the Company may have acquisitions that include contingent consideration. Accounting for business combinations requires us to estimate the fair value of any contingent purchase consideration at the acquisition date. Where relevant, the fair value of contingent consideration included in an acquisition is calculated using a Monte Carlo simulation.

The contingent consideration is revalued each period until it is settled. Management reviews the historical and projected performance of each acquisition with contingent consideration and uses an income probability method to revalue the contingent consideration. The revaluation requires management to make certain assumptions and represent management's best estimate at the valuation date. The probabilities are determined based on a management review of the expected likelihood of triggering events that would cause a change in the contingent consideration paid.

Goodwill

The Company tests goodwill for impairment using a fair value approach at least annually, absent some triggering event that would require an interim impairment assessment. Absent any impairment indicators, the Company performs its goodwill impairment testing as of July 1 each year.

Significant estimates and assumptions are used in the Company's goodwill impairment review and include the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units and determining the fair value of each reporting unit. The Company's assessment of qualitative factors involves significant judgments about expected future business performance and general market conditions. In a quantitative assessment, the fair value of each reporting unit is determined based on a combination of techniques, including the present value of future cash flows, applicable multiples of competitors and multiples from sales of like businesses, and requires us to make estimates and assumptions regarding discount rates, growth rates and the Company's future long-term business plans. Changes in any of these estimates or assumptions could materially affect the determination of fair value and the associated goodwill impairment charge for each reporting unit.

Warrant Valuation

As of September 30, 2017 and 2016, there were in the aggregate 1,424 warrants outstanding and exercisable to purchase Common Units related to the issuance of the Mezzanine Notes. The Mezzanine Warrants are mandatorily redeemable and embody a conditional obligation to redeem the instrument by a transfer of assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Mezzanine Warrants are remeasured at each reporting date through the settlement of the instrument and changes in value are reflected in earnings.

The Company uses the Black-Scholes option pricing model to determine the fair market value of the Mezzanine Warrants at each reporting period. The option pricing model requires the input of highly subjective assumptions, including the estimated enterprise value of the Company, expected term of the warrants, expected volatility, risk-free interest rates and discount for lack of marketability. To determine the fair value of the Mezzanine Warrants, the Company engages an outside consultant to prepare a valuation of the unit price at each reporting date, using information provided by management and information obtained from private and public sources. The fair market value of the warrants was \$767 and \$1,182 as of September 30, 2017 and 2016, respectively.

The Company uses an expected volatility based on the historical volatilities of a group of guideline companies and estimated a liquidity event in June 2018 to determine the term of the warrants. The risk-free interest rates are obtained from publicly available U.S. Treasury yield curve rates. The discount for lack of marketability was determined using the Finnerty Model.

Based on the Company's analysis, the most highly sensitive input in our option pricing model relates to management's forecasted earnings. For example, if management's forecasted earnings increases, the Company would record additional losses from the change in fair value of warrant liability. Conversely, if management's forecasted earnings decreases, the Company would record a gain from change in fair value of warrant liability. Other inputs such as expected volatility and the risk free interest rate will have a less material impact of the valuation of the warrant liability.

Subsequent Events

The Company has evaluated events through February 6, 2018, the date the consolidated financial statements were available to be issued. The Company concluded that other than as disclosed in Note 17, there were no material subsequent events to disclose.

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment* (Topic 350), which removes step two of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. For public companies, this ASU is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, but early adoption is permitted for impairment tests after January 1, 2017. The Company has adopted this standard as of January 1, 2017. There was no impact on the Company's 2017 consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations: Clarifying the Definition of a Business* (Topic 805). This ASU clarifies the definition of a business when evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. For public companies, this ASU is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. Early adoption is permitted. The Company has adopted this standard for the year ended September 30, 2017. There was no impact on its 2017 consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230). The amendments in ASU 2016-18 require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. As an emerging growth company, the Company will

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

not be required to adopt this ASU until October 1, 2019. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in this ASU should be applied using a retrospective transition method to each period presented. The Company is currently evaluating the impact of the adoption of this principle on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (Topic 230). The update clarifies how cash receipts and cash payments in certain transactions are presented and classified in the statement of cash flows. The effective date of this update is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. As an emerging growth company, the Company will not be required to adopt this ASU until October 1, 2019. The update requires retrospective application to all periods presented but may be applied prospectively if retrospective application is impracticable. The Company is currently evaluating the impact of the adoption of this principle on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU amends the existing guidance by recognizing all leases, including operating leases, with a term longer than twelve months on the balance sheet and disclosing key information about the lease arrangements. The effective date of this update is for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. As a public business entity, the Company is an emerging growth company and has elected to use the extended transition period provided for such companies. As a result, the Company will not be required to adopt this ASU until October 1, 2020. The update requires modified retrospective transition, which requires application of the ASU at the beginning of the earliest comparative period presented in the year of adoption. The Company is currently evaluating the impact of the adoption of this principle on the Company's consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement—Period Adjustments* (Topic 805), which eliminates the requirement for an acquirer to retrospectively adjust the financial statements for measurement-period adjustments that occur in periods after the business combination is consummated. The Company has adopted this standard for the year ended September 30, 2016. There was no impact on its 2016 or 2017 consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers* (Topic 606). The ASU supersedes the revenue recognition requirements in ASC 605. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires additional disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard, as amended, is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. As an emerging growth company, the Company will not be required to adopt this ASU until October 1, 2019. The amendment allows companies to use either a full retrospective or a modified retrospective approach to adopt this ASU. The Company has formed a project team and is currently assessing the impact of the adoption of this principle on the Company's consolidated financial statements.

3. CREDIT RISK AND OTHER CONCENTRATIONS

The Company places its cash with high credit quality financial institutions which provide FDIC insurance. The Company performs periodic evaluations of the relative credit standing of these institutions and does not expect any losses related to such concentrations.

The Company's revenues are earned by processing transactions for merchant businesses and other institutions under contract with the Company. The Company utilizes the funds settlement services of primarily six processing banks, from which most accounts receivable are remitted monthly.

i3 VERTICALS, LLC AND SUBSIDIARIES
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No single merchant accounted for more than 1.0% of our revenue during the years ended 2017 and 2016. The Company believes that the loss of any single merchant would not have a material adverse effect on our financial condition or results of operations.

4. ACQUISITIONS

During the years ended September 2017 and 2016, the Company acquired the following intangible assets and businesses:

Asset Acquisitions

Residual Buyouts

From time to time, the Company acquires future commission streams from sales agents in exchange for an upfront cash payment. This results in an increase in overall gross volume to the Company. The residual buyouts are treated as asset acquisitions, resulting in recording a residual buyout intangible asset at cost on the date of acquisition. These assets are amortized using a method of amortization that reflects the pattern in which the economic benefits of the intangible asset are expected to be utilized over their estimated useful lives.

During the year ended September 30, 2017, the Company purchased \$476 in residual buyouts using a mixture of cash on hand and borrowings on our revolving line of credit. The acquired residual buyout intangible assets have an estimated amortization period of two years.

Merchant Relationships Portfolio Purchase

Effective March 31, 2017, the Company acquired a payment portfolio in an asset acquisition. The acquisition was completed to expand the Company's merchant base. Total purchase consideration was \$1,156, including \$56 in acquisition-related costs, which was funded using a combination of cash on hand and long-term debt. The purchase consideration of the acquired assets was allocated based on the relative fair values to the merchant relationships intangible asset. The acquired merchant relationships intangible asset has an estimated amortization period of fifteen years.

Business Combinations

SkyHill Software, Inc.

Effective January 1, 2016, the Company acquired substantially all assets and assumed certain liabilities of SkyHill Software, Inc. ("SkyHill, Inc."), a privately-held company doing business as Bill & Pay. SkyHill Inc. was engaged in business similar to the Company. The acquisition was completed to offer additional technology products to the Company's customers. Net purchase consideration was \$2,230, including \$750 in cash and \$1,480 of contingent cash consideration. The purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

Cash	\$	4
Acquired merchant relationships		516
Capitalized software		378
Trade name		36
Non-compete agreements		23
Goodwill		1,270
Other assets		7
Total assets acquired		2,234
Deferred revenue		4
Net assets acquired	\$	2,230

i3 VERTICALS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The goodwill associated with the acquisition is deductible for tax purposes. The acquired merchant relationships intangible asset has an estimated amortization period of fifteen years. The capitalized software, trade name and non-compete agreement all have an amortization period of three years. The weighted-average amortization period for all intangibles acquired is nine years.

Acquisition-related costs for SkyHill, Inc. amounted to approximately \$72 during the year ended September 30, 2016 and were expensed as incurred.

Certain provisions in the purchase agreement provide for additional consideration of up to \$3,250 in the aggregate, to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, through December 2018. The Company determined the acquisition date fair value of the liability for the contingent consideration based on a discounted cash flow analysis. In each subsequent reporting period, the Company will reassess its current estimates of performance relative to the targets and adjust the contingent liability to its fair value through earnings. See additional disclosures in Note 11.

The pre-acquisition operating results of SkyHill, Inc. are not considered material to the consolidated results of operations of the Company. As such, the Company has not disclosed pro forma revenue and earnings, in accordance with ASC 805.

Fullerton Retail Systems, Inc.

Effective March 1, 2016, the Company acquired certain assets and assumed certain liabilities of Fullerton Retail Systems, Inc. ("Fullerton, Inc."), a privately-held company doing business as Esber Cash Register. Fullerton, Inc. was engaged in business similar to the Company. Fullerton, Inc. was a dealer of the Company's products within the education market and the acquisition was completed to provide additional service to the Company's customers. Net purchase consideration was \$2,127 which was funded using a mixture of revolver proceeds and cash on hand. The purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

Inventory	\$	104
Property and equipment		67
Acquired merchant relationships		559
Trade name		39
Non-compete agreements		25
Goodwill		1,786
Total assets acquired		2,580
Deferred revenue		453
Net assets acquired	\$	2,127

The goodwill associated with the acquisition is deductible for tax purposes. The acquired merchant relationships intangible asset has an estimated amortization period of fifteen years. The trade name has an amortization period of two years and the non-compete agreement has an amortization period of three years. The weighted-average amortization period for all intangibles acquired is fourteen years.

Acquisition-related costs for Fullerton, Inc. were \$45 during the year ended September 30, 2016 and were expensed as incurred.

The pre-acquisition operating results of Fullerton, Inc. are not considered material to the consolidated results of operations of the Company. As such, the Company has not disclosed pro forma revenue and earnings, in accordance with ASC 805.

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Axia Payments, LLC

Effective April 1, 2016, the Company acquired certain assets of Axia Payments, LLC ("Axia, LLC"), a privately-held company engaged in business similar to the Company. The acquisition was completed to increase the Company's revenue and merchant base and provided another strategic processing partner. Net purchase consideration was \$28,565, which includes \$665 of the Company's Common Units issued to the seller and a cash payment which was funded using proceeds from the issuance of long-term debt. The purchase consideration of the acquired assets was allocated based on fair values as follows:

Acquired merchant relationships	\$	15,100
Capitalized software		10
Trade name		1,300
Non-compete agreements		20
Goodwill		12,089
Other assets		46
Total assets acquired	\$	28,565

The goodwill associated with the acquisition is deductible for tax purposes. The acquired merchant relationships intangible asset has an estimated amortization period of fifteen years. The trade name and non-compete have an amortization period of three years. The weighted-average amortization period for all intangibles acquired is fourteen years.

Acquisition-related costs for Axia, LLC amounted to approximately \$646 during the year ended September 30, 2016 and were expensed as incurred.

The assets the Company purchased from Axia, LLC did not represent a stand-alone entity and the historical results were not available as of the acquisition date. As such, the Company has not disclosed pro forma revenue and earnings, in accordance with ASC 805.

Randall Data Systems, Inc.

Effective June 1, 2016, the Company acquired substantially all assets and assumed certain liabilities of Randall Data Systems, Inc. ("Randall, Inc."), a privately-held company engaged in business similar to the Company. The acquisition was completed to expand the Company's revenue within the integrated point-of-sale market. Net purchase consideration was \$1,500, which was funded using a mixture of revolver proceeds and cash on hand. The purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

Acquired merchant relationships	\$	758
Trade name		20
Non-compete agreements		50
Goodwill		720
Other assets		52
Total assets acquired		1,600
Deferred revenue		100
Net assets acquired	\$	1,500

i3 VERTICALS, LLC AND SUBSIDIARIES

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The goodwill associated with the acquisition is deductible for tax purposes. The acquired merchant relationships intangible asset has an estimated amortization period of fifteen years. The trade name had an amortization period of one year and the non-compete has amortization period of three years. The weighted-average amortization period for all intangibles acquired is fourteen years.

Acquisition-related costs for Randall, Inc. amounted to approximately \$77 during the year ended September 30, 2016 and were expensed as incurred.

The pre-acquisition operating results of Randall, Inc. are not considered material to the consolidated results of operations of the Company. As such, the Company has not disclosed pro forma revenue and earnings, in accordance with ASC 805.

CSC Links, LLC

Effective December 1, 2016, the Company acquired substantially all assets of CSC Links, LLC ("CSC, LLC"), a privately-held company engaged in business similar to the Company. The acquisition was completed to expand the Company's merchant base. Net purchase consideration was \$5,221, including \$4,000 in cash and revolver proceeds and \$1,221 of contingent cash consideration. The purchase consideration of the acquired assets was allocated based on fair values as follows:

Acquired merchant relationships	\$	1,900
Non-compete agreements		10
Goodwill		3,311
Total assets acquired	\$	<u>5,221</u>

The goodwill associated with the acquisition is deductible for tax purposes. The acquired merchant relationships intangible asset has an estimated amortization period of fifteen years. The non-compete has amortization period of three years. The weighted-average amortization period for all intangibles acquired is fifteen years.

Acquisition-related costs for CSC, LLC amounted to approximately \$111 during the year ended September 30, 2017 and were expensed as incurred.

Certain provisions in the purchase agreement provide for additional consideration of up to \$4,700 in the aggregate, to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, through December 2019. The Company determined the acquisition date fair value of the liability for the contingent consideration based on a discounted cash flow analysis. In each subsequent reporting period, the Company will reassess its current estimates of performance relative to the targets and adjust the contingent liability to its fair value through earnings. See additional disclosures in Note 11.

The pre-acquisition operating results of CSC, LLC are not considered material to the consolidated results of operations of the Company. As such, the Company has not disclosed pro forma revenue and earnings, in accordance with ASC 805.

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

C.C. Productions, Inc.

Effective June 30, 2017, the Company acquired certain assets and assumed certain liabilities of C.C. Productions, Inc. ("CCP, Inc."), a privately-held company engaged in business similar to the Company. CCP, Inc. was a dealer of the Company's products within the education market and the acquisition was completed to provide additional service to the Company's customers. Net purchase consideration was \$1,175 which was funded using a mixtures of revolver proceeds and cash on hand. The purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

Accounts receivable	\$	30
Inventory		15
Property and equipment		57
Acquired merchant relationships		260
Non-compete agreements		30
Goodwill		841
Total assets acquired		<u>1,233</u>
Deferred revenue		58
Net assets acquired	\$	<u>1,175</u>

The goodwill associated with the acquisition is deductible for tax purposes. The acquired merchant relationships intangible asset has an estimated amortization period of fifteen years. The non-compete agreement has an amortization period of three years. The weighted-average amortization period for all intangibles acquired is fourteen years.

Acquisition-related costs for CCP, Inc. were \$62 during the year ended September 30, 2017 and were expensed as incurred.

The pre-acquisition operating results of CCP, Inc. are not considered material to the consolidated results of operations of the Company. As such, the Company has not disclosed pro forma revenue and earnings, in accordance with ASC 805.

i3 VERTICALS, LLC AND SUBSIDIARIES
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Fairway Payments, LLC

Effective August 1, 2017, the Company acquired certain assets and assumed certain liabilities of Fairway Payments, LLC ("Fairway, LLC"), a privately-held company engaged in business similar to the Company. The acquisition was completed to add independent software vendor distribution partners, to increase our presence in the healthcare and non-profit verticals and to provide another vendor for our payment processing services. Net purchase consideration was \$39,275, which includes \$275 of Common Units issued to the seller and cash payment which was funded using proceeds from the issuance of long-term debt and from proceeds from the issuance of the Class A units. The purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

Prepaid expenses and other current assets	\$	226
Property and equipment		5
Acquired merchant relationships		19,200
Non-compete agreements		40
Trade name		500
Goodwill		19,309
Total assets acquired		<u>39,280</u>
Deferred rent		<u>5</u>
Net assets acquired	\$	<u>39,275</u>

The goodwill associated with the acquisition is not deductible for tax purposes. The acquired relationships contracts intangible asset has an estimated amortization period of fifteen years. The non-compete agreement and trade name have an amortization period of three years. The weighted-average amortization period for all intangibles acquired is fifteen years.

Acquisition-related costs for Fairway, LLC were \$245 during the year ended September 30, 2017 and were expensed as incurred.

Fairway, LLC had a defined benefit pension plan ("Fairway Defined Benefit Plan"). The Fairway Defined Benefit Plan was frozen as of the date of acquisition and per the terms of the agreement the funding obligation of the plan is sole responsibility of the selling party. Accordingly, the Company has not recorded a liability for the Fairway Defined Benefit Plan.

The following unaudited pro forma results of operations have been prepared as though the acquisition of Fairway, LLC had occurred on October 1, 2015. Pro forma adjustments were made to reflect the impact of depreciation and amortization, changes to executive compensation and the revised debt load, all in accordance with ASC 805. This pro forma information does not purport to be indicative of the results of operations that would have been attained had the acquisition been made as of October 1, 2015, or of results of operations that may occur in the future.

	Year ended September 30,	
	2017	2016
Revenue	\$ 290,428	\$ 228,767
Net income (loss)	<u>\$ 3,085</u>	<u>\$ (122)</u>

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5. PROPERTY AND EQUIPMENT, NET

A summary of the Company's property and equipment, net is as follows:

	Estimated Useful Life	2017	2016
Computer equipment and software	2 to 3 years	\$ 484	\$ 509
Furniture and fixtures	2 to 7 years	719	629
Terminals	2 to 3 years	991	816
Office equipment	2 to 5 years	87	93
Automobiles	3 years	56	56
Leasehold improvements	2 to 6 years	429	385
Accumulated depreciation		(1,346)	(891)
Property and equipment, net		<u>\$ 1,420</u>	<u>\$ 1,597</u>

Depreciation expense for the years ended September 30, 2017 and 2016 amounted to \$875 and \$648, respectively.

6. CAPITALIZED SOFTWARE, NET

A summary of capitalized software as of September 30, 2017 and 2016 is as follows:

	Estimated Useful Life	2017	2016
Software development costs	3 years	\$ 4,846	\$ 3,957
Development in progress		1,125	2,232
Accumulated amortization		(2,193)	(2,278)
Capitalized software, net		<u>\$ 3,778</u>	<u>\$ 3,911</u>

The Company capitalized software development costs (including acquisitions) totaling \$1,452 and \$2,380 during the years ended September 30, 2017 and 2016, respectively. Amortization expense for capitalized software development costs amounted to \$1,541 and \$1,223 during the years ended September 30, 2017 and 2016, respectively.

7. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

	Merchant Services	Other	Total
Balance at September 30, 2015 (net of accumulated impairment losses of \$11,458 and \$0, respectively)	\$ 13,744	\$ 5,447	\$ 19,191
Goodwill attributable to the acquisitions of SkyHill, Inc., Fullerton Inc., Axia LLC and Randall, Inc.	12,809	3,056	15,865
Balance at September 30, 2016	26,553	8,503	35,056
Goodwill attributable to the acquisitions of CSC, LLC, CCP, Inc., and Fairway, LLC	22,620	841	23,461
Balance at September 30, 2017	<u>\$ 49,173</u>	<u>\$ 9,344</u>	<u>\$ 58,517</u>

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Intangible assets consisted of the following as of September 30, 2017:

	Cost	Accumulated Amortization	Carrying Value	Amortization Life and Method
Finite-lived intangible assets:				
Merchant relationships	\$ 84,191	\$ (26,855)	\$ 57,336	15 years – accelerated or straight-line
Non-compete agreements	446	(276)	170	2 to 3 years – straight-line
Website development costs	46	(33)	13	3 years – straight-line
Trade names	2,202	(922)	1,280	2 to 5 years – straight-line
Residual buyouts	476	(44)	432	2 years – straight-line
Total finite-lived intangible assets	87,361	(28,130)	59,231	
Indefinite-lived intangible assets:				
Trademarks	28	—	28	
Total identifiable intangible assets	\$ 87,389	\$ (28,130)	\$ 59,259	

Intangible assets consisted of the following as of September 30, 2016:

	Cost	Accumulated Amortization	Carrying Value	Amortization Life and Method
Finite-lived intangible assets:				
Merchant relationships	\$ 61,674	\$ (19,985)	\$ 41,689	15 years – accelerated or straight-line
Non-compete agreements	623	(384)	239	2 to 3 years – straight-line
Website development costs	40	(19)	21	3 years – straight-line
Trade names	2,126	(754)	1,372	2 to 5 years – straight-line
Total finite-lived intangible assets	64,463	(21,142)	43,321	
Indefinite-lived intangible assets:				
Trademarks	24	—	24	
Total identifiable intangible assets	\$ 64,487	\$ (21,142)	\$ 43,345	

Amortization expense for intangible assets amounted to \$7,669 and \$8,027 during the years ended September 30, 2017 and 2016, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Based on gross carrying amounts at September 30, 2017, our estimate of future amortization expense for intangible assets are presented in the table below.

2018	\$	7,730
2019		6,403
2020		5,115
2021		4,473
2022		4,118
Thereafter		31,392
	<u>\$</u>	<u>59,231</u>

8. ACCRUED EXPENSES AND OTHER LIABILITIES

A summary of accrued expenses and other current liabilities as of September 30, 2017 and 2016 is as follows:

	2017	2016
Accrued wages, bonuses, commissions and vacation	\$ 1,298	\$ 1,185
Accrued interest	529	335
Accrued contingent consideration — current portion	2,229	2,937
Other current liabilities	2,650	2,145
Accrued expenses and other current liabilities	<u>\$ 6,706</u>	<u>\$ 6,602</u>

A summary of the long-term liabilities as of September 30, 2017 and 2016 is as follows:

	2017	2016
Accrued contingent consideration — long-term portion	\$ 1,111	\$ 2,600
Warrant liabilities	767	1,182
Other long-term liabilities	187	146
Total other long-term liabilities	<u>\$ 2,065</u>	<u>\$ 3,928</u>

9. LONG-TERM DEBT, NET

A summary of long-term debt, net as of September 30, 2017 and 2016 is as follows:

	Maturity	2017	2016
Notes payable to Mezzanine Lenders	November 29, 2020	\$ 10,500	\$ 10,500
Unsecured notes payable to related and unrelated creditors	February 14, 2019	16,108	16,608
Term loans to bank	April 29, 2020	14,000	19,000
Revolving lines of credit to banks	April 29, 2020	71,600	39,000
Debt issuance costs		(1,372)	(1,571)
Total long-term debt, net of issuance costs		110,836	83,537
Less current portion of long-term debt		(4,000)	(5,000)
Long-term debt, net of current portion		<u>\$ 106,836</u>	<u>\$ 78,537</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes payable to Mezzanine Lenders

During 2013, the Company issued notes payable in the aggregate principal amount of \$10,500 (the "Mezzanine Notes") to three creditors ("Mezzanine Lenders"). The Mezzanine Notes accrue interest at a fixed rate of 12.0%, payable monthly, and initially were due to mature in February 2018. In April 2016, the Mezzanine Notes were amended and restated and the maturity dates were extended to November 29, 2020, when all outstanding principal and accrued and unpaid interest is due. The amendment was accounted for as a modification under the guidance at ASC 470-50, Debt — Modifications and Extinguishments ("ASC 470-50"). The Mezzanine Notes are secured by substantially all assets of the Company in accordance with the terms of the security agreement and are subordinate to the term loans to banks and revolving lines of credit to banks.

In connection with the issuance of the Mezzanine Notes, the Company granted detachable warrants ("Mezzanine Warrants") to purchase 1,424 Common Units. The warrants were determined to have no material value as of the grant date, and are further described below.

The provisions of the Mezzanine Notes place certain restrictions and limitations upon the Company. These include restrictions on additional borrowings, capital expenditures, maintenance of certain financial ratios, and certain non-financial covenants pertaining to the activities of the Company during the period covered. The Company was in compliance with such covenants as of September 30, 2017 and 2016. The Mezzanine Lenders participated in the June 2016 and July 2017 Class A Unit offerings (see Note 13).

Unsecured convertible notes payable to related party

During 2013, the Company obtained proceeds of \$1,000 from the issuance of an unsecured convertible note payable to a related party. The note accrued interest at a fixed rate of 10.0%, payable monthly, and was set to mature on February 14, 2019, when all outstanding principal and accrued and unpaid interest was due. The note contained a conversion option into the Company's Class A Units until the maturity date. In March 2016 the note was converted into 1,000 Class A units in the Company pursuant to the provisions of the note. See additional disclosures in Note 13 and Note 15.

Term loans payable to banks and revolving lines of credit payable to banks

In April and July 2016, the Company amended its existing syndicated credit facility (the "2016 Senior Secured Credit Facility") with certain banks. The 2016 Senior Secured Credit Facility consists of term loans in the principal amount of \$19,000 and an \$80,000 revolving line of credit. The 2016 Senior Secured Credit Facility accrues interest, payable monthly, at prime plus a margin of 0.50% to 2.00% (1.50% as of September 30, 2017) or at the 30-day LIBOR rate plus a margin of 3.50% to 5.00% (4.50% as of September 30, 2017), in each case depending on our ratio of consolidated debt to EBITDA, as defined in the agreement. Additionally, the 2016 Senior Secured Credit Facility requires the Company to pay unused commitment fees of up to 0.30% (0.30% as of September 30, 2017) on any undrawn amounts under the revolving line of credit. Through the April and July 2016 amendments, the maturity date of the 2016 Senior Secured Credit Facility was extended to April 29, 2020. The amendments were accounted for as a modification under the guidance at ASC 470-50. Principal payments of \$1,000 are due on the last day of each calendar quarter until the maturity date, when all outstanding principal and accrued and unpaid interest are due. At September 30, 2017 and 2016, respectively, there was \$8,400 and \$41,000 available for borrowing under the revolving line of credit.

The 2016 Senior Secured Credit Facility was amended in July 2017 to enable the purchase of Fairway, LLC and to amend certain covenant requirements.

The 2016 Senior Secured Credit Facility is secured by substantially all assets of the Company. The banks hold senior rights to collateral and principal repayment over all other creditors.

The provisions of the 2016 Senior Secured Credit Facility place certain restrictions and limitations upon the Company. These include, among others, restrictions on liens, investments, indebtedness, fundamental changes and dispositions; maintenance of certain financial ratios; and certain non-financial covenants pertaining to the

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activities of the Company during the period covered. The Company was in compliance with such covenants as of September 30, 2017 and 2016. In addition, the 2016 Senior Secured Credit Facility restricts our ability to make dividends or other distributions to the holders of our equity. We are permitted to (i) make distributions to the holders of our equity in order to pay taxes incurred by owners of equity in i3 Verticals, LLC by reason of such ownership, (ii) move intercompany cash between subsidiaries that are joined to the 2016 Senior Secured Credit Facility, (iii) repurchase equity from employees, directors, officers or consultants after an initial public offering of our equity in an aggregate total not to exceed \$1.5 million per year, and (iv) make other dividends or distributions in an aggregate amount not to exceed 5% of the net cash proceeds received from any additional common equity issuance after an initial public offering. We are also permitted to make noncash dividends in the form of additional equity issuances. All other forms of dividends or distributions are prohibited under the 2016 Senior Secured Credit Facility.

The 2016 Senior Secured Credit Facility was modified on October 30, 2017 and replaced by a new credit agreement. See additional disclosures in Note 17.

Unsecured notes payable to related and unrelated creditors

During 2014, the Company issued notes payable ("Junior Subordinated Notes") in the aggregate principal of \$17,608 to unrelated and related creditors. The notes accrue interest, payable monthly, at a fixed rate of 10.0% and mature on February 14, 2019, when all outstanding principal and accrued and unpaid interest are due. However, the unsecured notes are subordinated to the Mezzanine Notes and the Senior Secured Credit Facility, which both have maturities beyond the Junior Subordinated Notes, and the provisions of the Mezzanine Notes and Senior Secured Credit Facility do not permit the payment of any subordinated debt prior to its maturity. Should the Junior Subordinated Notes reach maturity and the current terms of the Mezzanine Notes and Senior Secured Credit Facility remain in place, the term of the Junior Subordinated Notes would be extended until after the maturity of the Mezzanine Notes and Senior Secured Credit Facility, in accordance with the terms of the Junior Subordinated Notes.

In connection with the issuance of the Junior Subordinated Notes, the Company granted detachable warrants ("Junior Subordinated Notes Warrants") to purchase 1,434 Common Units. Management determined that the warrants had no material stand-alone fair value, and none of the proceeds from the notes was attributed to the warrants. The warrants are accounted for as equity. See additional disclosures in Note 13.

In June 2016, \$1,000 of the Junior Subordinated Notes were retired and exchanged for 310 Class A Units of the Company. The fair value of the Class A Units issued approximated the carrying amount of the Junior Subordinated Notes, so no extinguishment gain or loss was recognized. See additional disclosures in Note 13 and Note 15.

In July 2017, \$500 of the Junior Subordinated Notes were retired and exchanged for 148 Class A Units of the Company. The fair value of the Class A Units issued approximated the carrying amount of the Junior Subordinated Notes, so no extinguishment gain or loss was recognized. See additional disclosures in Note 13 and Note 15.

At September 30, 2017, \$16,108 of the Junior Subordinated Notes remain outstanding.

Debt issuance costs

During the year ended September 30, 2017 and 2016, the Company incurred debt issuance costs totaling \$254 and \$876, respectively, in connection with the issuance of long-term debt. The debt issuance costs are being amortized over the related term of the debt using the straight-line method and are presented net against long-term debt in the consolidated balance sheets. As part of the April 2016 amendment to the 2016 Senior Secured Credit Facility, the Company expensed a nominal amount of unamortized debt issuance costs related to the exit of a participating bank from the 2016 Senior Secured Credit Facility. The amortization of deferred debt issuance costs is included in interest expense and amounted to approximately \$453 and \$443 during the years ended September 30, 2017 and 2016, respectively.

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Mezzanine Warrants

As of September 30, 2017 and 2016, there were in the aggregate 1,424 warrants outstanding and exercisable to purchase Common Units related to the issuance of the Mezzanine Notes. The intrinsic value of the Mezzanine warrants was \$767 and \$1,182 as of September 30, 2017 and 2016, respectively.

	Warrants	Expiration	Exercise Price
Mezzanine Warrants	1,424	November 29, 2020	\$ 0.010

The Mezzanine Warrants are mandatorily redeemable and embody a conditional obligation to redeem the instrument by a transfer of assets. The Company uses the Black-Scholes option pricing model to determine the fair market value of the Mezzanine Warrants at each reporting date. The option pricing model requires the input of highly subjective assumptions, including the estimated enterprise value of the Company, expected term of the warrants, expected volatility, risk-free interest rates and discount for lack of marketability. See additional disclosures in Note 11. To determine the fair value of the Mezzanine Warrants, the Company engages an outside consultant to prepare a valuation of the unit price for each reporting period, using information provided by management and information obtained from private and public sources. We use an expected volatility based on the historical volatilities of a group of guideline companies and estimated a liquidity event in June 2018 to determine the term of the warrants. The risk-free interest rates are obtained from publicly available U.S. Treasury yield curve rates. The discount for lack of marketability was determined using the Finnerty Model. The Mezzanine Warrants are remeasured at each reporting date through the settlement of the instrument and changes in value are reflected in earnings. The fair market value of the warrants was \$767 and \$1,182 at September 30, 2017 and 2016, respectively, and is reflected within other long-term liabilities within the accompanying consolidated balance sheets.

10. INCOME TAXES

The Company files U.S. Federal and various state income tax returns. The returns are generally open to audit under the statutes of limitations for three years following the later of the initial due date of the return or the date filed. The Company's tax years 2014-2017 remain subject to examination. The Company is not a taxable entity for federal income tax purposes. The Company's aggregate tax basis in its net assets exceeds its aggregate book basis in its net assets by approximately \$26,209 at September 30, 2017. While most states do not impose an entity level tax on partnership income, the Partnership is subject to entity level tax in both Tennessee and Texas.

As of September 30, 2017 and 2016, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

	Year ended September 30,	
	2017	2016
Current state tax expense	\$ 121	\$ 246
Deferred state tax expense (benefit)	56	(3)
Income tax expense	<u>\$ 177</u>	<u>\$ 243</u>

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Deferred state income taxes are provided for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities. Net deferred taxes as of September 30, 2017 and 2016 were as follows:

	2017	2016
Deferred tax assets:		
Accrued expenses	\$ 3	\$ 301
Intangible assets	68	126
Net operating loss carryforwards	94	130
Other	10	12
Gross deferred tax assets	175	569
Valuation allowance	(93)	(428)
Gross deferred tax liabilities	(4)	(7)
Net deferred tax asset	\$ 78	\$ 134

State net operating loss carryforwards for the Company were \$22,520 as of September 30, 2017 and will expire between years 2027 and 2032. The state net operating loss carryforwards are included in Other assets within the Consolidated Balance Sheets.

11. FAIR VALUE MEASUREMENTS

The Company applies the provisions of ASC 820, Fair Value Measurement, which defines fair value, establishes a framework for its measurement and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or the price paid to transfer a liability as of the measurement date. A three-tier, fair-value reporting hierarchy exists for disclosure of fair value measurements based on the observability of the inputs to the valuation of financial assets and liabilities. The three levels are:

Level 1 — Quoted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable in active exchange markets.

The carrying value of the Company's financial instruments, including cash and cash equivalents, restricted cash, settlement assets and obligations, accounts receivable, other assets, accounts payable, and accrued expenses approximated their fair values as of September 30, 2017 and 2016, because of the relatively short maturity dates on these instruments. The carrying amount of debt approximates fair value as of September 30, 2017 and 2016, because interest rates on these instruments approximate market interest rates.

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The Company has no Level 1 or Level 2 financial instruments. The following tables present the changes in our Level 3 financial instruments that are measured at fair value on a recurring basis.

	Mezzanine Warrants (Note 9)	Accrued Contingent Consideration
Balance at September 30, 2015	\$ 1,210	\$ 7,041
Change in the fair value of warrant liabilities, included in Other expenses	(28)	—
Contingent consideration accrued at time of business combination (Note 4)	—	1,480
Change in fair value of contingent consideration included in Operating expenses	—	2,458
Contingent consideration paid	—	(5,442)
Balance at September 30, 2016	1,182	5,537
Change in the fair value of warrant liabilities, included in Other expenses	(415)	—
Contingent consideration accrued at time of business combination (Note 4)	—	1,221
Change in fair value of contingent consideration included in Operating expenses	—	(218)
Contingent consideration paid	—	(3,200)
Balance at September 30, 2017	\$ 767	\$ 3,340

Approximately \$2,229 and \$2,937 of contingent consideration was recorded in accrued expenses and other current liabilities as of September 30, 2017 and 2016, respectively. Approximately \$1,111 and \$2,600 of contingent consideration was recorded in other long-term liabilities as of September 30, 2017 and 2016, respectively.

12. REDEEMABLE CLASS A UNITS

In December of 2012 the Company issued 4,900 Redeemable Class A Units. Upon receipt of a redemption request following the termination of employment of the current Chief Executive Officer of the Company (the redemption event), the Company is required to redeem all of the outstanding Redeemable Class A Units held by certain members. The redemption price of the Redeemable Class A Units is equal to the greater of (i) the fair value of the Redeemable Class A Unit or (ii) original issue price per Redeemable Class A Unit plus any preferred returns through the date of the redemption request. The redemption event was not probable as of September 30, 2017 and 2016.

The Company previously classified the Redeemable Class A Units containing the redemption features described above as permanent equity, as permitted by the accounting standards applicable to companies that do not file financial statements with the SEC. As required by the SEC's rules, amounts related to these instruments have been classified as temporary equity in the accompanying consolidated balance sheets.

As of September 30, 2017 and 2016, there were 4,900 Redeemable Class A Units issued and outstanding.

Preferred Returns

Holders of Redeemable Class A Units have preferred return rights in preference to any declaration or distribution to holders of Class P Units or Common Units, and equal to other Class A Units. Preferred returns on the Redeemable Class A Units accrue at an amount equal to 10.0% per unit per annum of the original issue price, compounded annually, whether or not declared by the board of directors, and are cumulative. After preferential payment to the holder of Redeemable Class A Units and other Class A Units, any additional distributions declared will be distributed pro-rata to the holders of Class A Units, Common Units and Class P Units, in proportion to their respective units. Total cumulative preferred returns included within the carrying amount of the Redeemable Class A Units amounted to \$2,823 and \$2,122 as of September 30, 2017 and 2016, respectively.

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Liquidation

In the event of a deemed liquidation, the holders of Redeemable Class A Units and other Class A Units will be entitled to receive a liquidation amount prior to and in preference to any distribution of any of the assets of the Company to all other holders of the Company's securities. The Redeemable Class A Unit liquidation preference is equal to original issue price per Redeemable Class A Unit plus any accrued but unpaid returns thereon. After preferential payment to the holders of Class A Units and Redeemable Class A Units, the remaining assets of the Company will be distributed pro-rata to the holders of Class A Units, Redeemable Class A Units, Class P Units, and Common Units, in proportion to their respective units. As of September 30, 2017 and 2016, the aggregate liquidation preference of Redeemable Class A Units totaled \$7,723 and \$7,022, respectively.

During 2017 and 2016 as obligated under the provisions of its member agreements, the Company declared distributions of approximately \$131 and \$354, respectively, to its Redeemable Class A Unit holders in connection with the members' estimated tax liabilities.

13. MEMBER'S EQUITY (DEFICIT)

As of September 30, 2017, the Company has authorized the issuance of Class A Units, Class P Units and Common Units. Any offering costs associated with the issuance of units are presented net within equity.

Valuation

As necessary, when the Company issues Class A Units, Common Units or Class P Units it obtains a valuation based on the Option Pricing Method, using an EBITDA multiple. The Company considers liquidation preferences and marketability in its valuation of the respective Unit classes.

Voting

The holders of Class A Units, voting together as a single class, are entitled to cast the number of votes equal to the number of Class A Units held by such holder. Class P Units and Common Units are non-voting.

Class A Units

The following table summarizes the unit activity related to Class A Units for the years ended September 30, 2017 and 2016.

Class A Units as of September 30, 2015	5,950
Conversion of unsecured note payable to related party to Class A units	1,000
Exchange of Junior Subordinated notes for Class A Units	310
2016 offering of Class A units	2,786
Class A Units as of September 30, 2016	10,046
2017 offering of Class A units	3,698
Exchange of Junior Subordinated notes for Class A Units	148
Class A Units as of September 30, 2017	13,892

Issuance of Class A Units

During March 2016, an existing \$1,000 unsecured note payable to related party was converted into 1,000 Class A Units in the Company pursuant to the provisions of the note. See additional disclosures in Note 9.

During June 2016, \$1,000 of the existing Junior Subordinated Notes were exchanged for Class A Units at a rate of \$3.23 per Unit. In total, 310 Class A Units were issued. See additional disclosures in Note 9.

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During June 2016, the Company raised \$9,000 from the issuance of Class A Units at a rate of \$3.23 per Unit. In total, 2,786 Class A Units were issued.

During July 2017, the Company raised \$12,500 from the issuance of Class A Units at a rate of \$3.38 per Unit. In total, 3,698 Class A Units were issued.

During July 2017, \$500 of the existing Junior Subordinated Notes were exchanged for Class A Units at a rate of \$3.38 per Unit. In total, an additional 148 Class A Units were issued. See additional disclosures in Note 9.

Preferred Returns

Holders of Class A Units have preferred return rights in preference to any declaration or distribution to holders of Class P Units or Common Units. Preferred returns on the Class A Units accrue at an amount equal to 10.0% per unit per annum of the original issue price, compounded annually, whether or not declared by the board of directors, and are cumulative. After preferential payment to the holder of Class A Units, any additional distributions declared will be distributed pro-rata to the holders of Class A Units, Common Units and Class P Units, in proportion to their respective units. Total cumulative preferred returns included within the carrying amount of the Class A Units amounted to \$5,105 and \$2,882 as of September 30, 2017 and 2016, respectively.

Liquidation

In the event of a deemed liquidation, the holders of Class A Units and Redeemable Class A Units will be entitled to receive, a liquidation amount prior to and in preference to any distribution of any of the assets of the Company to all other holders of the Company's securities. The Class A Unit liquidation preference is equal to original issue price per Class A Unit plus any accrued returns but unpaid thereon. After preferential payment to the holders of Class A Units and Redeemable Class A Units, the remaining assets of the Company will be distributed pro-rata to the holders of Class A Units, Redeemable Class A Units, Class P Units, and Common Units, in proportion to their respective units. As of September 30, 2017 and 2016, the aggregate liquidation preference of Class A Units totaled \$35,056 and \$19,833, respectively.

During 2017, and 2016 as obligated under the provisions of its member agreements, the Company declared distributions of approximately \$625 and \$410, respectively, to its Class A Unit holders in connection with the members' estimated tax liabilities.

Common Units

As of September 30, 2017, 2016 and 2015, there were 1,549, 1,049 and 384 of Common Units issued and outstanding, respectively. Common Units are generally issued in association with acquisitions. These Common Units were subject to restrictions that establish forfeiture provisions and limit the transferability, encumbrance and disposition of Common Units.

Issuance of Common Units

During April 2016, in connection with the acquisition of Axia, LLC, the Company issued \$665 of Common Units as part of the purchase price consideration.

During July 2017, in connection with the acquisition of Fairway, LLC the Company issued \$275 of Common Units as part of the purchase price consideration.

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Junior Subordinated Notes Warrants

As of September 30, 2017 and 2016, there were in the aggregate 1,434 warrants outstanding and exercisable to purchase Common Units which are classified as equity instruments. The warrants were issued in connection with the issuance of the Junior Subordinated Notes (Note 9). As of September 30, 2017 and 2016, the intrinsic value of the junior subordinated warrants was \$0.

	Warrants	Expiration	Exercise Price
Junior Subordinated Notes Warrants	1,434	February 14, 2024	\$ 2.095

The Junior Subordinated Notes Warrants were issued at zero value and are reflected within members' equity within the accompanying Consolidated Balance Sheets.

Mezzanine Warrants

As of September 30, 2017 and 2016, there were in the aggregate 1,424 warrants outstanding and exercisable to purchase Common Units which are classified as long-term liabilities. The warrants were issued in connection with the issuance of the Mezzanine Notes. See additional disclosures in Note 9.

Restricted Class P Units

As of September 30, 2017 and 2016, respectively, there were 4,771 and 3,239 vested, and 2,876 and 2,656 non-vested restricted Class P Units issued and outstanding to certain Board members and employees. The Class P Units are subject to restrictions which establish forfeiture provisions, limit the transferability, encumbrance and disposition of units, and establish vesting provisions.

All Class P Units are issued at a participation threshold above the valuation of the Company at the grant date. As a result, they have a nominal value, individually and in the aggregate, at the grant date. Using an option-pricing model and considering liquidation preferences of the Class P Units, as well as the lack of marketability, management has determined that any compensation expense related to the restricted units is immaterial to the consolidated financial statements.

14. COMMITMENTS AND CONTINGENCIES

Leases

The Company utilizes office space and equipment under operating leases. Rent expense under these leases amounted to \$997 and \$690 during the years ended September 30, 2017 and 2016, respectively. A summary of approximate future minimum payments under these leases as of September 30, 2017 is as follows:

Years ending September 30:

2018	\$ 1,040
2019	1,006
2020	964
2021	696
2022	660
Thereafter	1,222
Total	\$ 5,588

Minimum Processing Commitments

We have non-exclusive agreements with several processors to provide us services related to transaction processing and transmittal, transaction authorization and data capture, and access to various reporting tools.

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Certain of these agreements require us to submit a minimum monthly number of transactions for processing. If we submit a number of transactions that is lower than the minimum, we are required to pay to the processor the fees it would have received if we had submitted the required minimum number of transactions. As of September 30, 2017, such minimum fee commitments were as follows:

Years ending September 30:

2018	\$	4,959
2019		1,300
2020		1,300
Thereafter		—
Total	\$	7,559

The Company met all minimum fee commitments for the years ended September 30, 2017 and 2016.

Litigation

With respect to all legal, regulatory and governmental proceedings, and in accordance with ASC 450-20, *Contingencies—Loss Contingencies*, the Company considers the likelihood of a negative outcome. If the Company determines the likelihood of a negative outcome with respect to any such matter is probable and the amount of the loss can be reasonably estimated, the Company records an accrual for the estimated amount of loss for the expected outcome of the matter. If the likelihood of a negative outcome with respect to material matters is reasonably possible and the Company is able to determine an estimate of the amount of possible loss or a range of loss, whether in excess of a related accrued liability or where there is no accrued liability, the Company discloses the estimate of the amount of possible loss or range of loss. However, the Company in some instances may be unable to estimate an amount of possible loss or range of loss based on the significant uncertainties involved in, or the preliminary nature of, the matter, and in these instances the Company will disclose the nature of the contingency and describe why the Company is unable to determine an estimate of possible loss or range of loss.

In addition, the Company is involved in ordinary course legal proceedings, which include all claims, lawsuits, investigations and proceedings, including unasserted claims, which are probable of being asserted, arising in the ordinary course of business and otherwise not described below. The Company has considered all such ordinary course legal proceedings in formulating its disclosures and assessments.

In June 2016, Expert Auto Repair, Inc., for itself and on behalf of a class of additional plaintiffs, and Jeff Straight initiated a class action lawsuit against us, as successor to Merchant Processing Solutions, LLC, seeking damages, restitution and declaratory and injunctive relief (the "Expert Auto Litigation"). The plaintiffs alleged that our predecessor engaged in unfair business practices in the merchant services sector including unfairly inducing merchants to obtain credit and debit card processing services and thereafter assessing them with improper fees. Subject to preliminary and final court approval, we have entered into a settlement agreement to settle the plaintiffs' claims for \$995, pending court approval of the settlement, which is reflected in general and administrative expenses and accrued expenses and other current liabilities as of and for the year ended September 30, 2017.

In connection with the Expert Auto Litigation, in November 2016 our insurance carrier, Starr Indemnity and Liability Company, Inc. ("Starr"), filed a complaint against us seeking a declaration that our insurance policies with Starr would not cover a settlement or award granted to the Expert Auto Litigation plaintiffs. The Company intends to vigorously defend against Starr's claims.

Other

Our subsidiary CP-PS, LLC has certain indemnification obligations in favor of FDS Holdings, Inc. related to the acquisition of certain assets of Merchant Processing Solutions, LLC in February 2014. We have incurred

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

expenses related to these indemnification obligations in prior periods and may have additional expenses in the future. However, after taking into consideration the evaluation of such matters by the Company's legal counsel, the Company's management believes at this time that the anticipated outcome of any existing or potential indemnification liabilities related to this matter will not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

15. RELATED PARTY TRANSACTIONS

Related parties held \$6,158 and \$6,658 of our Company's Junior Subordinated Notes as of September 30, 2017 and 2016, respectively. Additionally, as of September 30, 2015, a related party held a \$1,000 convertible note payable. Interest expense to related parties for the Company's Junior Subordinated Notes and the Company's unsecured convertible note payable to related party amounted to \$632 and \$831 during the years ended September 30, 2017 and 2016, respectively.

The conversion of the \$1,000 unsecured convertible note payable to a related party into Class A Units in March 2016 was made by a related party. See additional disclosures in Note 9 and Note 13.

The exchanges for Junior Subordinated Notes for Class A Units in June 2016 and July 2017 were made by a related party and approved by the Company's board of directors. See additional disclosures in Note 9 and Note 13.

All lenders party to the Company's Mezzanine Notes are considered related parties, through their ownership interest in the Company and affiliated director relationships. Interest expense to related parties for the Company's Mezzanine Notes amounted to \$1,282 and \$1,280 during the years ended September 30, 2017 and 2016, respectively.

In April, 2016, we entered into a purchase agreement to purchase certain assets of Axia, LLC, pursuant to which we acquired certain legacy agreements with Merrick Bank Corporation. On April 29, 2016, the Company entered into a Processing Services Agreement (the "Axia Tech Agreement") with Axia Technologies, LLC ("Axia Tech"), an entity controlled by the previous owner of Axia, LLC. Under the Axia Tech Agreement, we agreed to provide processing services for certain merchants as designated by Axia Tech from time to time. In accordance with ASC 605-45, revenue is recognized net of interchange, residual expense and other fees. We earned net revenues of \$27 and \$5 related to the Axia Tech Agreement during the years ended September 30, 2017 and 2016, respectively. i3 Verticals, LLC, our CEO and our CFO each own 3%, 11% and 1%, respectively, of the outstanding equity of Axia Tech.

16. SEGMENTS

The Company determines its operating segments based on how the chief operating decision making group monitors and manages the performance of the business. The Company's operating segments are strategic business units that offer different products and services.

Our core business is delivering seamless integrated payment and software solutions to small- and medium-sized businesses ("SMBs") and organizations in strategic vertical markets. This is primarily accomplished through Merchant Services, which constitutes an operating segment. We also provide integrated payment services with proprietary owned software. The proprietary owned software operating segments do not meet applicable materiality thresholds for separate segment disclosure or aggregation, but are included as the primary components of an "all other" category under GAAP as set forth below. The other category also includes corporate overhead expenses.

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We primarily use processing margin to measure operating performance. The following is a summary of reportable segment operating performance for the years ended September 30, 2017 and 2016.

	As of and for the Year Ended September 30, 2017		
	Merchant Services	Other	Total
Revenue	\$ 248,005	\$ 14,566	\$ 262,571
Operating expenses			
Interchange and network fees	185,141	3,971	189,112
Other costs of services	27,350	1,448	28,798
Selling general and administrative	13,858	13,336	27,194
Depreciation and amortization	8,029	2,056	10,085
Change in fair value of contingent consideration	192	(410)	(218)
Income (loss) from operations	<u>\$ 13,435</u>	<u>\$ (5,835)</u>	<u>\$ 7,600</u>
Processing margin ^(a)	\$ 47,389	\$ 9,370	\$ 56,759
Total assets	\$ 113,568	\$ 26,423	\$ 139,991
Goodwill	\$ 49,173	\$ 9,344	\$ 58,517

(a) Processing margin is equal to revenue less interchange and network fees, less other costs of services. \$11,875 and \$223 of residual expense, a component of other costs of services, are added back to the Merchant Services segment and Other category, respectively.

	As of and for the Year Ended September 30, 2016		
	Merchant Services	Other	Total
Revenue	\$ 187,720	\$ 11,924	\$ 199,644
Operating expenses			
Interchange and network fees	137,801	3,197	140,998
Other costs of services	20,318	1,616	21,934
Selling general and administrative	8,970	11,423	20,393
Depreciation and amortization	8,233	1,665	9,898
Change in fair value of contingent consideration	2,371	87	2,458
Income (loss) from operations	<u>\$ 10,027</u>	<u>\$ (6,064)</u>	<u>\$ 3,963</u>
Processing margin ^(a)	\$ 37,992	\$ 7,578	\$ 45,570
Total assets	\$ 73,652	\$ 26,630	\$ 100,282
Goodwill	\$ 26,553	\$ 8,503	\$ 35,056

(a) Processing margin is equal to revenue less interchange and network fees, less other costs of services. \$8,391 and \$467 of residual expense, a component of other costs of services, are added back to the Merchant Services segment and Other category, respectively.

Corporate overhead expenses contributed losses from operations of \$6,166 and \$5,156, and depreciation and amortization of \$118 and \$109 for the years ended September 30, 2017 and 2016, respectively.

i3 VERTICALS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. SUBSEQUENT EVENTS

New Senior Secured Credit Facility

On October 30, 2017 the Company replaced its existing 2016 Senior Secured Credit Facility with a new credit agreement (the "Senior Secured Credit Facility"). The Senior Secured Credit Facility consists of term loans in the principal amount of \$40,000 and an \$110,000 revolving line of credit. The Senior Secured Credit Facility accrues interest, payable monthly, at prime plus a margin of 0.50% to 2.00% or at the 30-day LIBOR rate plus a margin of 2.75% to 4.00%, in each case depending on the ratio of consolidated debt to EBITDA, as defined in the agreement. Additionally, the Senior Secured Credit Facility requires the Company to pay unused commitment fees of up to 0.30% on any undrawn amounts under the revolving line of credit. The maturity date of the Senior Secured Credit Facility is the earlier of October 30, 2022 or 181 days before the maturity date of the Mezzanine Notes. Principal payments of \$1,250 are due on the last day of each calendar quarter until the maturity date, when all outstanding principal and accrued and unpaid interest are due.

The Senior Secured Credit Facility is secured by substantially all assets of the Company. The notes payable to banks and revolving line of credit to banks hold senior rights to collateral and principal repayment over all other creditors.

The provisions of the Senior Secured Credit Facility place certain restrictions and limitations upon the Company. These include, among others, restrictions on liens, investments, indebtedness, fundamental changes and dispositions; maintenance of certain financial ratios; and certain non-financial covenants pertaining to the activities of the Company during the period covered. In addition, the Senior Secured Credit Facility restricts our ability to make dividends or other distributions to the holders of our equity. We are permitted to (i) make cash distributions to the holders of our equity in order to pay taxes incurred by owners of equity in i3 Verticals, LLC, by reason of such ownership, (ii) move intercompany cash between subsidiaries that are joined to the Senior Secured Credit Facility (iii) repurchase equity from employees, directors, officers or consultants after the restructuring of the Company in connection with an initial public offering of our equity in an aggregate amount not to exceed \$1.5 million per year, and (iv) make other dividends or distributions in an aggregate amount not to exceed 5% of the net cash proceeds received from any additional common equity issuance after an initial public offering. We are also permitted to make noncash dividends in the form of additional equity issuances. All other forms of dividends or distributions are prohibited under the Senior Secured Credit Facility.

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Purchase of San Diego Cash Register Company, Inc.

On October 31, 2017, the Company closed an agreement to purchase all of the outstanding stock of San Diego Cash Register Company, Inc. ("SDCR, Inc."). Total purchase consideration was \$20,834 which includes \$104 of Common Units issued to the seller. The acquisition was funded using \$20,000 in proceeds from the issuance of long-term debt from the Senior Secured Credit Facility and \$730 of contingent consideration. The effect of the acquisition will be included in our Consolidated Statements of Operations beginning November 1, 2017. The preliminary purchase consideration of the acquired assets and assumed liabilities was allocated based on fair values as follows:

Cash and cash equivalents	\$	1,338
Accounts receivable		1,008
Related party receivable		773
Inventories		1,318
Prepaid expenses and other current assets		1,176
Property and equipment		69
Acquired merchant relationships		5,500
Non-compete agreements		40
Trade name		1,340
Goodwill		17,094
Total assets acquired		29,656
Accounts payable		1,342
Accrued expenses and other current liabilities		3,123
Deferred revenue, current		2,500
Other long-term liabilities		1,857
Net assets acquired	\$	20,834

We are still evaluating the allocation of the preliminary purchase consideration. The goodwill associated with the acquisition is not deductible for tax purposes. The acquired relationships contracts intangible asset has an estimated amortization period of twelve years. The non-compete agreement and trade name have an amortization period of two and five years, respectively. The weighted-average amortization period for all intangibles acquired is eleven years.

Acquisition-related costs for SDCR, Inc. were \$198 and were expensed as incurred.

Certain provisions in the purchase agreement provide for additional consideration of up to \$2,400 in the aggregate, to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, through October 2019. The Company determined the acquisition date fair value of the liability for the contingent consideration based on a discounted cash flow analysis. In each subsequent reporting period the Company will reassess its current estimates of performance relative to the targets and adjust the contingent liability to its fair value through earnings.

i3 VERTICALS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma results of operations have been prepared as though the acquisition of SDCR, Inc. had occurred on October 1, 2016 and the acquisition of Fairway, LLC had occurred on October 1, 2015 (see Note 4). Pro forma adjustments were made to reflect the impact of depreciation and amortization, changes to executive compensation and the revised debt load, all in accordance with ASC 805. This pro forma information does not purport to be indicative of the results of operations that would have been attained had the acquisitions been made on these dates, or of results of operations that may occur in the future.

	Year ended September 30, 2017	
Revenue	\$	308,940
Net income	\$	4,638

Purchase of Court Solutions, LLC

On December 1, 2017, the Company acquired substantially all of Court Solutions, LLC ("CS, LLC"). Total purchase consideration was \$2,200, exclusive of the estimated value of contingent consideration, which was funded from the issuance of long-term debt from the Senior Secured Credit Facility. The effect of the acquisition will be included in our Consolidated Statements of Operations beginning December 1, 2017. The purchase consideration of the acquired assets will be allocated based on fair values, but the allocation has not been finalized. As such, the Company has not disclosed pro forma revenue and earnings, in accordance with ASC 805.

Certain provisions in the purchase agreement provide for additional consideration of up to \$2,800 in the aggregate, to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, through November 2019. The Company will determine the acquisition date fair value of the liability for the contingent consideration based on a discounted cash flow analysis. In each subsequent reporting period, the Company will reassess its current estimates of performance relative to the targets and adjust the contingent liability to its fair value through earnings.

Purchase of Enterprise Merchant Solutions, Inc.

On January 31, 2018, the Company acquired substantially all of Enterprise Merchant Solutions, Inc. ("EMS, Inc."). Total purchase consideration was \$6,000, exclusive of the estimated value of contingent consideration, which was funded from the issuance of long-term debt from the Senior Secured Credit Facility. The effect of the acquisition will be included in our Consolidated Statements of Operations beginning February 1, 2018. The purchase consideration of the acquired assets will be allocated based on fair values, but the allocation has not been finalized. As such, the Company has not disclosed pro forma revenue and earnings, in accordance with ASC 805.

Certain provisions in the purchase agreement provide for additional consideration of up to \$9,000 in the aggregate, to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, through January 2020. The Company will determine the acquisition date fair value of the liability for the contingent consideration based on a discounted cash flow analysis. In each subsequent reporting period, the Company will reassess its current estimates of performance relative to the targets and adjust the contingent liability to its fair value through earnings.

Independent Auditor's Report

Members
Fairway Payments, Inc.
Alexandria, Virginia

We have audited the accompanying financial statements of Fairway Payments, Inc., which comprise the statements of operations, changes in members' deficit, and cash flows for the period from January 1, 2017 to July 31, 2017 and for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of Fairway Payments, Inc.'s operations and its cash flows for the period from January 1, 2017 to July 31, 2017 and for the year ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Sale of the Company

On August 1, 2017, i3 Verticals, LLC acquired all of the outstanding membership interests of Fairway Payments, LLC. Under the i3 Verticals, LLC ownership, Fairway Payments, LLC will continue to provide merchant processing solutions. Upon acquiring the membership interests, i3 Verticals, LLC assumed operational management of Fairway Payments, LLC.

/S/ BDO USA, LLP

McLean, Virginia
February 6, 2018

Fairway Payments, Inc.

STATEMENTS OF OPERATIONS

(In thousands)

	Seven months ended July 31,	Year ended December 31,
	2017	2016
Revenue	\$ 19,805	\$ 29,123
Operating expenses		
Interchange and network fees	11,663	16,583
Other costs of services	2,502	3,814
Selling general and administrative	1,815	3,143
Depreciation and amortization	86	138
Total operating expenses	16,066	23,678
Income from operations	3,739	5,445
Other expenses		
Interest expense, net	226	93
Other (income) expenses	1	—
Total other expenses	227	93
Income before income taxes	3,512	5,352
Provision for income taxes	—	—
Net income	\$ 3,512	\$ 5,352

See Notes to the Financial Statements

Fairway Payments, Inc.

STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

(In thousands)

Balance at December 31, 2015	\$	(169)
Net income		5,352
Shareholder distribution		<u>(6,555)</u>
Balance at December 31, 2016		(1,372)
Net income		3,512
Shareholder distribution		<u>(4,620)</u>
Balance at July 31, 2017	\$	<u>(2,480)</u>

See Notes to the Financial Statements

Fairway Payments, Inc.

STATEMENTS OF CASH FLOWS

(In thousands)

	Seven months ended July 31,	Year ended December 31,
	2017	2016
Cash flows from operating activities:		
Net income	\$ 3,512	\$ 5,352
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	86	138
Amortization of deferred finance costs	31	—
Non-cash change in defined benefit obligation	(20)	69
Changes in operating assets:		
Accounts receivable	206	129
Prepaid expenses and other current assets	(1,322)	(597)
Changes in operating liabilities:		
Accounts payable	(2)	(571)
Accrued expenses and other current liabilities	43	(54)
Net cash provided by operating activities	<u>2,534</u>	<u>4,466</u>
Cash flows from investing activities:		
Purchases of merchant portfolios	(80)	(1,027)
Net cash used in investing activities	<u>(80)</u>	<u>(1,027)</u>
Cash flows from financing activities:		
Proceeds from revolving credit facility	3,516	4,659
Payments of revolving credit facility	(1,471)	(1,300)
Payment of auto loan	(15)	(25)
Payment of debt issuance	—	(54)
Shareholder distributions	(4,620)	(6,555)
Net cash used for financing activities	<u>(2,590)</u>	<u>(3,275)</u>
Net (decrease) increase in cash and cash equivalents	(136)	164
Cash and cash equivalents, beginning of period	169	5
Cash and cash equivalents, end of period	<u>\$ 33</u>	<u>\$ 169</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 219	\$ 93

See Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Fairway Payments, Inc. (the "Company," "we," or "our") was founded in 2009 with a focus on providing integrated payment solutions to small- and medium-sized business and other organizations.

The Company is headquartered in Alexandria, Virginia, with operations throughout the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission.

All dollar amounts are presented in thousands.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities and timing of revenues and expenses at the date of the financial statements and the accompanying notes. Such estimates include, but are not limited to, assumptions used in the calculation of defined benefit plan obligations. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash on hand, checking accounts, and savings accounts to be cash and cash equivalents. At times, the balance in these accounts may exceed federal insured limits.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of uncollateralized credit card processing residual payments due from processing banks requiring payment within thirty days following the end of each month. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts, if necessary, which reflects management's best estimate of the amounts that will not be collected. The allowance is estimated based on management's knowledge of its customers, historical loss experience and existing economic conditions. Accounts receivable and the allowance are written-off when, in management's opinion, all collection efforts have been exhausted. Management has determined an allowance for doubtful accounts is not necessary as of July 31, 2017 and December 31, 2016.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. Management reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company recognizes impairment when the sum of undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value of the asset. There were no impairment charges during the seven months ended July 31, 2017 or the year ended December 31, 2016.

Acquisitions

Acquisitions are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*.

NOTES TO FINANCIAL STATEMENTS

During the seven months ended July 31, 2017 and the year ended December 31, 2016, the Company purchased two portfolios of merchant relationships which did not meet the accounting criteria to be accounted for as business combinations and have been accounted for as asset acquisitions. An asset acquisition is recorded at its purchase price, inclusive of acquisition costs, which are allocated among the acquired assets and assumed liabilities based upon their relative fair values at the date of acquisition.

Intangible Assets

Intangible assets consist of acquired merchant relationships. Merchant relationships represent the fair value of customer relationships purchased by the Company and are amortized over the estimated benefit periods on a straight-line basis. Estimated useful lives are determined for merchant relationships based on the life of the expected cash flows from the merchant relationships.

Management evaluates the remaining useful lives and carrying values of long lived assets, including definite lived intangible assets, at least annually or when events and circumstances warrant such a review, to determine whether significant events or changes in circumstances indicate that a change in the useful life or impairment in value may have occurred. There were no impairment charges during the seven months ended July 31, 2017 or the year ended December 31, 2016.

Income Taxes

The Company, with consent of its shareholders, has elected under the Internal Revenue Code to be taxed as an S-Corporation. In lieu of corporation income taxes, the shareholders are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income or state income taxes has been included in the financial statements.

Revenue Recognition

Revenue is recognized when it is realized or realizable and earned, in accordance with ASC Topic 605, *Revenue Recognition* ("Topic 605"). Recognition occurs when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been performed; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured.

Approximately 99% of our gross revenue for the seven months ended July 31, 2017 and the year ended December 31, 2016 is derived from volume based payment processing fees ("discount fees"). The remainder is derived from sales of equipment and other payment related services the Company provides to its clients directly and through its processing bank relationships.

Discount fees represent a percentage of the dollar amount of each credit or debit transaction processed. Discount and other fees are recognized at the time the merchants' transactions are processed. The Company follows the requirements of Topic 605-45, *Revenue Recognition—Principal Agent Consideration*, in determining its merchant processing services revenue reporting. Generally, where the Company has control over merchant pricing, merchant portability and ultimate responsibility for the merchant relationship, revenues are reported at the time of sale on a gross basis equal to the full amount of the discount charged to the merchant. This amount includes interchange fees paid to card issuing banks and assessments paid to payment card networks pursuant to which such parties receive payments based primarily on processing volume for particular groups of merchants.

Interchange and Network Fees and Other Cost of Services

Interchange and network fees consist primarily of fees that are directly related to discount fee revenue. These include assessment fees payable to card associations, which are a percentage of the processing volume we generate from Visa and Mastercard. Other costs of services include costs directly attributable to processing and bank sponsorship costs. These also include related costs such as residual payments to sales groups, which are based on a percentage of the net revenues generated from merchant referrals. The cost of equipment sold is also included in cost of services. Interchange and other costs of services are recognized at the time the merchant's transactions are processed.

NOTES TO FINANCIAL STATEMENTS

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Advertising expense was nominal for the seven months ended July 31, 2017 and the year ended December 31, 2016, and are included in selling, general and administrative expenses in the Statements of Operations.

Pensions

The Company accounts for its pension benefit obligations using actuarial models. A measurement of plan obligations and assets was made at July 31, 2017 and December 31, 2016. Effective July 31, 2017, the benefit plan was frozen to all participants. No accrual of future benefits is earned or calculated beyond this date. Accordingly, our obligation estimate is based on benefits earned at that time discounted using an estimate of the single equivalent discount rate determined by matching the plan's future expected cash flows to spot rates from a yield curve comprised of high quality corporate bond rates of various durations. The Company recognizes the funded status of its pension plan obligations on its Balance Sheet, and pension expense is recognized in selling general and administrative expenses.

Subsequent Events

The Company has evaluated events through February 6, 2018, the date the financial statements were available to be issued. The Company concluded that other than as disclosed in note 10, there were no material subsequent events to disclose.

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (Topic 230). The update clarifies how cash receipts and cash payments in certain transactions are presented and classified in the statement of cash flows. The update requires retrospective application to all periods presented but may be applied prospectively if retrospective application is impracticable. The Company is currently evaluating the impact of the adoption of this principle on the Company's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU amends the existing guidance by recognizing all leases, including operating leases, with a term longer than twelve months on the balance sheet and disclosing key information about the lease arrangements. The update requires modified retrospective transition, which requires application of the ASU at the beginning of the earliest comparative period presented in the year of adoption. The Company is currently evaluating the impact of the adoption of this principle on the Company's financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers* (Topic 606). The ASU supersedes the revenue recognition requirements in ASC 605. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires additional disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard, as amended, allows companies to use either a full retrospective or a modified retrospective approach to adopt this ASU. The Company is currently evaluating the impact of the adoption of this principle on the Company's financial statements.

3. CREDIT RISK AND OTHER CONCENTRATIONS

The Company places its cash with high credit quality financial institutions which provide FDIC insurance. The Company performs periodic evaluations of the relative credit standing of these institutions and does not expect any losses related to such concentrations.

Fairway Payments, Inc.

NOTES TO FINANCIAL STATEMENTS

The Company's revenues are earned by processing transactions for merchant businesses and other institutions under contract with the Company. For the seven months ended July 31, 2017 and the year ended December 31, 2016, the Company utilized the funds settlement service of one bank, from which accounts receivable were remitted monthly.

One merchant accounted for 13.7% and 4.3% of our revenue during the seven months ended July 31, 2017 and the year ended December 31, 2016, respectively. The Company believes that the loss of any single merchant would not have a material adverse effect on our financial condition or results of operations.

4. MERCHANT PORTFOLIO PURCHASE

Effective March 1, 2016, the Company acquired a payment portfolio in an asset acquisition. The acquisition was completed to expand the Company's merchant base. Net purchase consideration was \$1,027, which was funded using borrowings from a note payable (see Note 6). The purchase consideration of the acquired assets was allocated based on fair values to the merchant relationships intangible asset. The acquired merchant relationships intangible asset has an estimated amortization period of ten years. Refer to Note 9 for further information.

Effective March 1, 2017, the Company acquired a payment portfolio in an asset acquisition. The acquisition was completed to expand the Company's merchant base. Net purchase consideration was \$80, which was funded with cash. The purchase consideration of the acquired assets was allocated based on fair values to the merchant relationships intangible asset. The acquired merchant relationships intangible asset has an estimated amortization period of five years.

Amortization expense for the seven months ended July 31, 2017 and the year ended December 31, 2016 amounted to \$60 and \$86, respectively.

5. PROPERTY AND EQUIPMENT, NET

A summary of the Company's property and equipment is as follows:

	Estimated Useful Life	July 31, 2017	December 31, 2016
Computer equipment and software	5 years	\$ 30	\$ 30
Furniture and fixtures	7 years	91	91
Automobiles	5 years	178	178
Accumulated depreciation		(172)	(146)
Property and equipment net		<u>\$ 127</u>	<u>\$ 153</u>

Depreciation expense for the seven months ended July 31, 2017 and the year ended December 31, 2016 amounted to \$26 and \$52, respectively.

NOTES TO FINANCIAL STATEMENTS

6. DEBT

A summary of long-term debt as of July 31, 2017 and December 31, 2016 is as follows:

	Maturity	July 31, 2017	December 31, 2016
\$6 Million Line of Credit	December 26, 2017	\$ 5,404	\$ 2,484
Notes payable for vehicle loan	October 31, 2020	86	100
\$1 Million Line of Credit	July 15, 2017	-	875
Debt issuance costs		(54)	(54)
Total debt, net of issuance costs		5,436	3,405
Less current portion of long-term debt		(5,350)	(3,305)
Long-term debt, net		\$ 86	\$ 100

\$6 Million Line of Credit

The Company had an available line of credit (“\$6 Million Line of Credit”) equal to \$6,000, which matured December 26, 2017. Interest on the \$6 Million Line of Credit was calculated at 5.35% annually. The Company was required to make monthly interest payments on any amounts advanced.

The provisions of the \$6 Million Line of Credit placed certain restrictions and limitations upon the Company. These included requirements to maintain certain financial ratios and net worth. The Company was in compliance with such covenants as of July 31, 2017 and December 31, 2016.

Vehicle Loan

In October 2015, the Company entered into a note payable to finance the purchase of an automobile. Interest on the note payable was calculated at 1.9% annually. The Company makes monthly payments on the principal and interest, and the note matures October 31, 2020.

\$1 Million Line of Credit

The Company had an available line of credit (“\$1 Million Line of Credit”) equal to \$1,000, which would have matured July 15, 2017. Interest on the \$1 Million Line of Credit was calculated at 3.75% annually. The Company was required to make monthly interest payments on any amounts advanced.

The provisions of the \$1 Million Line of Credit placed certain restrictions and limitations upon the Company. These included requirements to maintain certain financial ratios and net worth. The Company was in compliance with such covenants as of December 31, 2016. The Company extinguished the \$1 Million Line of Credit on February 21, 2017.

\$2 Million Line of Credit

The Company had an available line of credit (“\$2 Million Line of Credit”) equal to \$2,000, which would have matured April 15, 2019. Interest on the \$2 Million Line of Credit was calculated at 4.99% annually. The Company was required to make monthly interest payments on any amounts advanced. The Company extinguished the \$2 Million Line of Credit on December 28, 2016.

Debt Issuance Costs

During the year ended December 31, 2016 the Company incurred debt issuance costs totaling \$54 in connection with the issuance of long-term debt. The debt issuance costs are being amortized over the related term of the debt using the straight-line method.

NOTES TO FINANCIAL STATEMENTS

7. DEFINED BENEFIT PLAN AND 401(k) PLAN

Defined Benefit Plan

During the year ended December 31, 2014, the Company began a single-employer Defined Benefit Plan (the "Defined Benefit Plan") which covers certain qualified employees. Contributions to the Defined Benefit Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants and satisfy IRS funding requirements. The Company recognized expense related to the Defined Benefit Plan of \$235 and \$293 for the for the seven months ended July 31, 2017 and the year ended December 31, 2016, respectively.

The components of net period benefit cost and amounts recognized in the consolidated statements of operations and changes in net assets apart from expenses are as follows:

	Seven months ended July 31, 2017	Year ended December 31, 2016
Components of net periodic benefit cost:		
Service Cost	\$ 186	\$ 272
Interest cost	31	41
Return on plan assets	(40)	(17)
Actuarial loss (gain)	56	(4)
Taxes, fees and expenses	2	1
Total	<u>\$ 235</u>	<u>\$ 293</u>

The following table shows the funding status of the Defined Benefit Plan as of July 31, 2017 and December 31, 2016.

	Seven months ended July 31, 2017	Year ended December 31, 2016
Change in benefit obligation:		
Benefit obligation — beginning of period	\$ 841	\$ 532
Actuarial loss (gain)	56	(4)
Service cost	186	272
Interest cost	31	41
Benefit obligation — end of period	<u>1,114</u>	<u>841</u>
Change in plan assets:		
Fair value of plan assets — beginning of period	439	199
Employer contribution	255	224
Return on assets	40	17
Taxes, fees and expenses	(2)	(1)
Fair value of plan assets — end of period	<u>732</u>	<u>439</u>
Unfunded status	<u>\$ 382</u>	<u>\$ 402</u>

Fairway Payments, Inc.

NOTES TO FINANCIAL STATEMENTS

There were no participant contributions or benefits paid during the seven months ended July 31, 2017 and the year ended December 31, 2016.

The Defined Benefit Plan's estimated long-term rate of return on pension assets is driven primarily by historical asset-class returns, and an assessment of expected future performance. The Defined Benefit Plan portfolio return assumption is effectively 3.7% at July 31, 2017 and the year ended December 31, 2016. Other than use as discount rates, these rates were not used as assumptions for the Defined Benefit Plan's investment return.

The benefit obligation was calculated using the assumption of a lump sum distribution. The discount rate and mortality assumptions used to determine the Defined Benefit Plan obligations and expenses reflect IRS Sec. 417(e) Rates as of October 2017, except where overridden by Sec. 415. These rates are 2.1% for 5 years, 3.6% for periods from 5–20 years, and 4.3% for periods after 20 years.

The weighted average rate shown, 3.7%, does not reflect the impact of mandated 5.5% discount rates on maximum lump sum benefits, and thus the overall effective discount rate is somewhat higher than 3.7%.

The actuarial loss for the period July 31, 2017 can be attributed to the lessening impact of the Sec. 415 override on one participant's lump sum, as the maximum lump sum is impacted by changes in his age and the Statutory 415 maximum.

The following information represents the Defined Benefit Plan's assets measured at fair value Plan as of July 31, 2017 and December 31, 2016.

	July 31, 2017	December 31, 2016
Money markets	\$ 10	\$ 9
Equities	496	295
Fixed income	189	115
Other	37	20
Total	<u>\$ 732</u>	<u>\$ 439</u>

All assets are measured at fair value based on quoted prices in active markets (Level 1 assets). The Defined Benefit Plan has been frozen for all employees as of July 31, 2017 and the Company expects all obligations to be distributed as lump sums within the next twelve months.

401(k) Plan

The Company also sponsors a 401(k) Plan (the "401(k) Plan") that covers eligible employees. The 401(k) Plan provides for voluntary salary deferrals for eligible employees. Additionally, the Company is required to make safe harbor matching contributions of up to 4% of total compensation, subject to limitations, for employees making salary deferrals. The Company's contributions for the 401(k) Plan were \$38 and \$58 for the seven months ended July 31, 2017 and the year ended December 31, 2016, respectively.

In addition to the two plans described above, the Company has accrued an additional enhanced profit sharing contribution to the 401(k) Plan, for the benefit of the employees, in the amount of \$24 and \$70 for the seven months ended July 31, 2017 and the year ended December 31, 2016, respectively.

NOTES TO FINANCIAL STATEMENTS

8. LEASES

The Company utilizes office space and equipment under operating leases. Rent expense under these leases amounted to \$77 and \$125 in the seven months ended July 31, 2017 and the year ended December 31, 2016, respectively. The lease term expires March 31, 2018 with an option to renew for an additional five years. Under the agreement, base rent is subject to annual escalations of 2.5%.

9. RELATED PARTY TRANSACTIONS

The Company has loaned the majority shareholder \$1,700 and \$600 as of July 31, 2017 and December 31, 2016, respectively. The loan has no repayment schedule and bears interest at applicable federal rates (1.22% as of July 31, 2017, and 0.74% as of December 31, 2016) and is unsecured. The loan occurred on the last business day of 2016, and no repayments on the loan were made. Further, no interest was calculated as of the year ended December 31, 2016 as the amount was determined to be immaterial to the financial statements.

In March 2016, the Company purchased a merchant portfolio from ClearGage, Inc., a related entity at that time partially owned by the majority shareholder of the Company. The purchase was funded using borrowings from a note payable. See additional disclosure in Note 4.

In August 2016 the majority shareholder of the Company gifted his interest in ClearGage, Inc. to an irrevocable life insurance trust over which he has no control.

The Company paid compensation to various related parties. These parties included the Company's majority shareholder, his relatives who are also employees, and the Company's CFO who is also employed by ClearGage, Inc. Compensation to related parties for the seven months ended July 31, 2017 and the year ended December 31, 2016 amounted to \$299 and \$728, respectively. In addition, during the seven months ended July 31, 2017, the Company paid ClearGage, Inc. \$18 for services rendered by the Company's CFO. The CFO was not paid a salary by the Company during the seven months ended July 31, 2017.

In December 2010 the Company entered into a referral agreement with ClearGage, Inc. Under the referral agreement we agreed to process payment card transactions for certain merchants as designated by ClearGage, Inc. The Company is not compensated under the referral agreement with ClearGage, Inc. All cash received from the third-party processing bank passes through to ClearGage, Inc.

10. SUBSEQUENT EVENTS

On July 31, 2017, the Company converted its status to a Virginia limited liability company and adopted the name Fairway Payments, LLC. Upon conversion the Company is deemed to be the same entity without interruption and the assets of the Company remained with the Company without impairment.

On August 1, 2017, i3 Verticals, LLC acquired all of the outstanding membership interests of Fairway Payments, LLC. Under the i3 Verticals, LLC ownership, Fairway Payments, LLC will continue to provide merchant processing solutions. Upon acquiring the membership interests, i3 Verticals, LLC assumed operational management of Fairway Payments, LLC. As part of the membership interest purchase agreement all liability related to the Defined Benefit Plan was assigned to the previous owner. In addition, the open \$6 Million Line of Credit and the loan to the majority shareholder were settled as part of the closing.

Independent Auditor's Report

Stockholder
San Diego Cash Register Company, Inc.
San Diego, California

We have audited the accompanying financial statements of San Diego Cash Register Company, Inc., which comprise the balance sheet as of October 31, 2017, and the related statements of operations, changes in stockholder's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Cash Register Company, Inc. as of October 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Sale of the Company

On October 31, 2017, i3 Verticals, LLC acquired all of the outstanding capital stock of the Company. Under the i3 Verticals, LLC ownership, the Company expects to continue to provide sales and service of POS hardware and software. Upon acquiring the capital stock of the Company, i3 Verticals, LLC assumed operational management of the Company.

/s/ BDO USA, LLP

San Diego, California
February 5, 2018

San Diego Cash Register Company, Inc.

BALANCE SHEET

(In thousands except shares)

	October 31, 2017
Assets	
Current assets	
Cash and cash equivalents	\$ 1,338
Short-term investments	1,007
Accounts receivable, net	1,008
Due from related parties	773
Inventory	1,318
Prepaid expenses and other current assets	169
Total current assets	5,613
Property and equipment, net	69
Deferred tax asset	1,115
Total assets	\$ 6,797
Liabilities and stockholder's deficit	
Liabilities	
Current liabilities	
Accounts payable	\$ 1,342
Deferred revenue	2,528
Customer deposits	1,434
Accrued expenses and other current liabilities	1,689
Total current liabilities	6,993
Deferred revenue, less current portion	258
Total liabilities	7,251
Commitments and contingencies (see Note 11)	
Stockholder's deficit	
Common stock, no par value; 100,000 shares authorized; 37,883 shares issued and outstanding	86
Accumulated deficit	(540)
Total stockholder's deficit	(454)
Total liabilities and stockholder's deficit	\$ 6,797

See Notes to the Financial Statements

San Diego Cash Register Company, Inc.

STATEMENT OF OPERATIONS

(In thousands)

	Year ended October 31, 2017
Revenue	
Hardware and software revenue	\$ 8,079
Service revenue	8,095
Other revenue	2,338
Total revenue	18,512
Operating expenses	
Cost of revenue (exclusive of depreciation and amortization shown separately below)	
Cost of hardware and software revenue	5,570
Cost of service revenue	4,052
Total cost of revenue	9,622
Selling, general and administrative	9,079
Depreciation and amortization	63
Total operating expenses	18,764
Loss from operations	(252)
Other income, net	(29)
Loss before income taxes	(223)
Provision for income taxes	(94)
Net loss	\$ (129)

See Notes to the Financial Statements

San Diego Cash Register Company, Inc.

STATEMENT OF CHANGES IN STOCKHOLDER'S DEFICIT

(In thousands except shares)

	Common Stock		Accumulated deficit	Total stockholder's deficit
	Shares	Amount		
Balance at October 31, 2016	37,883	\$ 86	\$ (411)	\$ (325)
Net loss	—	—	(129)	(129)
Balance at October 31, 2017	37,883	\$ 86	\$ (540)	\$ (454)

See Notes to the Financial Statements

San Diego Cash Register Company, Inc.

STATEMENT OF CASH FLOWS

(In thousands)

	Year ended October 31, 2017
Cash flows from operating activities:	
Net loss	\$ (129)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	63
Provision for doubtful accounts	9
Provision for deferred income taxes	(131)
Changes in operating assets:	
Accounts receivable	(380)
Prepaid expenses and other current assets	(86)
Inventory	(408)
Due from related parties	(773)
Changes in operating liabilities:	
Accounts payable	655
Accrued expenses and other current liabilities	218
Deferred revenue	217
Customer deposits	43
Net cash used in operating activities	(702)
Cash flows from investing activities:	
Expenditures for property and equipment	(36)
Cash invested in certificate of deposit	(1,000)
Proceeds from maturity of certificate of deposit	1,000
Net cash used in investing activities	(36)
Net decrease in cash and cash equivalents	(738)
Cash and cash equivalents, beginning of year	2,076
Cash and cash equivalents, end of year	\$ 1,338
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ —
Cash paid for income taxes	\$ 6

See Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

San Diego Cash Register Company, Inc., a California corporation (the "Company") was founded in 1984 with a focus on the sales and service of point of sale ("POS") hardware and software to customers. The Company predominantly resells NCR Corporation's ("NCR") POS hardware and software. The Company's headquarters are in San Diego, California, with operations throughout Southern California.

On October 31, 2017, i3 Verticals, LLC acquired all of the outstanding capital stock of the Company. Under the i3 Verticals, LLC ownership, the Company expects to continue to provide sales and service of POS hardware and software. Upon acquiring the capital stock of the Company, i3 Verticals, LLC assumed operational management of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's fiscal year is the year ended October 31, 2017.

All dollar amounts are presented in thousands.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities and timing of revenues and expenses at the date of the financial statements and the accompanying notes. Such estimates include, but are not limited to, revenue recognition for multiple element arrangements, assumptions used in the calculation of income taxes, and realization of deferred tax assets. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

The Company considers cash on hand, checking accounts, and savings accounts to be cash and cash equivalents. Cash equivalents are defined as financial instruments readily transferrable into cash with an original maturity of 90 days or less.

Short-Term Investments

The Company has certificates of deposit with original maturities greater than three months and remaining maturities less than one year classified as short-term investments within the accompanying balance sheet.

Accounts Receivable, Net

Accounts receivable consist primarily of amounts due from the services and product sales of the Company's technology solutions to its customers. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects management's best estimate of the amounts that will not be collected. The allowance is estimated based on management's knowledge of its customers, historical loss experience and existing economic conditions. Estimates for allowances for doubtful accounts are determined based on existing contractual obligations, historical payment patterns and individual customer circumstances. Bad debt expense is included in selling, general and administrative expenses. The Company's allowance for doubtful accounts was \$16 as of October 31, 2017, however, actual write-offs may exceed estimated amounts. Bad debt expense was \$9 during the year ended October 31, 2017.

Inventory

Inventory consists of point-of-sale equipment to be sold to customers and is stated at the lower of cost, determined on a weighted average basis or at actual cost, or net realizable value. Cost includes material, direct labor and production costs.

NOTES TO FINANCIAL STATEMENTS

The Company periodically reviews its inventory for evidence of slow-moving or obsolete parts and determined that no allowance for inventory was necessary at October 31, 2017.

Property and Equipment

Property and equipment are stated at cost less depreciation calculated over the assets' estimated useful lives using the straight-line method. Leasehold improvements are depreciated over the shorter of the estimated useful lives of the assets or the remaining lease term.

Expenditures for maintenance and repairs are expensed when incurred. Management reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company recognizes impairment when the sum of undiscounted estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than the carrying value of the asset. There were no impairment charges during the year ended October 31, 2017.

Income Taxes

The Company records income taxes under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, which utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates to future year's difference between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Under ASC Topic 740, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Tax credits are recognized in the year they become available for tax purposes as a reduction in income taxes.

The amount provided for income taxes is based upon the amounts of current and deferred taxes payable or refundable at the date of the financial statements as a result of all events recognized in the financial statements as measured by the provisions of enacted tax laws.

Under GAAP, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company has no material uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Revenue Recognition and Deferred Revenue

We generate revenue primarily from the sale and service of point of sale solutions, and related services. This includes hardware as well as software that is more than incidental to the underlying customer arrangement. We offer professional services such as initial training, installation, call center and field service contracts and repair services. Finally, the Company earns revenue from volume based payment processing fees.

Revenue is recognized when it is realized or realizable and earned, in accordance with ASC 605, Revenue Recognition ("ASC 605"). Recognition occurs when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been performed; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured.

The Company typically uses signed contractual agreements as persuasive evidence of a sales arrangement. We apply the provisions of the relevant FASB accounting pronouncements when making estimates or assumptions related to transactions involving the sale of software where the software deliverables are considered more than inconsequential to the other elements in the arrangement. For contracts that contain multiple deliverables, we analyze the revenue arrangements when making estimates or assumptions in accordance with the appropriate authoritative guidance, which provides criteria governing how to determine whether goods or services that are delivered separately in a bundled sales arrangement should be considered as separate units of

NOTES TO FINANCIAL STATEMENTS

accounting for the purpose of revenue recognition. Deliverables are accounted for separately if they meet all of the following criteria: (a) the delivered item has value to the customer on a stand-alone basis; (b) there is objective and reliable evidence of the fair value of the undelivered items; and (c) if the arrangement includes a general right of return relative to the delivered items, the delivery or performance of the undelivered items is probable and substantially controlled by the Company.

If these criteria are not met, the arrangement is accounted for as a single unit of accounting, which would result in revenue being recognized ratably over the contract term or being deferred until the earlier of when such criteria are met or when the last undelivered element is delivered. If these criteria are met for each element, consideration is allocated to the deliverables based on its relative selling price. The hierarchy used to determine the selling price of a deliverable is: (1) vendor specific objective evidence ("VSOE"), (2) third-party evidence of selling price ("TPE"), and (3) best estimate of the selling price ("ESP"). In instances where the Company cannot establish VSOE, the Company establishes TPE by evaluating largely similar and interchangeable competitor products or services in stand-alone sales to similarly situated customers.

Revenues from sales of the Company's combined hardware and software element are recognized when they are realized or realizable and earned which has been determined to be upon the delivery of our product. All revenues on service contracts are recognized ratably over the contract term. The Company's training, installation, and repair services are billed and recognized as revenue as these services are performed.

Deferred revenue represents amounts billed to customers by the Company for services contracts. The initial prepaid contract agreement balance is deferred. The balance is then recognized as the services are provided over the contract term. Deferred revenue that is expected to be recognized as revenue within one year is recorded as short-term deferred revenue and the remaining portion is recorded as long-term deferred revenue.

Cost of Revenue

Cost of revenue includes costs directly attributable to our product sales and services. These costs primarily include product costs, salaries and wages, benefits, and other overhead costs.

Vendor allowances consist of volume rebates that are earned as a result of attaining certain purchase levels. Vendor rebates are accrued as earned, with those allowances received as a result of attaining certain purchase levels accrued over the incentive period based on estimates of purchases. Volume rebates earned by the Company are recorded as a reduction in cost of revenue and totaled \$263 for the year ended October 31, 2017.

Shipping and Handling Costs

The Company records shipping and handling fees and costs per ASC 605-45-45-19 through 21. Amounts billed to a customer in a sale transaction related to shipping and handling, if any, are recorded as revenue. Additionally, the Company has adopted the policy that all shipping costs for product delivery to customers are recorded within cost of revenue within the accompanying statement of operations.

Advertising and Promotion Costs, Net

Advertising costs are expensed as incurred. The Company maintains a co-operative advertising and shared expense agreement with its largest vendor, NCR. Under the agreement the Company is reimbursed for shared expenses incurred while soliciting NCR products. Net advertising costs for the year ended October 31, 2017 were a credit of \$77. For the year ended October 31, 2017, the amount reimbursed to the Company was \$88 and included as an offset to advertising expense.

Fair Value Measurement

The Company follows FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, for its financial assets and liabilities. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. As of October 31, 2017, the Company's financial instruments consist of cash and cash equivalents, certificate of deposit, accounts receivable, and accounts payable. The fair values of cash and cash

NOTES TO FINANCIAL STATEMENTS

equivalents, certificate of deposit, accounts receivable, and accounts payable approximate their respective carrying values because of the short maturity of those instruments.

Subsequent Events

The Company has evaluated events through February 5, 2018, the date the consolidated financial statements were available to be issued. The Company concluded that there were no material subsequent events to disclose.

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (Topic 230). The update clarifies how cash receipts and cash payments in certain transactions are presented and classified in the statement of cash flows. The update requires retrospective application to all periods presented but may be applied prospectively if retrospective application is impracticable. The Company is currently evaluating the impact of the adoption of this principle on the Company's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU amends the existing guidance by recognizing all leases, including operating leases, with a term longer than twelve months on the balance sheet and disclosing key information about the lease arrangements. The update requires modified retrospective transition, which requires application of the ASU at the beginning of the earliest comparative period presented in the year of adoption. The Company is currently evaluating the impact of the adoption of this principle on the Company's financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers* (Topic 606). The ASU supersedes the revenue recognition requirements in ASC 605. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires additional disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard, as amended, allows companies to use either a full retrospective or a modified retrospective approach to adopt this ASU. The Company is currently evaluating the impact of the adoption of this principle on the Company's financial statements.

3. CREDIT RISK AND OTHER CONCENTRATIONS

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, certificate of deposit, accounts receivable, and accounts payable. The Company places its cash with high credit quality financial institutions which provide FDIC insurance, but at times the balances may exceed the federally insured limits. The Company performs periodic evaluations of the relative credit standing of these institutions and does not expect any losses related to such concentrations.

As of October 31, 2017, no single customer accounted for more than 5% of accounts receivable. For the year ended October 31, 2017, no single customer accounted for more than 2% of our revenue.

The Company has a concentration risk with its majority inventory supplier, NCR, given that the individual supplier accounted for approximately 85% of purchases. The Company currently purchases point-of-sale hardware and software from NCR. The Company has been purchasing and reselling NCR products to its customers for 18 years. The loss of this supplier relationships could adversely impact the Company's operating results.

SAN DIEGO CASH REGISTER COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

4. INVENTORY

A summary of the Company's inventory is as follows:

	October 31, 2017
Raw materials	\$ 866
Work in process	452
Total inventory	\$ 1,318

5. PROPERTY AND EQUIPMENT, NET

A summary of the Company's property and equipment is as follows:

	Estimated Useful Life	October 31, 2017
Computer equipment and software	3 years	\$ 294
Automobiles	3 years	348
Furniture and fixtures	7 years	34
Office equipment	5 years	12
Leasehold improvements	Remaining lease term	50
Accumulated depreciation		(669)
Property and equipment, net		\$ 69

Depreciation and amortization expense for the year ended October 31, 2017 amounted to \$63.

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

A summary of the Company's accrued expenses and other accrued liabilities is as follows:

	October 31, 2017
Accrued bonus	\$ 911
Accrued vacation	222
Accrued payroll	222
Other	334
Total accrued expenses and other current liabilities	\$ 1,689

7. REVOLVING LINE OF CREDIT

The Company had a revolving line of credit with a commercial bank allowing advances at the bank's discretion up to \$500,000. The line was collateralized by virtually all of the assets of the Company. The line carried an interest rate of 5.25% and was closed on April 7, 2017.

8. INCOME TAXES

The Company files U.S. Federal and various state income tax returns. The returns are generally open to audit under the statutes of limitations for three years by federal taxing authorities and four years by state taxing authorities following the later of the initial due date of the return or the date filed.

SAN DIEGO CASH REGISTER COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

As of October 31, 2017, the Company has no accrued interest and/or penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

	For the year ended October 31, 2017
Current tax expense	
Federal	\$ 26
State	11
Total current	37
Deferred tax benefit	
Federal	(118)
State	(13)
Total deferred	(131)
Net income tax benefit	\$ (94)

A reconciliation of U.S. income tax computed at the statutory rate and to the effective tax rate for the year ended October 31, 2017, is as follows:

Income tax benefit at the statutory rate:	(34.0)%
Increase (decrease) in taxes resulting from the following:	
State income taxes net of federal tax benefit	(2.9)%
Tax credits	2.0 %
Effect of graduated federal rate	(7.3)%
Total	(42.2)%

The deferred tax asset was comprised of the following as of October 31, 2017:

	October 31, 2017
Deferred tax assets	
Deferred revenue	\$ 1,006
Accrued liabilities	88
Other	21
Total deferred tax assets	\$ 1,115

The deferred tax asset of \$1,115 has been classified on the accompanying balance sheet as a non-current asset as of October 31, 2017.

Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has evaluated the available evidence supporting the realization of its gross deferred tax assets, including the amount and timing of future taxable income, and has determined it is more likely than not

SAN DIEGO CASH REGISTER COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

that the assets will be realized. As a result, management has concluded that a valuation allowance against its deferred tax assets is not necessary at this time.

9. STOCKHOLDER'S EQUITY

As of October 31, 2017, the Company has 100,000 shares of no-par value common stock authorized, with 37,883 shares issued and outstanding. All common stock has equal voting rights.

10. EMPLOYEE BENEFIT PLAN

The Company established a retirement plan in accordance with section 401(k) of the Internal Revenue Code. Under the terms of this plan, eligible employees may make voluntary contributions to the extent allowable by law. There is no company matching of employee contributions and participation in the plan is voluntary.

11. COMMITMENTS AND CONTINGENCIES

The Company recognizes liabilities for contingencies when it has an exposure that indicates it is probable that an asset has been impaired or that a liability has been incurred and the amount of impairment or loss can be reasonably estimated.

Operating Leases

The Company utilizes two office spaces under operating lease agreements expiring in December 2023 and January 2020, respectively. Rent expense under these leases amounted to \$299 for the year ended October 31, 2017. The difference between the minimum lease payments and the straight-line amount of total rent expense is recorded as deferred rent on the accompanying balance sheet and is included in accrued expenses and other current liabilities.

A summary of approximate future minimum payments under these leases as of October 31, 2017 is as follows:

Years ending October 31:	
2018	\$ 295
2019	300
2020	227
2021	205
2022	208
Thereafter	264
Total minimum payments	<u>\$ 1,499</u>

Litigation

The Company is from time to time involved in ordinary routine litigation incidental to the conduct of its business. The Company regularly reviews all pending litigation matters in which it is involved and establishes reserves deemed appropriate for such litigation matters when necessary. Management believes that no presently pending litigation matters are likely to have a material adverse effect on the Company's financial statements or results of operations.

12. RELATED PARTY TRANSACTIONS

As of October 31, 2017, the Company had amounts due of \$773 from two relatives of the Company's former stockholder. These amounts were repaid in full in November 2017.



Shares

Class A Common Stock

Prospectus

, 2018

Cowen

Raymond James

KeyBanc Capital Markets

Through and including _____, 2018 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, paid or payable by us in connection with the sale of the common stock being registered. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the listing fee for the Nasdaq Global Select Market.

	Amount Paid or to be Paid
SEC registration fee	*
FINRA filing fee	*
Nasdaq listing fee	*
Blue sky qualification fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous expenses	*
Total	\$ *

*To be provided by amendment

Item 14. Indemnification of Directors and Officers

Section 102 of the Delaware General Corporation Law (the "DGCL") permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation will provide that none of our directors shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the DGCL prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the DGCL provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, ending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Upon completion of this offering, our amended and restated certificate of incorporation and amended and restated bylaws will provide indemnification for our directors and officers to the fullest extent permitted by the DGCL. We will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

Prior to the completion of this offering, we intend to enter into separate indemnification agreements with each of our directors and executive officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by law and our amended and restated certificate of incorporation and amended and restated bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for the reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our amended and restated certificate of incorporation and amended and restated bylaws.

We believe that the amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements we will adopt will be necessary to attract and retain qualified persons as directors and officers. At present, there is no litigation or proceeding involving one of our directors or officers as to which indemnification is being sought, nor are we aware of any threatened litigation that may result in claims for indemnification by any officer or director.

We maintain standard policies of insurance that provide coverage (i) to our directors and officers against loss arising from claims made by reason of breach of duty or other wrongful act and (ii) with respect to indemnification payments that we may make to such directors and officers.

In any underwriting agreement we enter into in connection with the sale of Class A common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act of 1933, as amended (the "Securities Act") against certain liabilities.

Item 15. *Recent Sales of Unregistered Securities*

On January 17, 2018, we issued 100 shares of common stock, par value \$0.0001 per share, which will be redeemed upon the consummation of this offering, to one of our officers in exchange for \$0.01. The issuance was

exempt from registration under Section 4(a)(2) of the Securities Act, as a transaction by an issuer not involving any public offering.

In connection with the recapitalization transactions described in the accompanying prospectus, i3 Verticals, Inc. will issue (i) _____ shares of Class A common stock to the Former Equity Owners, as the case may be, in exchange for their ownership interests in common units of i3 Verticals, LLC and (ii) _____ shares of Class B common stock to the Continuing Equity Owners, including certain funds affiliated with First Avenue Partners II, L.P., Capital Alignment Partners, HMP III Equity Holdings, LLC, certain current executive officers, employees and directors and their affiliates. The shares of Class A common stock and the shares of Class B common stock described above will be issued in reliance on the exemption contained in Section 4(a)(2) of the Securities Act on the basis that the transaction will not involve a public offering. No underwriters will be involved in the transaction.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

The following documents are filed as exhibits to this registration statement.

Exhibit No.	Description
1.1*	Form of Underwriting Agreement
2.1#	Stock Purchase Agreement, dated as of October 31, 2017, by and among i3-SDCR, Inc., Ality R. Richardson, individually and as Successor Trustee under that Declaration of Trust dated May 27, 1999, and Ashley J. Richardson
2.2#	Membership Interest Purchase and Contribution Agreement, dated as of August 1, 2017, by and among i3 Verticals, LLC, FPI Holdings, Inc. and Craig Shapero
3.1	Form of Amended and Restated Certificate of Incorporation of i3 Verticals, Inc., to be in effect upon the consummation of this offering
3.2	Form of Amended and Restated Bylaws of i3 Verticals, Inc., to be in effect upon the consummation of this offering
4.1	Specimen Stock Certificate evidencing the shares of Class A common stock
5.1*	Opinion of Bass, Berry & Sims PLC
10.1*	Form of Limited Liability Company Agreement of i3 Verticals, LLC, to be effective upon the consummation of this offering
10.2	Form of Tax Receivable Agreement, to be effective upon the consummation of this offering
10.3	Form of Registration Rights Agreement, to be effective upon the consummation of this offering
10.4**	Credit Agreement, dated as of October 30, 2017, among i3 Verticals, LLC, as borrower, the Guarantors thereto, the Lenders thereto and Bank of America, N.A., as administrative agent, swingline lender, an L/C issuer
10.5**	Security and Pledge Agreement, dated as of October 30, 2017, among i3 Verticals, LLC, as borrower, the Obligors thereto, and Bank of America, N.A., as administrative agent for the Senior Lenders
10.6	First Amended and Restated Loan Agreement, dated January 9, 2015, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.7#	First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated April 23, 2015, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.8#	Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated June 25, 2015, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.9#	Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated August 11, 2015, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.10#	Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated January 11, 2016, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.11#	Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated April 29, 2016, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.12#	Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated May 12, 2016, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders

10.13#	Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated June 30, 2016, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.14#	Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated December 21, 2016, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.15#	Ninth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated March 31, 2017, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.16#	Tenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated August 1, 2017, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.17#	Eleventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated October 30, 2017, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.18#	Twelfth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated November 30, 2017, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.19#	Thirteenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated December 18, 2017, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.20#	Fourteenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents, dated February 14, 2018, by and among i3 Verticals, LLC, the other Borrowers thereto, CCSD II, L.P., Claritas Capital Specialty Debt Fund, L.P. and Harbert Mezzanine Partners III, L.P., as lenders, and Claritas Capital Specialty Debt Fund, L.P., as collateral agent for the lenders
10.21+	i3 Verticals, LLC Amended & Restated Equity Incentive Plan, dated November 29, 2016
10.22+	First Amendment to i3 Verticals, LLC Amended & Restated Equity Incentive Plan, dated October 31, 2017
10.23+	Second Amendment to i3 Verticals, LLC Amended & Restated Equity Incentive Plan, dated May 7, 2018
10.24+	Form of 2018 Equity Incentive Plan
10.25*+	Form of Restricted Stock Award Agreement under 2018 Equity Incentive Plan
10.26+	Form of Stock Option Award Agreement under 2018 Equity Incentive Plan
10.27+	Employment Agreement, effective as of May 5, 2014, by and between Charge Payment, LLC and Clay M. Whitson
10.28**+	Change in Control Agreement, dated as of May 10, 2017, by and between i3 Verticals, LLC and Paul Maple
10.29+	Form of Indemnification Agreement
21.1	List of subsidiaries of i3 Verticals, Inc.
23.1*	Consent of BDO USA, LLP
23.2*	Consent of Bass, Berry & Sims PLC (included in Exhibit 5.1)
24.1*	Power of Attorney (included on signature page)

* To be filed by amendment.

** Previously filed.

Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. i3 Verticals, Inc. hereby undertakes to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

+ Denotes a management contract or compensatory plan or arrangement.

(b) Financial Statement Schedules

All schedules have been omitted because the information required to be set forth in the schedules is either not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, i3 Verticals, Inc. has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Nashville, State of Tennessee, on the _____ day of _____, 2018.

i3 VERTICALS, INC.

By: _____

Gregory Daily
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Gregory Daily and Clay Whitson and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by the registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, his, hers or their substitute or substitutes, may lawfully do or cause to be done or by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
_____ Gregory Daily	Chief Executive Officer and Director (principal executive officer)	, 2018
_____ Clay Whitson	Chief Financial Officer and Director (principal financial officer)	, 2018
_____ Scott Meriwether	Senior Vice President — Finance (principal accounting officer)	, 2018
_____ Beth Seigenthaler Courtney	Director	, 2018
_____ John Harrison	Director	, 2018
_____ Burton Harvey	Director	, 2018
_____ Timothy McKenna	Director	, 2018
_____ David Morgan	Director	, 2018
_____ David Wilds	Director	, 2018

STOCK PURCHASE AGREEMENT

BY AND BETWEEN

i3-SDCR, INC.

AS BUYER

AND

ALITY R. RICHARDSON

(INDIVIDUALLY AND AS SUCCESSOR TRUSTEE UNDER THAT DECLARATION OF TRUST DATED MAY 27, 1999) AND ASHLEY J. RICHARDSON

AS SELLER PARTIES

CLOSING DATE: October 31, 2017

EFFECTIVE TIME: 11:59 p.m. Nashville, Tennessee time on October 31, 2017

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is dated as of October 31, 2017, and is effective as of October 31, 2017 at 11:59 p.m. Nashville, Tennessee time (the "Effective Time") by and between i3-SDCR, Inc., a Delaware corporation ("Buyer"), and Ality R. Richardson individually, a resident of the State of California, and as Successor Trustee under that Declaration of Trust dated May 27, 1999 ("Seller" and together with Ality R. Richardson and Ashley J. Richardson, "Seller Parties"). Together, Seller Parties and Buyer shall be referred to as the "Parties".

RECITALS:

WHEREAS, as of the date hereof, Seller owns all of the issued and outstanding capital stock (the "Shares") of San Diego Cash Register Company, Inc., a California corporation (the "Company"); and

WHEREAS, the Company is engaged in the business of marketing, distributing, selling and licensing point-of-sale terminals, software and other electronic payment processing services and products, including the licensing of certain software and equipment developed and owned by NCR (the activities described in this paragraph as performed by the Company are collectively, the "Company's Business"); and

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, all of the Shares on the terms and subject to the conditions of this Agreement; and

WHEREAS, the Parties desire to enter into this Agreement for the purpose of setting forth their mutual understandings and agreements with respect to the foregoing.

NOW, THEREFORE, intending to be legally bound and in consideration of the foregoing premises, the representations and warranties, mutual covenants and other agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

ARTICLE I DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth in this Article I unless the context clearly otherwise requires.

"Agreement" means this Stock Purchase Agreement, including the Exhibits and Schedules attached hereto.

"Arbitrator" means a party mutually acceptable to Buyer and Seller in good faith with experience in the merchant acquiring industry (or, if Buyer and Seller are unable to agree in good faith, then a single arbitrator selected pursuant to the JAMS Streamlined Arbitration Rules and Procedures).

"Benefit Plans" means "employee benefit plans," as defined in Section 3(3) of ERISA, all

benefit plans as defined in Section 6039D of the Code and the rules and regulations promulgated thereunder, and all other stock purchase, stock option, equity-based, retention bonus, bonus, incentive compensation, deferred compensation, profit sharing, severance, change in control, supplemental unemployment, layoff, salary continuation, retirement, pension, health, life insurance, disability, group insurance, vacation, holiday, sick leave, fringe benefit, welfare and other employee benefit plans or employment (including severance and change in control) agreement, program, policy or other arrangement (whether formal or informal, oral or written, qualified or non-qualified, and whether or not subject to ERISA), including any funding mechanism therefor or otherwise, under which any employee or former employee of the Company or any ERISA Affiliate has any present or future right to benefits or under which the Company or any ERISA Affiliate has any present or future liability.

“Books and Records” means the Company’s existing accounting, business, marketing, personnel, and other files, documents, instruments, papers, books and records, including, financial statements, budgets, ledgers, journals, deeds, titles, policies, manuals, Contracts, franchises, permits, supplier lists, reports, computer files and data, retrieval programs and operating data or plans; excluding however, minute books, stock certificates and books and stock transfer ledgers.

“Business Day” means a day other than Saturday, Sunday, or any day on which the principal commercial banks located in the State of New York are authorized or obligated to close under the Laws of such state or the United States.

“Buyer” has the meaning set forth in the Preamble.

“Buyer Indemnified Parties” means Buyer and any of its affiliates and the equity holders, members, shareholders, directors, managers, officers, employees, agents, representatives, successors and assigns and affiliates of any of the foregoing.

“Cash Consideration” has the meaning set forth in Section 2.2(a).

“Class P Units” means the Class P Units of i3 Verticals, LLC.

“Closing” means the consummation of the Contemplated Transactions as provided in Section 2.4.

“Closing Date” means the date of the Closing.

“Closing Date Indebtedness” means any Liability or indebtedness of the Company, whether or not contingent, (a) in respect of borrowed money or evidenced by notes, bonds, monies, debentures, mortgage, deeds of trust or similar instruments, (b) representing the balance deferred and unpaid of the purchase price of any property (including pursuant to capital leases and all seller notes and earn-out payments for which the Company is liable) but excluding ordinary course trade payables, (c) in respect of banker’s acceptances or letters of credit or similar credit or surety transactions (in each case, to the extent drawn), (d) representing net Liabilities under any interest rate, currency or other hedging arrangement and determined as if such instrument were terminated as of the Closing Date, (e) representing Liabilities under any deferred compensation arrangements, residual buyout agreements, phantom stock arrangements or similar arrangement and any Taxes payable in connection therewith (including the employer portion of any payroll, social security,

unemployment or similar employer-side Tax imposed on such amounts), (f) in respect of any off- balance sheet financing (but excluding capital leases, which are covered under clause (b) above), (g) for checks in transit and overdrafts, (h) for guarantees, direct or indirect, in any manner, of all or any part of any such indebtedness of any Person, (i) for accounts payable and all other current liabilities of the Company (including taxes, rebates, and other expenses of the Company that are accrued, withheld, or payable with respect to the period ending on the Closing, including, expenses associated with the Contemplated Transactions including amounts payable to brokers), (j) in respect of any and all accrued vacation, sick, holiday, personal and time off pay, wages, severance or commissions accrued through the Closing Date owed to any employees or contractors of the Company, and (k) for each of clauses (a) through (j) above, any interest accrued thereon and prepayment or similar penalties and expenses which would be payable if such Liability were paid in full as of the Closing Date.

“Closing Memorandum” has the meaning set forth in Section 2.5(d).

“COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, Section 4980B of the Code, Title I, Part 6 of ERISA and the Public Health Service Act, together with all regulations promulgated thereunder.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Company” has the meaning set forth in the Recitals.

“Company’s Business” has the meaning set forth in the Recitals.

“Company Product” means any software or product that the Company manufactures, distributes, sells, or provides access to.

“Contemplated Transactions” means the transactions contemplated by this Agreement and the other Transaction Documents.

“Contracts” means all commitments, contracts, leases, subleases, licenses, sublicenses, subscriptions, agreements for rebates (whether or not free-standing or part of any of the foregoing) and other agreements of any kind relating to the Company’s Business or assets of the Company to which the Company is a party or by which any of the assets are bound, in each case regardless of whether or not a written document is in force with respect thereto.

“Damages” means losses, liabilities, damages, costs (including court costs and costs of appeal and including costs with respect to enforcement of an indemnity claim), Taxes and expenses (including reasonable attorney’s fees), whether accruing before or after the expiration of any applicable Survival Period. “Damages” shall be exclusive of any punitive or special damages.

“Data Breach” has the meaning set forth in Section 5.25.

“Domain Names” means Internet domain names and numbers.

“Effective Time” has the meaning set forth in the Preamble.

“Employee Non-Competition, Non-Solicitation, Confidentiality and Inventions Agreement” has the meaning set forth in Section 2.5(c).

“Environmental Claim” means any investigation or written claim, action, cause of action, or notice by any person alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from: (a) the presence, or release or threat of release into the environment, of any Materials of Environmental Concern at any location owned or operated by the Company; or (b) circumstances forming the basis of any violation or alleged violation of any Environmental Law applicable to the Company or the Company’s business.

“Environmental Laws” means as of the Closing Date, all applicable Laws relating to pollution or protection of human health (as relating to the environment or the workplace) and the environment (including ambient air, surface water, ground water, land surface or sub-surface strata), including Laws relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or otherwise relating to the use, treatment, storage, disposal, transport or handling of Materials of Environmental Concern, including, but not limited to Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., each as may have been amended or supplemented, and any applicable environmental transfer statutes or Laws.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means (a) any related company or trade or business that is required to be aggregated with the Company under Code Sections 414(b), (c), (m) or (o); (b) any other company, entity or trade or business that has adopted or has ever participated in any Benefit Plan related to the Company; and (c) any predecessor or successor company or trade or business of the Company.

“Excluded Liabilities” means:

(a) With respect to any Contract, any Liability:

Effective Time;

(i) arising, and which accrued or was due or dischargeable prior to the Effective Time;

(ii) resulting from any breach or default under any Contract outstanding or occurring at or prior to the Closing Date, or resulting from any event occurring before the Closing Date, which event with the giving of notice or the passage of time or both would result in a breach or default;

(iii) arising from or related to the failure to obtain a Required Consent by the Closing Date unless Buyer specifically waives in writing delivery of such Required Consent; or

(iv) that are not ascertainable (in nature and amount) solely by reference to the express terms of such Contracts.

(b) all Liabilities arising out of any breach or default by the Company of any applicable Law or License, or any fee or penalty for the failure to obtain a License, in each case arising or resulting from any event occurring before the Closing Date;

(c) all Liabilities for Taxes relating to the Company's Business, the Company or the Company's assets for any Pre-Closing Period Taxes of the Company or any affiliate of the Company, including the consummation of the Contemplated Transactions;

(d) any Liabilities to employees or Referral Sources related to payment transactions entered into prior to the beginning of the Effective Time;

(e) any fines and fees associated with transactions occurring prior to the Closing Date;

(f) all Liabilities arising prior to the Closing Date or as a result of the Closing for severance, bonuses, or any other form of compensation to any employees, agents, or independent contractors of the Company, whether or not employed by Buyer after the Closing Date and whether or not arising or under any applicable Law, Benefit Plan, or other arrangement with respect thereto and all Liabilities for Taxes related to the foregoing;

(g) all Liabilities for indebtedness of the Company incurred prior to the Closing Date

(h) all Liabilities related to or arising out of any Benefit Plan incurred prior to the Closing Date or the termination of any Benefit Plan, regardless of when incurred;

(i) all Liabilities arising out of the ownership or operation of the Company's assets prior to the Closing Date; and

(j) any other Liabilities, regardless of when made, arising, or asserted, set forth on Schedule 1.1(b).

"Financial Statements" has the meaning set forth in Section 5.5.

"Fundamental Representations" has the meaning set forth in Section 9.1.

"Governmental Authority" means the government of the United States and any government of a state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the United States (including receivers or other agents appointed by any of the foregoing), any state of the United States or any political subdivision thereof, any tribunal or arbitrator(s) of competent jurisdiction and any self-regulatory organization.

"Indemnified Party" has the meaning set forth in Section 9.5(a).

“Indemnifying Party” has the meaning set forth in Section 9.5(a).

“Intellectual Property” means all: means all intellectual property and other similar proprietary rights in any jurisdiction worldwide, whether owned or held for use under license, whether registered or unregistered, including, without limitation, such rights in and to: (i) Trademarks; (ii) inventions, invention disclosures, discoveries and improvements, whether or not patentable; (iii) issued patents and pending patent applications, and any and all divisions, continuations, continuations in part, reissues, continuing patent applications, reexaminations, and extensions thereof, any counterparts claiming priority therefrom, utility models, patents of importation/confirmation, certificates of invention, certificates of registration and like rights; (iv) works of authorship, copyrights and all other copyrightable works; (v) customer or end user lists, contact information, licensing and purchasing histories, manufacturing information, business plans and product roadmaps; (vi) technology, computer programs, computer software, including without limitation, source and object code, application programming, firmware, user interfaces, manuals, models, firmware, algorithms and implementations thereof, development tools, flow charts, programmers’ annotations and notes, and other work product used to design, plan, organize, maintain, support or develop any of the foregoing, irrespective of the media on which it is recorded, and other software related specifications, materials and documentation; (vii) databases, data and data collections; (viii) Domain Names and uniform resource locators; (ix) Trade Secrets, other proprietary information, know-how, methodologies, processes, technical data, techniques, methods, compositions, ideas, procedures, concepts and tools (whether or not patentable or reduced to practice), formulas, business and technical information, know-how, non-public information, and confidential information and rights to limit the use or disclosure thereof by any Person; (x) product designs, reference designs, specifications and documentation and (xi) moral rights. With respect to each of the foregoing, “Intellectual Property” includes all: (a) claims, causes of action and defenses relating to the enforcement of any of the foregoing, including for past infringement, (b) the goodwill associated with any of the foregoing; and (c) all tangible documentation relating to any of the foregoing including registrations of, applications for the registration of, and renewals and extensions of any of the foregoing with or by any Governmental Authority.

“Knowledge” for purposes of this Agreement, Company will be deemed to have Knowledge of a particular fact or other matter if (i) Ality Richardson, Ashley Richardson, Tom Oldner or any officer or management level employee (each a “Knowledge Party”) of Company is actually aware of the fact or matter or (ii) a prudent individual serving in the capacity of any Knowledge Party could be expected to discover or otherwise become aware of the fact or matter in the course of conducting a reasonable investigation regarding the accuracy of the statement, a representation or warranty made with respect thereto.

“Law” means the Rules and any statute, rule, regulation, code, ordinance, resolution, order, writ, injunction, judgment, decree, ruling, promulgation, policy, treaty, directive, interpretation or guideline adopted or issued by any Governmental Authority.

“Liability” means with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or

otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Licenses” means all licenses, franchises, accreditations and registrations, permits, approvals and consents (and all applications therefore) issued by any Governmental Authority or Payment Network in connection with the ownership, operation or development of any portion of the Company’s Business.

“Lien” means any mortgage, pledge, assessment, security interest, lien, adverse claim, levy, charge or other encumbrance of any kind, or any right of first refusal, conditional sale contract, option, title retention contract, or other contract to give or to refrain from giving any of the foregoing.

“Material Adverse Effect” means any event, change, effect or circumstance that has occurred that may have a material adverse effect upon the Company’s Business, assets, Liabilities, financial condition, or operating results; provided, however, that for purposes of this Agreement, a Material Adverse Effect shall not include the effect of (a) changes to the industry or markets in which the Company’s Business operates, (b) the announcement or disclosure of the transactions contemplated herein or the identity of Buyer or its affiliates, (c) general economic, regulatory or political conditions or changes, (d) changes in or the condition of financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (e) military action or any act of terrorism, and (f) changes in Law after the date hereof; except (other than in the case of clause (b) above), to the extent such effect, development, occurrence, circumstance, state of facts or change that has a materially disproportionate and adverse impact on the Company or the Company’s Business, taken as a whole, relative to other participants in the industries in which the Company conducts its business.

“Material Contracts” has the meaning set forth in Section 5.10(a).

“Merchant” means a Person (i) from which the Company receives compensation as a result of the Company selling, reselling, licensing or servicing products, equipment or software or (ii) any customer for whom the Company directly or indirectly provides payment processing services or with respect to whom the Company receives residuals, commissions or fees, including but not limited to processing ACH, credit or debit card payments, including those set forth on Schedule 1.1(a).

“Merchant Agreement” means, for any Merchant, any agreement between such Merchant on the one hand and the Company, NCR, a Processor or a Referral Source on the other.

“NCR” means NCR Corporation.

“NCR Reseller Agreement” means that certain Radiant Reseller Agreement dated June 14, 2005, as amended, between the Company and NCR (as successor-in-interest to Radiant Hospitality Systems, Ltd.).

“Offer Letter” has the meaning set forth in Section 2.5(d).

“Order” means a judgment, order, writ, injunction, decree, determination, or award of any

Governmental Authority.

“Parties” has the meaning set forth in the Preamble.

“Payment Network” means MasterCard International, Inc., Visa International, Inc., Visa USA, Inc., DFS Services LLC, American Express Travel Related Services, Inc., any affiliate of any of the foregoing and any other card association, debit card network or similar entity with whom the Company has a direct or indirect merchant or sponsorship relationship.

“Permitted Encumbrances” means (i) any Lien or other matter, encumbrance or defect approved in writing by Buyer, (ii) any lease obligations of the Company disclosed herein and (iii) any statutory Lien for Taxes that are not yet due and payable.

“Person” means any individual, corporation, company, body corporate, association, partnership, firm, joint venture, limited liability company, trust or governmental agency.

“Personal Information” means information that, alone or in combination with other information, relates to a specific, identifiable individual person, including individual names, social security numbers, telephone numbers, home addresses, driver’s license numbers, account numbers, email addresses, internet protocol (IP) addresses, and vehicle registration numbers.

“Personal Property” means all tangible and intangible personal property used or held for use in connection with the Company’s business, including all equipment, furniture, fixtures, machinery, computers, appliances, telephones, switches, dialers, office furnishings, instruments, leasehold improvements, spare parts, all rights in all warranties of any manufacturer or vendor with respect thereto and rebates received in connection with inventory or any item described in this definition.

“Pre-Closing Period” means any taxable year or period (or a portion thereof) ending on or prior to the Closing Date.

“Privacy Laws” means all applicable Laws governing the receipt, collection, use, storage, processing, sharing, security, disclosure or transfer of Personal Information, including The Family Educational Rights and Privacy Act, The Children’s Online Privacy Protection Act, the Communications Decency Act and the Payment Card Industry Data Security Standard.

“Proceeding” means any arbitration, audit, hearing, investigation, subpoena, litigation, suit or other similar action by or before a Governmental Authority.

“Processors” means any processors, acquirers or sponsor banks, or originator depository financial institutions utilized by the Company.

“Purchase Price” has the meaning set forth in Section 2.2.

“Real Property” means all fee, leasehold and other interests in real property owned or leased by the Company, whether directly or indirectly, or otherwise used or held for use in connection with the Company’s business, together with all buildings, improvements and fixtures and construction in progress located thereupon and all appurtenances, rights of way and air,

mineral or other rights related thereto.

“Referral Source” means any Person that markets or refers the Company Products or Company’s services to Merchants and any reseller of the Company Products or Company’s services, including any Person that is paid a portion of the any compensation received in connection with origination of any Merchant Agreement.

“Rules” means the bylaws, regulations and/or requirements that are promulgated by the Payment Networks, Processors of the Company, NACHA or similar entities or organizations.

“Seller Indemnified Parties” means each of Seller Parties, its affiliates and the stockholders, members, directors, managers, officers, employees, agents, representatives, successors and assigns and affiliates of any of the foregoing.

“Settlement Statement” has the meaning set forth in Section 2.3(a).

“Survival Period” has the meaning set forth in Section 9.1.

“Taxes” means (i) any and all federal, state, local, foreign and other net income, gross income, gross receipts, capital gains, sales, use, ad valorem, unclaimed property, transfer, franchise, profits, license, lease, rent, service, service use, withholding, payroll, employment, excise, severance, privilege, stamp, occupation, premium, property, windfall profits, alternative minimum, estimated, social security, workers’ compensation, unemployment compensation or insurance, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, (ii) any liability for payment of amounts described in clause (i) as a result of transferee liability or otherwise through operation of law, and (iii) any liability for the payment of amounts described in clauses (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other Person.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any Schedule or attachment thereto, and including any amendment thereof.

“Trade Secrets” means confidential and proprietary information, whether oral or written, including ideas, designs, concepts, compilations of information, methods, techniques, procedures, processes and other know-how, whether or not patentable, of any nature in any form, including all writings, memoranda, copies, reports, papers, surveys, analyses, drawings, letters, computer printouts, computer programs, computer applications, specifications, business methods, business processes, business techniques, business plans, data (including Merchant data), graphs, charts, sound recordings or pictorial reproductions.

“Trademarks” means unregistered and registered trademarks and service marks, trademark and service mark applications, common law trademarks and service marks, trade dress and logos, trade names, business names, corporate names, product names and other source or business identifiers, certification marks, slogans, brand names, assumed names, and all other indicia of origin and the goodwill associated with any of the foregoing and any renewals and extensions of any of the foregoing.

“Transaction Documents” has the meaning set forth in Section 4.1.

ARTICLE II PURCHASE, SALE AND CONTRIBUTION

2.1 Purchase and Sale of Shares. As of the Effective Time, Seller will sell, transfer and convey all of the Shares to Buyer, free and clear of all Liens, in exchange for the Purchase Price.

2.2 Purchase Price. On the terms and subject to the conditions hereof, the aggregate consideration for the purchase and sale of the Shares, subject to adjustment pursuant to the provisions of this Article II shall be as follows (collectively, the “Purchase Price”):

(a) Buyer shall pay cash or otherwise immediately available funds in an aggregate amount equal to Twenty Million Dollars (\$20,000,000) (the “Cash Consideration”), to Seller; and

(b) Buyer shall cause 200,000 Common Units of i3 Verticals, LLC (the “Common Units”), to be issued to Seller.

(c) Buyer shall cause i3 Verticals, LLC to issue 200,000 Class P Units to the following parties in the following amounts:

(i) 100,000 Class P Units to be allocated between certain key employees of the Company identified on Exhibit A to this

Agreement;

(ii) 50,000 Class P Units to each of Ality Richardson and Ashley Richardson.

2.3 Cash True-Up and Settlement Statement.

(a) Beginning at least three (3) Business Days prior to the Closing, and continuing until no later than ninety (90) days following the Closing Date, Buyer shall prepare in good faith and deliver to Seller a statement (with reasonable detail and corroborating support attached or otherwise concurrently provided) (the “Settlement Statement”) setting forth: (i) payments to the Company that were received after the Effective Time, that were accrued prior to the Effective Time and (ii) amounts earned by the Company that are to be received after the Effective Time including but not limited to (1) hosted solutions residuals, (2) NCR merchant solutions, (3) Silver commissions, (4) NCR rental residuals, (5) NCR co-op payments, and (6) any other residuals, (collectively the “True-Up Liabilities”); and (iii) Liabilities that were paid by or credited to the Company’s Business after the Effective Time that relate to or arose prior to the Effective Time (the “True-Up Credits”). The amount, if any, by which (1) the True-Up Credits exceed the True-Up Liabilities is the “True-Up Surplus” and (2) the True-Up Liabilities exceed the True-Up Credits is the “True-Up Deficit”.

(b) Examination and Review.

(i) Examination. After receipt of the Settlement Statement, Seller shall have thirty (30) days (the “Review Period”) to review the Settlement Statement. During the Review

Period, Seller and its accountants shall have full access to the Books and Records of the Company, the personnel of, and work papers prepared by, the Buyer's accountants to the extent that they relate to the Settlement Statement and to such historical financial information (to the extent in Seller's possession) relating to the Settlement Statement as Seller may reasonably request for the purpose of reviewing the Settlement Statement and to prepare a Statement of Objections (defined below), provided, that such access shall be in a manner that does not interfere with the normal business operations of the Parties.

(ii) Objection. On or prior to the last day of the Review Period, Seller may object to the Settlement Statement by delivering to Buyer a written statement setting forth Seller's objections in reasonable detail, indicating each disputed item or amount and the basis for Seller's disagreement therewith (the "Statement of Objections"). If Seller fails to deliver the Statement of Objections before the expiration of the Review Period, the Settlement Statement and the True-Up Surplus or True-Up Deficit, as the case may be, reflected in the Settlement Statement shall be deemed to have been accepted by Seller. If Seller delivers the Statement of Objections before the expiration of the Review Period, Buyer and Seller shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the "Resolution Period"), and, if the same are so resolved within the Resolution Period, the True-Up Surplus or True-Up Deficit, as the case may be, and the Settlement Statement with such changes as may have been previously agreed in writing by Buyer and Seller shall be final and binding.

(iii) Resolution of Disputes. If Seller and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("Disputed Amounts") shall be submitted for resolution to an independent accountant reasonably acceptable to Seller and Buyer (the "Independent Accountants") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to, the True-Up Surplus or True-Up Deficit, as the case may be, and the Settlement Statement. The Parties agree that all adjustments shall be made without regard to materiality. The Independent Accountants shall only decide the specific items under dispute by the Parties, and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Settlement Statement and the Statement of Objections, respectively.

(iv) Fees of the Independent Accountants. The fees and expenses of the Independent Accountant shall be paid by Seller, on the one hand, and by Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Seller or Buyer, respectively, bears to the aggregate amount actually contested by Seller and Buyer.

(v) Determination by Independent Accountants. The Independent Accountants shall make a determination as soon as practicable within thirty (30) days (or such other time as the Parties hereto shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Settlement Statement and/or the True-Up Surplus or True-Up Deficit shall be conclusive and binding upon the Parties hereto.

(vi) Payments of Post-Closing Adjustment. Except as otherwise provided herein, any payment of the True-Up Surplus or True-Up Deficit shall (A) be made by Seller in the case of a True-Up Surplus, or the Buyer in the case of a True-Up Deficit, (B) be due

(x) within five (5) Business Days of acceptance of the Settlement Statement or (y) if there are Disputed Amounts, then within five (5) Business Days of the resolution described in clause (v) above; and (C) be paid by wire transfer of immediately available funds to such account as is directed by Buyer or Seller, as the case may be.

2.4 The Closing. The Closing shall be deemed to occur contemporaneously with the Parties' execution and delivery of this Agreement and the other items to be delivered at Closing pursuant to this Article II. The date of the Closing shall be the "Closing Date" for purposes of this Agreement.

2.5 Actions of Seller at Closing. At the Closing, unless otherwise waived in writing by Buyer, Seller shall deliver to Buyer the following:

- (a) (i) A certificate of Status showing good standing of the Company from the Secretary of State of the State of California, dated the most recent practicable date prior to Closing;
- (b) Fully-executed resignations of the directors and officers of the Company;
- (c) Employee Non-Competition, Non-Solicitation, Confidentiality and Inventions Agreement (the "Employee Non-Competition, Non-Solicitation, Confidentiality and Inventions Agreement"), executed by Seller;
- (d) A letter evidencing an offer of employment by Buyer or one of its affiliates to Ality Richardson and Ashley Richardson (each, an "Offer Letter"), executed by Ality Richardson and Ashley Richardson, as applicable;
- (e) A Closing Memorandum providing for payments of all amounts owed between the Parties at the Closing, including the Cash Consideration and amounts owed among the Parties (the "Closing Memorandum"), executed by Seller;
- (f) Evidence satisfactory to Buyer that the payments listed on Schedule 5.16(b) have been paid by Seller;
- (g) A Subscription Agreement, evidencing Seller's receipt of the Common Units, executed by Seller (the "Subscription Agreement");
- (h) An executed payoff letter or statement in form and substance reasonably satisfactory to Buyer from all secured creditors of or lienholders with respect to the Company or its assets to release any and all existing liens on and/or security interests in the Company's assets;
- (i) A statement, signed by Seller, which sets forth, by creditor, the aggregate amount of the Closing Date Indebtedness, with copies of payoff letters and payment instructions for payoffs of each creditor at Closing;
- (j) Class P Unit Agreements executed by each recipient of Class P Units as described in Section 2.2(c);

(k) stock certificates evidencing the Shares, free and clear of all Liens, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank, with all required stock transfer tax stamps affixed thereto, if any;

(l) Consents from the lessors to the Real Property Leases, duly executed by such lessors, authorizing the Contemplated Transactions (the "Lease Consents"), such Lease Consents which Buyer will cooperate with Seller and such lessors in obtaining;

(m) Such other documents as may be reasonably required by Buyer to effectuate the Contemplated Transactions.

Simultaneously with the delivery of the foregoing items, Seller will take all such steps as may reasonably be required to put Buyer in actual possession and operating control of the Shares.

2.6 Actions of Buyer at Closing. At the Closing, unless otherwise waived in writing by Seller, Buyer shall deliver to Seller the following:

(a) The Cash Consideration less any amounts payable to third parties on behalf of Seller in satisfaction of the Closing Date Indebtedness, by wire transfer, and the Common Units;

(b) Certificate of the secretary of Buyer, certifying (i) the resolutions of the sole member of Buyer, authorizing and approving the performance of the Contemplated Transactions and the execution and delivery of this Agreement and the documents described herein, and (ii) incumbency for the officers of Buyer executing this Agreement, making certifications for Closing or executing agreements or instruments contemplated hereby dated as of the Closing Date;

(c) The Employee Non-Competition, Non-Solicitation, Confidentiality and Inventions Agreement, executed by Buyer;

(d) Each Offer Letter, executed by Buyer;

(e) The Closing Memorandum, executed by Buyer;

(f) The Subscription Agreement, executed by Buyer; and

(g) Such other documents as may be reasonably required by the Company to effectuate the Contemplated Transactions.

ARTICLE III CONTINGENT CONSIDERATION

3.1 Contingent Consideration. Seller shall be entitled to receive additional consideration from Buyer based on the post-Closing performance of the Acquired Business (the "Contingent Consideration") in accordance with the following. All initial determinations regarding whether the targets set forth in Section 3.1 have been achieved shall be reasonably made by Buyer promptly after such determination is practicable. Within ten (10) Business Days following the final determination of the achievement of each milestone provided in this Section 3.1, Buyer shall pay

the applicable amount attributable to such milestone by wire transfer of immediately available funds to Seller.

(a) Definitions.

(i) "Acquired Business" shall mean the Company's Business as operated by Buyer post-Closing.

(ii) "EBITDA" shall mean earnings before interest, taxes, depreciation and amortization. For the avoidance of doubt, EBITDA shall be calculated in the same manner as the Company's 2017 adjusted EBITDA was calculated, and shall not take into account (x) any increases in merchant pricing above what was offered by the Company to Merchants in 2017 (except any merchant fee increases deemed to be industry standard, as determined by Buyer in its reasonable discretion), (y) acquisitions by the Company or (z) other revenue generated outside of the Company's historic ordinary course of business.

(iii) "Measurement Period 1" means the period beginning November 1, 2017 and ending October 31, 2018.

(iv) "Measurement Period 2" means the period beginning November 1, 2018 and ending October 31, 2019.

(b) Seller will be entitled to the Contingent Consideration identified in clauses (i)-(ii) below for Measurement Period 1 and Measurement Period 2, as applicable, if the Acquired Business achieves the EBITDA levels identified in clauses (i)-(ii) below (the "EBITDA Measurement Targets") with respect to the applicable Measurement Period.

(i) If, as of the last day of Measurement Period 1, the total EBITDA generated by Acquired Business during Measurement Period 1 is at least \$4,960,000, Seller will be entitled to Contingent Consideration of \$1,200,000.

(ii) If, as of the last day of Measurement Period 2, the total EBITDA generated by Acquired Business during Measurement Period 2 is at least \$5,456,000, Seller will be entitled to Contingent Consideration of \$1,200,000.

(c) For the sake of clarity, if the EBITDA Measurement Target for a particular Measurement Period is not achieved as of the end of such Measurement Period, Seller will not be entitled to any Contingent Consideration for such Measurement Period.

3.2 Arbitration.

(a) If Seller disputes Buyer's determination with respect to the achievement of a milestone provided in Section 3.1, Seller shall notify Buyer in writing by delivery of a notice (an "Contingent Consideration Dispute Notice"), which Contingent Consideration Dispute Notice shall set forth in reasonable detail the basis for such dispute. In the event of such a dispute, Seller and Buyer shall work in good faith to resolve the dispute. If, after ten (10) Business Days, a dispute still exists, such dispute shall be submitted the Arbitrator. The Arbitrator shall make its determination regarding the disputed items as promptly as practicable, and such determination

shall be the final determination. The Arbitrator shall determine whether and to what extent, if any, Contingent Consideration has been earned. Any expenses relating to the engagement of the Arbitrator shall be borne by the Party whose determination of whether Contingent Consideration has been earned was incorrect. The Arbitrator shall be instructed to use every reasonable effort to perform its services within fifteen (15) Business Days of the Arbitrator's engagement and, in any case, as soon as practicable after submission thereof. The Arbitrator's decision shall be final and binding on the Parties. The Parties shall make available to the Arbitrator, as applicable, such books, records and other information as the Arbitrator may reasonably request. In the event such the Arbitrator provides an award hereunder, the Party owing such award shall pay all such award, by wire transfer of immediately available funds.

(b) In the event that actions are taken or decisions are made by Buyer or an affiliate of Buyer that adversely affect the achievement of any of the milestones relating to the Contingent Consideration that are set forth in Section 3.1, and such actions or such decisions are determined by the Arbitrator to have been made by Buyer or an affiliate of Buyer in bad faith and for the primary purpose of frustrating the achievement of the applicable milestones, then the Arbitrator shall determine what milestones would have been achieved but for such actions or decisions taken by Buyer and such milestones shall be deemed to have been achieved.

3.3 Nature of Contingent Consideration. The Seller acknowledges and agrees that:

(a) Buyer has the absolute right to operate the Acquired Business following the Closing in any manner as Buyer deems appropriate, in Buyer's sole discretion, and while Buyer agrees that it will operate the Acquired Business, Buyer has no obligation to operate the Acquired Business in any manner to achieve or maximize Contingent Consideration, and in no event shall be required to operate the Acquired Business in violation of any Law. Each Seller Party further acknowledges that the absence of Matt Richardson's involvement in the operation of the Acquired Business adds additional uncertainty to the Acquired Business' ability to achieve the EBITDA Measurement Targets.

(b) any Contingent Consideration is speculative and is subject to numerous factors outside the control of Buyer; and

(c) the Parties intend that the express provisions of this Article III will solely govern their contractual relationship with respect to Contingent Consideration.

3.4 Result of Breach. Notwithstanding anything in this Article III to the contrary, no Contingent Consideration shall be due for so long as Seller is or remains in material breach of this Agreement or any of the Transaction Documents, or (ii) is terminated by the Buyer (or an affiliate thereof) for cause. This Section 3.4 is not subject to the provisions of Section 3.2.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER PARTIES

Seller Parties, jointly and severally, represent and warrant to Buyer as of the Closing Date as follows:

4.1 Authorization; Binding Effect.

(a) Each Seller Party has full power and authority to execute and deliver this Agreement and all other agreements, documents and instruments to be executed and delivered hereunder (the "Transaction Documents") and to perform its obligations hereunder and thereunder. The Transaction Documents and performance and consummation of the Contemplated Transactions are and have been approved and authorized by all requisite action of each Seller Party, and no other legal proceedings on the part of any Seller Party are necessary therefor. The Transaction Documents have been duly executed and delivered by each Seller Party and, assuming due authorization, execution and delivery of this Agreement and the other Transaction Documents by the other Parties, the Transaction Documents are the valid and legally binding obligation of each Seller Party, enforceable against each Seller Party in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditor's rights generally from time to time in effect and limitations on enforcement of equitable remedies.

(b) Ashley Richardson hereby acknowledges that Ality Richardson is the duly authorized trustee of the Seller and has the requisite power and authority to negotiate and execute this Agreement in such capacity.

4.2 Non-contravention. Neither the execution and delivery of this Agreement nor any of the Transaction Documents to which any Seller Party is a party, nor the consummation of the Contemplated Transactions, will: (a) violate any Law, injunction, judgment, ruling, charge, or other restriction of any Governmental Authority to which any Seller Party is subject; (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, Contract, lease, license, instrument, or other arrangement to which any Seller Party is a party or by which it is bound or to which any of its assets or properties are subject; or (c) result in the imposition or creation of any Liens upon or with respect to the Shares or any assets or properties of the Company. No spouse or former spouse of Matthew, Ality or Ashley Richardson has any claim, right, or power under or as a result of any community or other marital property laws that will, or would reasonably be expected to, give such Person the legal right to prevent, delay, or render invalid Ality Richardson's, Ashley Richardson's or Seller's execution of this Agreement or any of the Transaction Documents to which any Seller Party is a party or the consummation of the Contemplated Transactions or to cause any Liens to exist upon the Shares or any assets or properties of the Company at the Effective Time or at any time thereafter. No other Person has any claim, right, or power under or as a result of any contractual right or otherwise that will, or would reasonably be expected to, give any such Person the legal right to prevent, delay, or render invalid any Seller Parties' execution of this Agreement or any of the Transaction Documents to which any Seller Party is a party or the consummation of the Contemplated Transactions or to cause any Liens to exist upon the Shares or any assets or properties of the Company at the Effective Time or at any time thereafter.

4.3 Necessary Consents. No Seller Party is a party to or bound by any Lien or Contract or instrument, or any Law that requires a Required Consent.

4.4 Title to Shares. Seller has sole voting power and sole power of disposition, in each case with respect to all of the Shares with no limitations, qualifications or restrictions on such rights and powers. The Shares are free and clear of any Liens. Seller is not subject to any agreements, arrangements, options, warrants, calls, rights, commitments or other restrictions

relating to the sale, transfer, purchase, redemption or voting of its Shares. Neither the Company nor any Seller Party has granted to any Person any right of first refusal, preemptive right, subscription right or similar right with respect to the Shares.

4.5 Capital Structure. Seller is the record owner of and has good and valid title to the Shares. The Shares consist of 100% of the total issued and outstanding capital stock of the Company. All of the Shares are issued and outstanding and no shares of capital stock of the Company are owned, beneficially or of record, by any Person other than Seller. All of the Shares are duly authorized and validly issued, fully paid and nonassessable and not subject to any preemptive rights. Except as set forth above, (a) there is no equity of the Company authorized, issued or outstanding, (b) there are no existing options, warrants, calls, preemptive rights, subscription or other rights, agreements, arrangements or commitments of any character, relating to the issued or unissued equity of the Company, obligating the Company to issue, transfer, redeem, purchase or sell or cause to be issued, transferred, redeemed, purchased or sold any equity of the Company or to otherwise make any payment in respect of any such equity, and (c) there are no rights, agreements or arrangements of any character which provide for an equity appreciation or similar right or grant any right to share in the equity, income, revenue or cash flow of the Company. Other than the organizational documents of the Company, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Shares.

ARTICLE V REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY

Seller Parties, jointly and severally, represent and warrant to Buyer as of the Closing Date as follows:

5.1 Status. The Company (i) is a corporation duly incorporated, validly existing, and in good standing under the Laws of the State of California, (ii) has all requisite corporate power and authority to carry on its business as now and heretofore conducted and to own, operate and lease its properties and assets and to perform its obligations under the Contracts, (iii) is duly qualified or licensed to transact business in and is in good standing under the Laws of each jurisdiction where such qualification is required, and (iv) Seller has delivered to Buyer copies of the Articles of Incorporation and Bylaws of the Company, as currently in effect. The Company owns no interest in any Person.

5.2 Authorization; Binding Effect. Seller has the capacity and authority to execute and deliver this Agreement and all Transaction Documents and to perform his obligations hereunder and thereunder. The Transaction Documents have been duly executed and delivered by Seller and, assuming due authorization, execution and delivery of this Agreement and the other Transaction Documents by the other Parties, the Transaction Documents are the valid and legally binding obligation of Seller, enforceable against Seller in accordance with their terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditor's rights generally from time to time in effect and limitations on enforcement of equitable remedies.

5.3 Required Consents. Except as described in Schedule 5.3 and other than with respect to Permitted Encumbrances, the Company is not a party to or bound by any Lien or Contract or

instrument, or any Rule or Law that requires the consent of any other party to the execution of this Agreement or the consummation of the Contemplated Transactions, gives rise to a right of first refusal in favor of any other party as a result of the execution of this Agreement or the consummation of the Contemplated Transactions or prohibits or requires the consent or notification of another to, any of the Contemplated Transactions (the “Required Consents”).

5.4 No Conflict. Each Seller Parties’ negotiation, execution, delivery and performance of the Transaction Documents, consummation of the Contemplated Transactions and compliance with any of the provisions thereof will not (a) assuming that all Required Consents have been obtained, violate any Law to which any Seller Party, the Shares or the Company’s assets may be subject, (b) conflict with or result in a breach of any provision of the organizational documents of the Company or any Seller Party, (c) other than as provided on Schedule 5.3, require any consent, approval or authorization of, or notice to, or declaration, filing or registration with, any Governmental Authority that is required by Law or the regulations of any Governmental Authority, (d) violate any Order to which the Company, any Seller Party or the Shares may be subject, (e) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any License that is held by and that is material to the Company or that otherwise relates and is material to the Company’s Business, the Shares or any of the Company’s assets, (f) violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both would constitute a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, or result in the creation of any Lien upon the Shares or result in being declared void, voidable, without further binding effect, or subject to amendment or modification any of the terms, conditions or provisions of, any Contract, license, franchise, permit, or other instrument or commitment or obligation to which any Seller Party or the Company may be bound or affected, (g) cause Buyer or the Company to become subject to, or to become liable for the payment of, any Tax, (h) cause any of the Company’s assets to be reassessed or revalued by any taxing authority or other Governmental Authority, (i) violate or cause a breach under the Rules or (j) give rise to any Liabilities related to any portability premium, early termination fee or other amount payable to any Processor.

5.5 Financial Statements; Seller Receivables.

(a) Schedule 5.5 includes copies of the reviewed balance sheets, income statements and statements of cash flows of the Company, in each case, as of and for the fiscal years ended October 31, 2014, 2015 and 2016 and copies of the unaudited balance sheet and income statement for the period ending September 30, 2017 (the “Financial Statements”). As of September 30, 2017, the Company had no Liabilities not reflected on the balance sheet for such date. Since October 31, 2016 (the “Balance Sheet Date”), the Company has not experienced a Material Adverse Effect and the Company has not incurred any Liabilities, except Liabilities incurred in the ordinary course of business. The Financial Statements are based on the Books and Records and have been prepared in accordance with GAAP, applied consistently throughout the periods indicated and fairly present the financial condition of the Company as of such dates and the results of its operations for the periods specified.

(b) No Seller Party has any right to receive payments from NCR, any

Merchants, processors, or any other third parties in connection with the Merchant Agreements or any Contracts relating to the Company's Business, or (ii) any other payments owed by third parties with respect to the Company's Business (whether or not related to the Merchants), including any convenience fees, commissions, ancillary fees, license fees and any other revenue streams relating to transactions of the Merchants, including all amounts relating to collections recovery, retrieval fees, miscellaneous credits and other similar funds paid by issuing banks.

5.6 Undisclosed Liabilities. Except as set forth on Schedule 5.6, the Company does not have any Liabilities, debts or obligations of any nature, whether known or unknown, accrued, absolute, fixed, contingent, liquidated, unliquidated, or otherwise and whether or not due (collectively, "Obligations"), other than Obligations that were reflected or reserved against on the Financial Statements.

5.7 Absence of Certain Changes. Since the Balance Sheet Date except as described in Schedule 5.7, (a) the Company has conducted the Company's Business only in the ordinary course of business, consistent with past practice and in compliance with Law in all material respects, (b) the Company has not entered into, amended the terms of or terminated any Material Contracts, and (c) the Company has not experienced a Material Adverse Effect and to the Knowledge of Company, no circumstance exists that can reasonably be expected to result in a Material Adverse Effect.

5.8 Brokers or Finders. No Seller Party nor their respective agents has engaged any finder or broker or incurred any Obligation or Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions in connection with this Agreement and the Contemplated Transactions.

5.9 Real Property and Personal Property.

(a) The Company does not, and for the past three years has not, owned any Real Property. All Real Property used by the Company is leased pursuant to those real estate leases set forth on Schedule 5.9(a) (the "Real Property Leases"). The Company has not breached any Real Property Lease, or violated any applicable Law, condemnation, assessment or any similar action, relating to any Real Property or the operation thereof.

(b) All Personal Property is in good operating condition and repair (subject to normal wear and tear). As of the Closing, all Personal Property that is owned by the Company will be free and clear of any Lien. No Person other than the Company owns any Personal Property situated on the Real Property, except for (i) items leased or licensed by the Company or improvements to items leased or licensed by the Company, and (ii) personal property of the Company's employees or visitors which is not required for the operation of the Company's Business.

5.10 Contracts.

(a) Schedule 5.10(a) is a true and complete list of all of the following material Contracts of the Company (the "Material Contracts"):

- (i) All written or oral employment or consulting Contracts pursuant to

which services are rendered to the Company;

(ii) All Contracts under which the Company is or the Company's Business or Buyer will after the Closing be restricted from carrying on any business or other activities anywhere in the world;

(iii) All Contracts to purchase, lease, or sell assets or services having a fair market value in excess of \$25,000;

(iv) All Contracts (including organization, partnership and joint venture agreements) under which (A) the Company has any liability or obligation for debt or constituting or giving rise to a guarantee of any liability or obligation of any Person or (B) any Person has any liability or obligation constituting or giving rise to a guarantee of any liability or obligation of the Company, or any liability or obligation to the Company, in each case involving any debt or liability in excess of \$25,000 individually or \$50,000 in the aggregate;

(v) The Real Property Leases;

(vi) All Contracts with Processors, sponsor banks, independent sales organizations, or Referral Sources;

(vii) All Contracts involving aggregate annual consideration payable to the or from the Company in excess of \$10,000;

(viii) All Contracts which grant a third party a right of exclusive dealing with the Company, a right of first refusal, right of first offer, or similar option right, for any of the Shares or the assets of the Company; and

(ix) All Contracts necessary to operate the Company's Business as it is currently being conducted.

(b) No material breach or default in performance by the Company under any of the Material Contracts has occurred or is continuing, and, to the Knowledge of Company, no event has occurred, which with notice or lapse of time or both would constitute such a material breach or default. No Seller Party has given or received from any other Person any notice or other communication regarding any actual, alleged or potential material breach or default under the Material Contracts. To the Knowledge of Company, no material breach or default by any other Person under any of the Material Contracts has occurred or is continuing, and no event has occurred which with notice or lapse of time or both would constitute such a material breach or default.

(c) Other than as set forth on Schedule 5.10(a), there are no renegotiations of, or attempts to renegotiate, or outstanding rights to renegotiate, any material amounts paid or payable to or by the Company under any Contracts.

(d) So long as the Required Consents are obtained, there is no reasonable basis upon which any party to any Contract may object to: (i) the assignment to Buyer of any right under such Contract; or (ii) the delegation to or performance by Buyer of any obligation under such

5.11 Intellectual Property. Schedule 5.11 sets forth a true, correct, and complete list, as of the date hereof, of all:

(a) Intellectual Property and computer software used by the Company (excluding software provided under “click-wrap” or “shrink-wrap” agreements). The Company has the right to use, free and clear of any royalty or other payment obligations, claims of infringement or other claims or Liens, all marks, names, trademarks, service marks, patents, patent rights, assumed names, logos, trade secrets, copyrights, web domains, web pages, web sites, trade names and service marks used by the Company. The Company owns or has a valid and enforceable right to use all computer software, programs and similar systems owned by or licensed or used by the Company. The Company is not in conflict or in violation or infringement of, nor has the Company received any written notice of any claim or assertion thereof by any other Person with respect to any Intellectual Property or any computer software, programs or similar systems; and

(b) Licenses of Intellectual Property from the Company to any third party (other than non-exclusive licenses granted to customers in the ordinary course of business), the absence of which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the Company and/or the conduct of the Company’s Business as currently conducted or planned to be conducted.

5.12 Title to and Sufficiency of Assets. The Company has good and valid title to, or a valid leasehold interest in, all of the tangible properties and assets, real, personal and mixed, used or held for use in by the Company. All such properties and assets (including leasehold interests) are free and clear of Liens and such properties and assets collectively constitute all of the properties, rights, interests and other tangible and intangible assets necessary for the conduct of, or that are primarily used in or held for use for, the Company’s Business as it is currently being conducted and is currently proposed to be conducted by Buyer.

5.13 Compliance; Approvals.

(a) The Company has all Licenses that are required by Law to carry on the Company’s Business currently being conducted and own and use its assets, each of which is set forth on Schedule 5.13(a). The Company is and has been in compliance in all material respects with each such License. To the Knowledge of Company, no event has occurred or circumstance exists that (with or without notice or the lapse of time) may constitute or result directly or indirectly in a violation of or failure to comply with any term or requirement of any License.

(b) The Company is, and at all times has been, in compliance with all Laws in all material respects. To the Knowledge of Company, no event has occurred or circumstance exists that (with or without notice or lapse of time) (i) constitutes or may result in a material violation by the Company of, or a failure on the part of the Company to comply in any material respect with, any Law, or (ii) may give rise to any obligation on the part of the Company to undertake, or to bear all or any portion of the costs of, any remedial action of any nature.

(c) The Company is in good standing with its Processors and the Payment Networks and is in compliance in all material respects with the Rules. There is no investigation,

proceeding or disciplinary action (including fines) pending, taken, or, to the Knowledge of Company, threatened against the Company, agents of the Company or any Referral Source by a Payment Network or its applicable agent, whether relating to an alleged violation of the Rules or otherwise and no consent of the Payment Networks is required to consummate the Contemplated Transactions.

(d) The Company has at all times been in compliance with the Bank Secrecy Act and other money laundering Laws administered any applicable Governmental Authority (collectively, the “Money Laundering Laws”), and Proceeding by or before any Governmental Authority or any arbitrator involving the Company with respect to the Money Laundering Laws is pending, or to the Knowledge of Company, threatened.

5.14 Legal Proceedings: Orders.

(a) Except as set forth on Schedule 5.14(a), there is no Order, Proceeding, or notification regarding a Data Breach pending, or to the Knowledge of Company, threatened by or against, affecting or that otherwise relates to the Shares, the Company’s assets or the Company’s Business. To the Knowledge of Company, no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any Orders, Proceedings or notifications of Data Breaches against the Company.

(b) There are not now, and within the past three (3) years there have not been any material claims, actions or Proceedings pending, or threatened before any court or Governmental Authority initiated by the Company, against the Company or in respect of the Company’s Business or for which the Company would have liability in respect of the Company’s Business. There are no such claims, actions, Proceedings pending or, to the Knowledge of Company, threatened, challenging the validity of the Contemplated Transactions. The Company is not now, and has not been, a party to any injunction, Order, or decree restricting the method of the Company’s conduct of the Company’s Business or servicing of the Merchants. Seller Parties have provided to Buyer copies of all notices from any Governmental Authority (i) received by the Company or any Seller Party in writing or, (ii) to the Knowledge of Company, received in writing by the Company’s Processors or sponsor banks since January 1, 2014.

5.15 Employee Benefit Plans.

(a) Schedule 5.15(a) sets forth a true, complete and correct list of all Benefit Plans (i) which are currently maintained or contributed to by the Company, or (ii) with respect to which the Company has any liability or obligations to any current or former officer, employee, or service provider of the Company, or the dependents of any thereof, regardless of whether funded. With respect to each Benefit Plan, the Company has made available to the Buyer true, accurate and complete copies of each of the following: (i) if the plan has been reduced to writing, the plan document together with all amendments thereto, (ii) if the plan has not been reduced to writing, a written summary of all material plan terms, (iii) if applicable, copies of any trust agreements, custodial agreements, insurance policies, administrative agreements and similar agreements, and investment management or investment advisory agreements, (iv) copies of any summary plan descriptions, employee handbooks or similar employee communications, (v) in the case of any plan that is intended to be qualified under Code Section 401(a), a copy of the most recent

determination, notification, or opinion letter from the IRS and any related correspondence, and, if applicable, a copy of any pending request for such determination, (vi) in the case of any funding arrangement intended to qualify as a VEBA under Code Section 501(c)(9), a copy of the IRS letter determining that it so qualifies, (vii) in the case of any plan for which Forms 5500 are required to be filed, a copy of the two most recently filed Forms 5500, with schedules attached, (viii) actuarial valuations and reports related to any Benefit Plans with respect to the most recently completed plan years; and (ix) the most recent nondiscrimination tests performed under the Code.

(b) The Company has not been materially liable at any time in the past 6 years for contributions to a plan that is or has been, at any time in the past 6 years, subject to Section 412 of the Code, Section 302 of ERISA and/or Title IV of ERISA. There is no multiemployer plan (as defined in Section 3(37) or Section 4001(a)(3) of ERISA) under which the Company has any present or future liability. In the past 6 years the Company has not sponsored or contributed to or been required to contribute to a multiemployer plan or to a multiple employer welfare arrangement (as defined in Section 3(40) of ERISA).

(c) With respect to each of the Benefit Plans, neither the Company nor any ERISA Affiliate has (i) engaged in a prohibited transaction, (ii) breached any fiduciary duty or (iii) violated any Law applicable to the Benefit Plans and related funding arrangements. Each Benefit Plan intended to be qualified under Section 401(a) of the Code has a current favorable determination letter as to its qualification or the sponsor of the Benefit Plan may rely on the IRS notification or advisory letter to the sponsor of any prototype plan or volume submitter used to document the terms of such Benefit Plan as to the tax-qualified status of such Benefit Plan, and no event has occurred which would reasonably be expected to cause any such Benefit Plan to become disqualified for purposes of Section 401(a) of the Code. Each Benefit Plan has been operated in compliance in all material respects with applicable Law, including the Code and ERISA, and in accordance with its terms. All benefits, contributions (including employee salary deferrals) and premium payments, required to be made under the terms of any of the Benefit Plans as of the date of this Agreement have been timely paid, accrued, or, if not yet due, have been (or will be) properly reflected on the Financial Statements.

(d) All required reports, Tax Returns, documents and plan descriptions of the Benefit Plans have been timely filed with the Internal Revenue Service and the U.S. Department of Labor and/or, as appropriate, provided to participants in the Benefit Plans. No Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or is currently the subject of an application or filing under, or is a participant in, an amnesty, voluntary compliance, self-correction, or similar program sponsored by any Governmental Authority that has not been resolved as of the date hereof. There are no material pending claims, lawsuits or actions relating to any Benefit Plan (other than ordinary course claims for benefits) and, to the Knowledge of Company, none are threatened.

(e) The consummation of the Contemplated Transactions will not accelerate the time of vesting or payment, trigger any payment or funding, or increase the amount, of compensation or benefits to any employee, officer, former employee or former officer of the Company or trigger any other material obligation pursuant to any Benefit Plan. No Benefit Plans or other Contracts or arrangements to which the Company is a party provide for payments that would be triggered by the consummation of the Contemplated Transactions that would subject any

current or former employee or service provider of the Company to excise tax under Section 4999 of the Code, and the Company has not made any payments, is not obligated to make any payments and is not a party to any agreement that would reasonably be expected to obligate it to make any payments to any current or former employee or other service provider of the Company that will not be deductible under Section 280G of the Code.

(f) To the extent applicable, the Company has complied in all material respects with the continuation coverage provisions of COBRA and any applicable state statutes mandating health insurance continuation coverage for employees. Seller Parties have provided to Buyer a list of all current and former employees of the Company and their beneficiaries who are eligible for and/or have elected continuation coverage under COBRA or have otherwise confirmed that there are no such eligible individuals. No Benefit Plan provides for, and no written or oral agreements have been entered into by the Company promising or guaranteeing, the continuation of medical, dental, vision, life or disability insurance coverage for any current or former employees of the Company or their beneficiaries for any period of time beyond the termination of employment (except to the extent of coverage required under COBRA). Other than as required under COBRA or other applicable Law, no Benefit Plan or other arrangement provides post-termination or retiree welfare benefits to any individual for any reason.

(g) Each Benefit Plan that is subject to Section 409A of the Code has been administered in material compliance with its terms and the operational and documentary requirements of Code Section 409A and all applicable regulatory guidance (including, notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify or otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Code Section 409A.

(h) There has been no amendment to, announcement by the Company relating to, or change in employee participation or coverage under, any Benefit Plan that would materially increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year with respect to any director, officer, employee, consultant or independent contractor of the Company, as applicable.

5.16 Employee Relations.

(a) Schedule 5.16(a) contains a list of all of the employees of the Company, their current salary or wage rates, bonus and other compensation, including stock options and stock grants, benefit arrangements, accrued sick days, accrued paid time off, allowed vacation days and holidays, period of service, location, department and a job title or other summary of the responsibilities of such employees. Schedule 5.16(a) also indicates whether such employees are part-time, full-time or on a leave of absence and the type of leave. Company has, at all times, complied with all state and federal wage and hour Laws, including, but not limited to, properly classifying employees as exempt or non-exempt from overtime and minimum wage requirements and properly classifying workers as independent contractors rather than employees where applicable. All employees are employees at-will, unless otherwise specified on Schedule 5.16(a). The Company is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it or any other amounts required to be reimbursed to such employees (including accrued paid time off, accrued

vacation, accrued sick leave and other benefits) or in the payment to the appropriate Governmental Authority of all required Taxes, insurance, social security and withholding thereon.

(b) No retention payments, severance payments, change in control payments or other similar compensation or benefits are due or will be made to any employees, agencies or independent contractors of the Company in connection with the Contemplated Transactions. The Company has taken no actions prior to the Closing related to the foregoing that will subject it or Buyer to liability after the Closing. All employee bonuses or incentives relating to the period ending October 31, 2017, and all prior periods, have been paid in full and no bonus or incentive plan is currently in place for any Company employee.

5.17 Taxes.

(a) Seller and the Company have filed, on a timely basis, all Tax Returns required to be filed as of the Closing Date. All such Tax Returns are true, correct and complete in all material respects. Seller and the Company have paid all Taxes due in connection with such Tax Returns and shall timely pay any Taxes that have or may become due under applicable Law with respect to all Pre-Closing Periods (whether or not shown or required to be shown on any Tax Return). There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Seller or the Company. Seller and the Company have withheld or collected and paid over to the appropriate Governmental Authorities (or is properly holding for such payment) all Taxes required by Law to be withheld or collected with respect to all of their respective operations, including withholdings on payments to Seller or the Company for sales and use taxes. No claim has ever been made by any authority in a jurisdiction where Seller or the Company do not file Tax Returns that any of them may be subject to taxation in that jurisdiction.

(b) No audit or other proceeding by any United States Federal, state or local or foreign court, governmental or regulatory authority, or similar Person is pending or, to the Knowledge of Company, threatened with respect to any Taxes due from any of Seller or the Company or any Tax Return filed or required to be filed by, relating to or including Seller or the Company. There are no outstanding assessments or deficiencies for any Tax and, to the Knowledge of Company, none are presently threatened against Seller or the Company. There are no unexpired waivers of any statute of limitations with respect to any Taxes for which Seller or the Company may be liable. No Seller Party nor the Company has entered into any "reportable transaction" as defined in Treasury Regulation Section 1.6011-4(b). No federal income Tax Return that was filed by Seller or the Company contains, or was required to contain (to avoid a penalty, and determined without regard to the effect of post-filing disclosure), a disclosure statement under Section 6662 of the Code.

(c) Neither Seller nor the Company is a party to or bound by any tax allocation, tax indemnity or tax sharing agreement. No Seller Party nor the Company has ever been a member of an affiliated group filing a consolidated federal income Tax Return or a member of a combined, consolidated or unitary group for state, local or foreign Tax purposes.

(d) The Company has, at all times from the formation of the Company through the Closing, been taxed as a "C corporation" under Subchapter C of the Code.

(e) Seller is not a “foreign person” as that term is used in Section 1.1445-2 of the Treasury Regulations.

5.18 Environmental Matters.

(a) The Company is currently in compliance in all material respects with all Environmental Laws which compliance includes, but is not limited to, the possession by Company of all Licenses and other governmental authorization required under applicable Environmental Laws and in compliance in all material respects with the terms and conditions thereof to operate the Company’s Business as currently operated;

(b) There have been no actions, activities, circumstances, conditions, events or incidents that could form the basis of any material Environmental Claim against the Company, and the Company has no Knowledge of any such actions, activities, circumstances, conditions, events or incidents prior to its ownership or leasing of the Real Property or assets.

5.19 Affiliate Transactions. Except as set forth on Schedule 5.19, the Company has not been a party to any material business arrangement or relationship with any Seller Party within the past twelve (12) months, and no Seller Party nor any of their respective affiliates own any asset, tangible or intangible, that is used in the Company’s Business. Except as set forth on Schedule 5.19, no Seller Party nor any of their respective affiliates own, or in the last twelve (12) months has owned, of record or as a beneficial owner, an equity interest or any other financial or profit interest in any Person that has had business dealings or a material financial interest in any transaction with the Company. The Company has not made any non-payroll distributions to any of its shareholders within the last twelve (12) months and there are no rights, agreements or arrangements of any character which require the Company to make any non-payroll distribution to any of its shareholders, whether before or after Closing.

5.20 Insurance. Schedule 5.20 includes a list of all insurance policies maintained by or for the benefit of the Company with respect to the Company’s Business. Schedule 5.20 sets forth each policy’s applicable deductibles, coverage limits and whether or not the insurance policies provide coverage on an occurrence basis. All of such policies are in full force and effect with no premium arrearage. The Company has timely given to its insurers all notices required to be given under such insurance policies with respect to all of the claims and actions conferred by insurance, and no insurer has denied coverage of any such claims or actions. Except as set forth on Schedule 5.20, the Company has not (a) received any written notice or other communication from any such insurance company cancelling or amending any of such insurance policies, and, to the Company’s Knowledge, no such cancellation or amendment is threatened, or (b) failed to give any required notice or to present any claim which is still outstanding under any of such policies with respect to the Company’s Business.

5.21 Reseller Arrangements.

(a) Agreements with Merchants.

(i) Attached to Schedule 5.21(a)(i) are true and correct copies of the forms upon which (A) any agreements with or applications from Merchants or (B) any currently effective Merchant Agreements are based. Except as provided on Schedule 5.21(a)(i), there have

been no material deviations from such forms in any such currently effective Merchant Agreement. Copies of the ten (10) largest Merchant Agreements, as measured both by sales volume and by revenue generated during the twelve (12) months prior to Closing, have been provided to Buyer.

(ii) With respect to the Merchants, whether as a result of the Contemplated Transactions or otherwise, none of the Merchant Agreements obligate or will obligate the Company (by the terms of any of such Contracts, or at the option of the other party to such Contracts) to (A) make a lump sum payment in lieu of any future stream of revenue or otherwise, (B) acquire or assume any asset or liability, (C) offer a right of first refusal or similar preferential right in favor of such Merchant or (D) pay ongoing residuals, commissions or fees to any third party.

(b) Ownership of Merchant Agreements. The holds all ownership rights to the Merchant Agreements and the Company's rights in respect of all Merchant Agreements are free and clear of all Liens.

(c) Material Merchants. Schedule 5.21(c) provides a list of each Merchant that on an annual basis for the calendar year 2016 was among the top twenty (20) Merchants of the Company in revenue (to the Company), of all Merchants (a "Material Merchant"). There is no existing dispute between the Company and a Material Merchant and, to the Knowledge of Company, no Material Merchant intends to terminate its Merchant Agreement whether as a result of the consummation of the Contemplated Transactions or otherwise. There are no Material Merchants that receive services from the Company, or in respect of whom the Company receives payments, that are not a party to a Merchant Agreement.

(d) The Company has at all times received satisfactory annual evaluations under the NCR Reseller Agreement and maintained, complied with or achieved, as applicable, any certification requirements, sales quotas or other ongoing performance metrics described or required under the NCR Reseller Agreement or any other agreement or arrangement between the Company and any third party.

5.22 Inventory. All inventory of the Company, whether or not reflected in the Financial Statements, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company free and clear of all Liens, and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of the Company.

5.23 Privacy.

(a) The Company is and has been in compliance with: (i) all applicable Privacy Laws, (ii) all of the Company's policies regarding privacy and data security and (iii) all contractual commitments that the Company has entered into with respect to Personal Information. Buyer acknowledges and agrees that Company makes no representations or warranties regarding the compliance of any other Person with Privacy Laws.

(b) The Company has commercially reasonable safeguards in place to protect any Personal Information in its possession or control from unauthorized access, including by its employees, contractors and consultants.

(c) The Company has not made any illegal or unauthorized use of Personal Information that was collected by or on behalf of the Company.

(d) The transfer, if any, of Personal Information in connection with the transactions contemplated by this Agreement will not violate any Privacy Laws. The Company is not subject to any contractual requirements, privacy policies or other legal obligations that, following the Closing, would prohibit the Company or Buyer or any of its affiliates from receiving or using Personal Information in the manner in which the Company receives and uses such Personal Information prior to the Closing.

(e) The Company has not received any notice of any claims against the Company or been charged with the violation of any Privacy Laws. To the Knowledge of Company, the Company has not been and is not under investigation with respect to any violation of any Privacy Laws or applicable privacy policies, and there are no facts or circumstances which could form the basis for any such violation.

(f) There have been no Data Breaches involving the Company and/or any Personal Information in the possession of the Company.

5.24 Referral Sources.

(a) Referral Source Contracts. Attached as Schedule 5.24(a) are true and correct copies of the forms upon which any currently effective agreements with a Referral Source are based.

(b) Referral Source List. Schedule 5.24(b)(i) sets forth the name of each Referral Source who has received payments from the Company in the last three years and (ii) sets forth a complete list of agreements between the Company and the Referral Sources. Next to each Referral Source name, Schedule 5.24(b) sets forth, for the period beginning January 1, 2014, the size of the payments made from the Company to each Referral Source and the aggregate volume of payments made by Merchants of each Referral Source.

(c) Disputes. Except for as described on Schedule 5.24(c), there is no existing dispute between the Company and any Referral Source and, to the Knowledge of the Company, no Referral Source intends to terminate its agreement with the Company or materially reduce its referral volume as a result of the consummation of the Contemplated Transactions or otherwise.

5.25 Data Security.

(a) To the Knowledge of Company, no Person has gained unauthorized access to any computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, or other information technology equipment, and associated documentation used by or on behalf of the Company or its affiliates or any Processor or service provider of the Company or its affiliates or any data stored thereon (including any Merchant data,

Personal Information, or cardholder data) (a “Data Breach”). None of the Company, its affiliates or, to the Knowledge of Company, any Processor or Merchant, has received a “common point of purchase”, “point of compromise” or similar notice, letter or inquiry relating to the Company’s Business.

(b) The Company is not required to be in compliance with the Payment Card Industry Data Security Standards because it does not store, transmit or process “cardholder data” or “sensitive authentication data” (as such terms are defined in the Payment Card Industry Data Security Standards).

(c) Each Company Product that is required to be validated under the Payment Application Data Security Standards is so validated.

5.26 Debt Collection. The Company does not provide, and has not provided or marketed, services to any Merchant that imposes convenience fess and/or similar fees where state law prohibits the collection of such convenience or similar fees. The Company does not provide, and has not provided or marketed, services to any Merchant involved in debt collection where any such Merchant imposes convenience fees where the agreement creating the applicable consumer debt does not expressly authorize the collection of such fees.

5.27 Solvency. Immediately after giving effect to the Closing and the Contemplated Transactions, Seller (a) will be able to pay its debts as they become due and shall own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent Liabilities) and (b) shall have adequate capital to carry on its business. No transfer of property is being made and no obligations are being incurred in connection with the Contemplated Transactions with the intent to hinder, delay or defraud either present or future creditors of any Seller Party, the Company or any of its subsidiaries. Seller Parties acknowledge that the Shares are being transferred to Buyer or an affiliate of Buyer in exchange for reasonably “equivalent value,” as such term or similar terms are used in any potentially applicable fraudulent conveyance Laws.

5.28 Disclosure. Neither this Agreement, including all Exhibits and Schedules hereto, nor the other documents delivered in connection with the Contemplated Transactions, including the information provided in diligence, in each case except as disclosed to Buyer in writing, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact required to be stated in order to make such statement, document or other instrument not misleading. No other documents or instruments heretofore or hereafter furnished by any Seller Party or the Company to Buyer, its affiliates or its agents in connection with transactions contemplated hereby contains or will contain any such untrue statement or omission of a material fact.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as of the Closing Date, as follows:

6.1 Corporate Status. Buyer (a) is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, and (b) has all requisite corporate power and authority to carry on its business as now and heretofore conducted and to own, operate and

lease its properties, and (c) is duly qualified or licensed to transact business in and is in good standing as a foreign corporation in all jurisdictions where Buyer is required to be qualified or licensed to do business as a foreign corporation.

6.2 Corporate Authorization; Binding Effect. Buyer has full corporate power and authority to execute and deliver the Transaction Documents and to perform its obligations thereunder. The Transaction Documents and performance and consummation of the Contemplated Transactions are and have been approved by all requisite corporate action of Buyer. No other corporate or legal proceedings on the part of Buyer are necessary to approve or authorize the execution and delivery of the Transaction Documents and the consummation of the Contemplated Transactions. The Transaction Documents have been duly executed and delivered by Buyer and, assuming due authorization, execution and delivery of the Transaction Documents by each Seller Party, each Transaction Document is the valid and legally binding obligation of Buyer, enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditor's rights generally from time to time in effect and limitations on enforcement of equitable remedies.

6.3 No Conflict. Buyer's execution, delivery and performance of the Transaction Documents and consummation of the Contemplated Transactions and compliance with any of the provisions thereof will not (i) violate any Law to which Buyer may be subject, (ii) conflict with or result in a breach of any provision of the Certificate of Incorporation or Bylaws of Buyer, (iii) require any consent, approval or authorization of, or notice to, or declaration, filing or registration with, any Governmental Authority that is required by Law or the regulations of any Governmental Authority, (iv) violate any Order of any Governmental Authority to which Buyer may be subject, (v) violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both would constitute a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, or result in the creation of any Lien upon any of the properties of Buyer or result in being declared void, voidable, without further binding effect, or subject to amendment or modification any of the terms, conditions or provisions of, any contract, license, franchise, permit, or other material instrument or commitment or obligation to which Buyer may be bound or affected.

6.4 Brokers and Finders. Neither Buyer nor its agents has engaged any finder or broker or incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions in connection with this Agreement and the Contemplated Transactions.

ARTICLE VII COVENANTS OF SELLER PARTIES

7.1 Notices and Consents. To the extent that Seller Parties have not obtained all necessary Licenses, consents, waivers or other authorizations or approvals or Required Consents (collectively, "consents") from any Governmental Authority or any private third-party as of the Closing and the Parties nonetheless elect to close, then upon request by Buyer, Seller Parties shall use their commercially reasonable efforts to: (a) obtain such consents as soon as practicable post-Closing, (b) cooperate with Buyer in any reasonable and lawful arrangements under which Buyer would obtain the benefit of the matter concerned; and (c) enforce for the account of Buyer any rights of Seller Parties arising from the matter concerned. Each Seller Party shall be jointly and

severally liable for any costs incurred for obtaining such consents, including any payments required by consenting parties. If any consent cannot be obtained, Buyer and Seller Parties will reasonably cooperate in any legal and commercially reasonable arrangement to obviate the need for that consent.

7.2 Tax Matters.

(a) Seller shall be responsible for paying all capital gains, income, transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the sale of the Shares and the consummation of the transactions contemplated by this Agreement, and Seller shall be responsible for preparing and filing any Tax Returns in connection therewith.

(b) Seller shall be liable for and shall pay all Taxes in respect of or relating to the Company, the Shares, the Company's assets or the Company's Business for any Pre-Closing Period. Taxes with respect to any period that begins before and ends after the Closing Date shall be allocated to the Pre-Closing Period (i) on a per diem basis in the case of real and personal property Taxes and (ii) on the basis of an interim closing of the books at the end of the Closing Date in the case of all other Taxes.

(c) After the Closing, Seller and Buyer shall (and shall cause their respective affiliates to):

(i) Make available to the other and to any taxing authority, as reasonably requested, all information, records, and documents with respect to Taxes relating to the Company's Business or the Company's assets and preserve that information and those records and documents until the expiration of any applicable statute of limitations, including any extensions of that statute of limitations;

(ii) Provide timely notices to the other Party in writing of any pending or threatened Tax audits or assessments relating to the Company's Business or the Company's assets for taxable periods for which the other party may have a responsibility under this Section 7.2 or otherwise; and,

(iii) Furnish the other Parties with copies of all correspondence received from any taxing authority in connection with any Tax audit or information request with respect to any taxable period for which the other party may have a responsibility under this Section 7.2 or otherwise.

(d) Notwithstanding any other indemnification provision in this Agreement, Seller Parties agrees to, jointly and severally, indemnify, defend and hold harmless Buyer Indemnified Parties from and against any and all Damages that Buyer Indemnified Parties incur as a result of, or with respect to any (i) Taxes of or imposed on Seller; (ii) Taxes of or imposed upon the Company with respect to any Pre-Closing Period; (iii) Taxes imposed on the Company under Treasury Regulations Section 1.1502-6 (and corresponding provisions of state, local, or foreign Law) as a result of having been a member of any federal, state, local or foreign consolidated, unitary, combined or similar group for any taxable period ending on or before, or that includes,

the Closing Date, or as a transferee or successor by contract or arrangement or pursuant to Law, or otherwise; (iv) any breach by Seller of any of the covenants and obligations contained in Section 7.2 of this Agreement; and (v) the breach or inaccuracy of the representations and warranties set forth in Section 5.17 of this Agreement. Any indemnity payment under this Agreement shall be treated by Seller and Buyer as an adjustment to the Purchase Price for U.S. federal income tax purposes. Any indemnity payment required to be made pursuant to this Section 7.2(d) shall be paid within fifteen (15) days after the Indemnified Party makes written demand upon the Indemnifying Party and provides reasonable evidence in support of such claim for Damages. In no event shall the indemnities provided for in this Section 7.2(d) be subject to the provisions of Article IX of this Agreement.

(e) Notwithstanding anything to the contrary contained in this Agreement, each of the provisions set forth in this Section 7.2 shall survive until sixty (60) days after the expiration of the applicable statute of limitations (taking into account all valid extensions) for the applicable Taxes or Tax Return to which the provision relates; provided, however, in the event notice of any claim for indemnification under this Agreement shall have been given within the applicable survival period, the provisions that are the subject of the indemnification claim shall survive with respect to such claims until such time as such claim is finally resolved.

7.3 Noncompetition; Nonsolicitation.

(a) During the period beginning on the Closing Date and ending two (2) years from the later of (i) last date of employment of Ality Richardson and Ashley Richardson, as applicable, with Buyer or an affiliate of Buyer or (ii) the last date on which Contingent Consideration is paid, if any, none of the Seller Parties will, without the prior written consent of Buyer, work with, provide services to, or own an interest in any business that competes directly or indirectly with the Company's Business, other than any such party's capacity as an employee or equity holder of Buyer or its affiliates. The foregoing agreement shall not be deemed to restrict the ownership by any Seller Party of up to three percent (3%) of any class of the outstanding capital stock of any corporation conducting a business similar to the Company's Business that is regularly traded on a national securities exchange. The consideration for this agreement is included in the Purchase Price.

(b) During the period beginning on the Closing Date and ending two (2) years from the later of (i) last date of employment of Ality Richardson and Ashley Richardson, as applicable, with Buyer or an affiliate of Buyer or (ii) the last date on which Contingent Consideration is paid, if any, none of the Seller Parties will, other than in furtherance of any such party's employment with Buyer, without the prior written consent of Buyer:

(i) hire, attempt to hire, solicit, induce, or attempt to solicit or induce any employee or independent contractor of Buyer (including Referral Sources) to leave Buyer's employment or to terminate his or her or its contractual and/or business relationship with the Company; provided, however, that general advertising not targeting Buyer's employees shall not be a breach of this Section 7.3(b)(i);

(ii) Call on or communicate with (except if such contact is not to the

business detriment of Buyer), or divert or solicit, any of the Referral Sources or Merchants;

(iii) work with or provide services related to the Company's Business to any Merchant or other customer of Buyer or any affiliate of Buyer; or

(iv) encourage or persuade any Merchant or other customer of Buyer or its affiliates not to enter into an agreement or to terminate an agreement with Buyer or its affiliates or to obtain similar services from a competitor of Buyer or its affiliates.

(c) The consideration for this Section 7.3 is included in the Purchase Price. The Parties specifically acknowledge and agree that the remedy at law for any breach of this Section 7.3 will be inadequate and that Buyer, in addition to any other relief available to it, may be entitled to temporary and permanent injunctive relief without the necessity of proving actual damage. In addition, notwithstanding the provisions of Article IX, Buyer may be entitled to recover, directly from any Seller Party, its actual damages as a result of a breach of Section 7.3. The rights and remedies of the Parties to this Agreement are cumulative and not alternative.

(d) During the period beginning on the Closing Date and ending two (2) years from the last date of employment of any Seller Party with Buyer or an affiliate of Buyer, neither Buyer nor any Seller Party will disparage another Party or any of its respective affiliates, members, directors, officers, employees or agents. For purposes of clarity, statements made by a Party in the context of a good-faith pursuit of a claim or action against the other Party in connection with this Agreement shall not give rise to a breach of this Section 7.3(d).

7.4 Post-Closing Financial Audit Cooperation. After the Closing, each Seller Party covenants and agrees to use its best efforts to assist and cooperate with Buyer and its accountants, independent auditors and other representatives (collectively the "Buyer Audit Representatives") in the preparation of audited balance sheets, statements of income and cash flows, together with all footnotes and related disclosures (collectively, the "Audited Financial Statements"). The cooperation of Seller Parties pursuant to this Section shall include (i) providing access to and copies of the Company's historic financial statements, records and any other information relevant to an audit of the Company and the Company's Business, (ii) assisting the Buyer Audit Representatives in understanding the Company's financial position as of and at the pre-Closing dates requested and the results of operations and cash flows for the pre-Closing periods specified by the Buyer Audit Representatives and (iii) making the Company's management available to respond to requests from the Buyer Audit Representatives or render any management representations reasonably necessary or relevant to the preparation of the Audited Financial Statements. Each Seller Party acknowledges that a purpose of the covenant contained herein is so the Company's financial statements might be consolidated with the financial statements of Buyer in conformity with United States generally accepted accounting principles and the SEC rules and guidance (including Regulation S-K) with respect to financial statements and financial reporting. As such, the Audited Financial Statements will be prepared in a form and substance suitable for inclusion on Form S-1 (or other eligible or successor form), and each Seller Party's standard of cooperation pursuant to this Section shall reflect each Seller Party's understanding of such purpose. For the avoidance of doubt, each Seller Party acknowledges and agrees that the Audited Financial Statements shall in no way affect, alter or be deemed to cure any inaccuracies in the representations and warranties of any Seller Party set forth in Articles IV and V. The Parties

acknowledge and agree that Buyer shall be liable for the out-of-pocket expenses incurred by Buyer in preparation of the Audited Financial Statements and will not seek reimbursement from Seller Parties for such expenses.

7.5 Seller Parties' Acknowledgement Regarding Calculation of Purchase Price. Each Seller Party acknowledges, agrees and covenants that (a) Buyer has relied on Seller Parties' representations regarding the current and future anticipated financial performance of the Company (including those representations set forth in Sections 5.5, 5.10, 5.21, and 5.24 (collectively, the "Financial Representations"); and (b) the Parties established the Purchase Price and the Contingent Consideration as a multiple of certain financial and performance metrics gleaned from the Financial Representations.

7.6 Tail Insurance. Seller Parties shall obtain, at their sole cost and expense, insurance for a period of five (5) years after the Closing Date ("Tail Insurance"), in form and substance substantially equivalent to the terms of the existing professional liability insurance policies of the Company, to insure against liabilities of the Company that arise prior the Closing Date where claims are made after the Closing Date. Such Tail Insurance shall have the effect of providing "occurrence based" coverage rather than existing "claims made" coverage. Such Tail Insurance shall be retroactive such that it covers all periods from the retroactive date of the first policy which should be included on the current policies through the Closing Date. The minimum coverage for such Tail Insurance shall be agreed upon by the Parties. Buyer and i3 Verticals, LLC shall be included as additional named insured entities in such Tail Insurance.

ARTICLE VIII COVENANTS OF BUYER AND BOTH PARTIES

8.1 Confidentiality. Seller Parties agree that the existence of this Agreement (including any reference to the transaction generally) and the terms and conditions hereof and the other Transaction Documents shall not be disclosed to any third party without prior written consent of the non-disclosing Party, and none of Seller Parties, nor any representative thereof shall distribute or provide access to this Agreement or the other Transaction Documents, or the contents or any part thereof, to any third party, except to a party's legal and financial advisors, lenders and accountants and in any case as required by Law or accounting practice or to allow attorneys to enforce or interpret the Agreement.

8.2 Post-Closing Access to Information.

(a) Seller Parties and Buyer acknowledge that subsequent to Closing each Party may need access to information or documents in the control or possession of the other Party for the purposes of concluding the Contemplated Transactions, audits, compliance with Laws and governmental requirements, and the prosecution or defense of third-party claims. Accordingly, Seller Parties and Buyer agree that until the later of the four (4) year anniversary of the Closing Date or the expiration of any applicable statute of limitations pertaining to Tax matters, to the extent permitted by Law, each will make reasonably available to the other's agents, independent auditors and/or governmental agencies upon written request and at the expense of the requesting Party such documents and information as may be available for periods prior and subsequent to Closing to the extent necessary to facilitate concluding the Contemplated Transactions, audits,

compliance with Laws and governmental requirements and regulations and the prosecution or defense of third-party claims. In addition, Seller Parties shall make available to Buyer, at Buyer's cost and expense, upon reasonable notice and during normal business hours, the Company's Books and Records to the extent not transferred to Buyer but necessary to Buyer in the preparation of Tax Returns.

(b) Upon request, each of the Parties shall cooperate with the other in good faith, at the requesting Party's expense, in furnishing information, testimony and other assistance in connection with any actions, Proceedings, arrangements, or disputes involving any of the Parties (other than in a dispute among such parties or entities) and based upon contracts, arrangements or acts of the Company or any Party hereto which were in effect or occurred prior to the Closing. Buyer shall cause to be provided any information or documents reasonably requested by the Company in connection with Tax or other disputes, settlements, investigations, Proceedings or other matters in respect of any period ending at or prior to the Closing. The Party requesting documents or information pursuant to this Section 8.2 shall pay all fees and expenses paid to unaffiliated third parties by the Party providing such documents or information in connection with providing such information or document.

8.3 Further Assurances and Cooperation, Misdirected Payments.

(a) Seller Parties shall, at any time and from time to time at and after the Closing, upon the request of Buyer, take any and all steps reasonably necessary and under any Seller Parties' control to place Buyer in possession and operating control of the Company and the Shares and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required to transfer and confirm more effectively to Buyer or to its successors or assigns, or to reduce to possession, any or all of such Shares and to carry out the purposes and intent of this Agreement. From and after the date of this Agreement, upon the request of any Party, the other Parties shall furnish such further information, execute and deliver such schedules, instruments, documents or other writings and take such actions as may be reasonably necessary or desirable to confirm and carry out and to fully effectuate the intent and purposes of this Agreement.

(b) After the Closing, if any Seller Party receives any payment, refund or other amount that is properly due and owing to Buyer, such Seller Party shall promptly remit or shall cause to be remitted, such amount to Buyer. After the Closing, if Buyer receives any amount properly due and owing to any Seller Party, Buyer shall promptly remit or shall cause to be remitted, such amount to such Seller Party.

ARTICLE IX INDEMNIFICATION

9.1 Survival. The representations and warranties made by each Seller Party in this Agreement shall survive the Closing Date and shall continue in full force and effect for a period of twenty four (24) months thereafter; provided, however, (i) each of the representations and warranties set forth in Article IV, Section 5.1 (Status), Section 5.2 (Authorization; Binding Effect), and Section 5.4 (No Conflicts) shall survive indefinitely, (ii) each of the representations and

warranties set forth in Section 5.18 (Environmental Matters) Section 5.9 (Real Property and Personal Property), Section 5.11 (Intellectual Property; Computer Software), Section 5.12 (Title to and Sufficiency of Assets), Section 5.25 (Data Security) and Section 5.23 (Privacy) shall survive for five (5) years following the Closing Date; and (iii) each of the representations and warranties set forth in Section 5.15 (Employee Benefit Plans) and Section 5.17 (Taxes) shall survive until sixty (60) days after the last day upon which any claim could be made against Buyer or the Company or could be made that would affect Buyer or the Company relating to such matters (the representations and warranties referenced in Section 9.1(i), Section 9.1(ii), Section 9.1(iii) and the Financial Representations being the “Fundamental Representations”). The representations and warranties made by Buyer in this Agreement shall survive the Closing Date and continue in full force and effect for a period of twenty four (24) months thereafter; provided, however, the representations and warranties set forth in Section 6.1 (Status) and Section 6.2 (Authorization, Binding Effect) shall survive indefinitely. The covenants and agreements made by the Parties in this Agreement shall survive indefinitely or for the period stated therein. In each case, the period from the date hereof until the last date on which a representation, warranty, covenant or other obligation survives shall be known as the “Survival Period Indemnification by Seller Parties.” Subject to the provisions herein set forth, Seller Parties agree to, jointly and severally, indemnify, defend and hold harmless Buyer Indemnified Parties from and against and shall pay to Buyer Indemnified Parties the amount of, or reimburse Buyer Indemnified Parties for, any and all Damages that Buyer Indemnified Parties incur as a result of, or with respect to (except as caused by the acts or omissions of any Buyer Indemnified Party, and whether or not in connection with any third-party claim):

(a) the inaccuracy or breach of (i) any Fundamental Representation or (ii) any other representation or warranty contained in or made pursuant to this Agreement, including the Schedules, supplements to the Schedules, any Transaction Document or other certificate or document delivered by any Seller Party pursuant to this Agreement;

(b) the non-compliance with or failure to perform any agreement or covenant of any Seller Party contained in or made pursuant to this Agreement;

(c) the claims of any broker, finder or other Person engaged by any Seller Party or the Company;

(d) any Benefit Plan established or maintained by the Company prior to the Closing Date or any severance payments due to employees of the Company terminated prior to the Closing Date;

(e) any event, matter or circumstance occurring, existing or relating to the ownership, operation or maintenance of the Company or the Company’s Business prior to the Closing Date, including any Excluded Liabilities;

(f) any Closing Date Indebtedness that is not properly identified by Seller or that is not otherwise deducted from the Purchase Price at Closing and remains owing after the Closing;

(g) the failure to obtain any Required Consent;

(h) any fraud, willful misconduct or criminal acts of any Seller Party, the Company, or any of such parties' officers, directors, members, shareholders, employees, agents and independent contractors prior to the Closing Date; and

(i) any claim asserted by a third party relating to or resulting from any of the foregoing items (a) through (h).

9.3 Indemnification by Buyer. Subject to the conditions and provisions herein set forth, Buyer agrees to indemnify, defend and hold harmless Seller Indemnified Parties from and against and shall pay to Seller Indemnified Parties the amount of, or reimburse Seller Indemnified Parties for, any and all Damages that Seller Indemnified Parties incur as a result of, or with respect to (except as caused by the acts or omissions of any Seller Indemnified Party, and, except with respect to Section 9.3(d), whether or not in connection with any third-party claim):

(a) the inaccuracy or breach of any representation or warranty contained in or made pursuant to this Agreement, including the Schedules, supplements to the Schedules, any Transaction Document or any other certificate or document delivered by Buyer pursuant to this Agreement;

(b) the non-compliance with or failure to perform any agreement or covenant of Buyer contained in or made pursuant to this Agreement;

(c) the claims of any broker, finder or other Person engaged by Buyer; and

(d) any (i) third-party claim made in connection with an event, matter or circumstance occurring or related to the ownership, operation or maintenance of the Company or the Company's Business or (ii) violation of Law resulting from a material deviation from the historic ordinary course operation of the Company or the Company's Business, in the case of (i) or (ii) above following the Closing Date; except, that any event, matter or circumstance (x) that could reasonably be expected to give rise to a Buyer indemnity claim against any Seller Party under Section 9.2 or (y) resulting from any act or omission of any Seller Party shall not be an event, matter or circumstance giving rise to a claim for indemnity under this Section 9.3(d).

9.4 Limitations. Any claim for indemnification must be asserted before the expiration of the applicable Survival Period set forth in Section 9.1; provided, however, in the event notice of any claim for indemnification shall have been given within the applicable Survival Period, the provisions that are the subject of the indemnification claim shall survive with respect to such claims until such time as such claim is finally resolved.

9.5 Indemnification Procedures.

(a) Whenever any indemnification claim shall arise in favor of a Person entitled to indemnification under this Article IX (the "Indemnified Party"), including the assertion of any claim or liability against such Indemnified Party by a third party in writing that would give rise to a claim under this Article IX, the Indemnified Party shall notify the Person giving the indemnity ("Indemnifying Party") in writing as soon as reasonably practicable but at least within thirty (30) days of (i) such Indemnified Party receiving actual knowledge of the facts constituting the basis for such indemnification claim, or, (ii) in the case of a third-party claim, receipt of a written third-

party assertion of a claim or liability. Failure to send such written notice shall not release the Indemnifying Party from liability hereunder, unless such failure materially prejudices the Indemnifying Party's defense of the claims that are the subject of the written notice.

(b) The Indemnifying Party shall have the right to defend a third-party claim and control the defense, settlement and prosecution of any litigation. Each Indemnified Party shall reasonably cooperate with the Indemnifying Party in any such litigation defense, settlement or prosecution, and the Indemnifying Party shall reimburse each Indemnified Party for the actual out-of-pocket expenses incurred by the Indemnified Party as a result of such cooperation. The Indemnified Parties shall have the right to approve defense counsel selected by the Indemnifying Party, which approval shall not be unreasonably withheld. The Indemnified Party shall be entitled to participate in the defense of such action, lawsuit, proceeding or claim, and employ separate counsel of its choice for such purpose, provided, however, that payment of the fees and expenses of such separate counsel shall be the responsibility of the Indemnified Party. If the Indemnifying Party, within ten (10) days after notice of such claim, fails to defend such claim, the Indemnified Party will (upon further notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such claim on behalf of, at the sole cost and expense of, and for the account and risk of the Indemnifying Party without impairing its right to indemnification hereunder. Anything in this Section 9.5 notwithstanding, (i) if there is a reasonable probability that a claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right, at its own cost and expense, to defend, compromise and settle such claim without impairing its right to indemnification hereunder, and (ii) the Indemnifying Party shall not, without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld, settle or compromise any claim or consent to the entry of any judgment that (a) provides for relief other than the payment of monetary damages, (b) does not include as an unconditional term thereof the giving by the claimant to the Indemnified Party a release from all liability in respect to such claim, or (c) contains an admission of liability or violation of Law. All Parties agree to cooperate fully as necessary in the defense of such matters.

9.6 Disregarding Materiality Exceptions. For purposes of (i) calculating the dollar amount of Damages to which an Indemnified Party is entitled under this Article IX, (ii) determining whether a breach of any such representation or warranty has occurred, the terms "material," "materiality," and other qualifiers, modifiers or limitations shall be disregarded.

ARTICLE X NOTICES

All notices and other communications hereunder shall be in writing and shall be given to the Parties via email, hand delivery, or nationally recognized and reputable overnight delivery service, addressed to the Parties as follows:

Buyer:	i3 Verticals, LLC 40 Burton Hills Boulevard Suite No. 415 Nashville, Tennessee 37215 Attention: Greg Daily
--------	--

with copies to: Frost Brown Todd LLC
150 Third Avenue South
Suite No. 1900
Nashville, Tennessee 37201
Attention: Howard W. Herndon
Facsimile: 615-251-5551
Email: HHerndon@FBTlaw.com

Seller Parties Ality Richardson, as Sellers' Representative
4903 Hawley Boulevard
San Diego, California 92116

with copies to: William H. Sauls
Attorney At Law
427 C Street, Suite 416
San Diego, CA 92101
Email: saulslaw@sbcglobal.net

Each such notice and other communication shall be deemed, for all purposes of this Agreement, to have been given and received (i) if given by email, when the email is transmitted to the Party's email address specified above and confirmation of complete receipt is received by the transmitting Party during normal business hours on any Business Day or on the next Business Day if not confirmed during normal business hours; (ii) if by hand, when delivered; (iii) if given by nationally recognized and reputable overnight delivery service, the Business Day on which the records of such delivery service show that such notice was delivered to the Party. Any Party from time to time may change its address or facsimile number for the purpose of receipt of notices to that Party by giving a similar notice specifying a new address or facsimile number to the other notice Parties listed above in accordance with the provisions of this Article X.

ARTICLE XI MISCELLANEOUS

11.1 Fees and Expenses. Except as otherwise expressly provided in this Agreement, each Party will pay its own costs and expenses incurred in connection with the negotiation, preparation and performance of this Agreement and the other Transaction Documents, including the fees and expenses of its counsel, accountants, brokers and financial advisors whether or not such transactions are consummated.

11.2 Public Announcement. No Party shall, prior to or after the Closing, without the approval of the other Parties, issue any press release or other public announcement concerning this Agreement or the Contemplated Transactions. Notwithstanding the foregoing, nothing contained in this Section 11.2 is deemed to prohibit, limit or restrict communications by either Party with Governmental Authorities, Buyer's affiliates or lenders or Seller Parties' respective affiliates, customers and suppliers or any party to obtain the Required Consents regarding the Contemplated Transactions.

11.3 Entire Agreement. This Agreement (together with the Schedules and the other Transaction Documents) contains the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior oral discussions and written agreements with respect thereto (including any term sheet or similar agreement or document relating to the Contemplated Transactions). There are no restrictions, agreements, promises, warranties, covenants or undertakings other than those expressly set forth herein and in the other Transaction Documents.

11.4 Right of Setoff. Upon prior written notice to Seller specifying in reasonable detail the basis therefor, Buyer shall have the right to withhold payment or offset (up to the amount of any good faith claim by Buyer) from any Contingent Consideration payable to Seller against any obligations and liabilities of any Seller Parties to Buyer under this Agreement; provided, however, that if it is ultimately determined by a court order or agreement of the Parties that the amount of Contingent Consideration withheld or offset exceeds the actual obligations and liabilities of the Seller Parties identified by Buyer in the written notice delivered in accordance herewith, then Buyer will promptly pay such excess amount to Seller, with interest calculated in accordance with Section 3.2(a).

11.5 Amendment and Waiver. This Agreement may be modified, supplemented or amended only by a written instrument duly executed by each of the Parties. Any term or condition of this Agreement may be waived at any time by the Party entitled to the benefit thereof. Any such waiver must be in writing and must be duly executed by such Party. All rights and remedies of the Parties to this Agreement are cumulative and not alternative. No failure or delay by any Party in exercising any right, power or privilege under this Agreement or the other Transaction Documents will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach, provision or requirement on any other occasion.

11.6 Counterparts; Electronic Signatures. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures on this Agreement by facsimile or other electronic imaging technology shall be deemed to be original signatures for all purposes.

11.7 Governing Law; Construction. This Agreement shall be governed by and interpreted, construed and enforced in accordance with the Laws of the State of Delaware applicable to a contract executed and performed in such state, excluding any conflicts of law, rule or principle that would refer the governance, interpretation, construction or enforcement of this Agreement to the Laws of another jurisdiction, and such application of Delaware law shall not be vitiated by any allegations of fraud. In as much as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, the Parties agree that no provisions of this Agreement or any related document shall be construed for or against or interpreted to the advantage or disadvantage of any Party hereto by any court or other Governmental Authority by reason of any Party's having or being deemed to have structured or drafted such provision, each Party having participated equally in the structuring and drafting

hereof.

11.8 Venue; Waiver of Jury Trial. To the fullest extent permitted by applicable Law, each Party hereto (a) agrees that any claim, action or Proceeding by such Party seeking any relief whatsoever arising out of, or in connection with, this Agreement or the Contemplated Transactions shall be brought only in any State or Federal courts located in Dallas County, Texas, and not in any other State or Federal court in the United States of America or any court in any other country, (b) agrees to submit to the exclusive jurisdiction of such courts for purposes of all legal Proceedings arising out of, or in connection with, this Agreement or the Contemplated Transactions, (c) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Proceeding brought in such a court or any claim that any such Proceeding brought in such a court has been brought in an inconvenient forum, and (d) agrees that a final judgment in any such action or Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law. Notwithstanding anything to the contrary contained in this Section 11.8, matters addressed in Section 3.2 shall be controlled by its arbitration procedures. **EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY, FROM WHATEVER SOURCE ARISING, IN CONNECTION WITH ANY LITIGATION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

11.9 Binding Effect; No Assignment; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, including successors by merger or otherwise. Neither this Agreement nor any right hereunder or part hereof may be assigned by any Party hereto without the prior written consent of the other Parties, except that Buyer may assign this agreement and its rights hereunder to an affiliate of Buyer or to a person or entity that acquires or otherwise succeeds to the Company's Business (whether by sale of assets, equity, merger, or otherwise). The terms and provisions of this Agreement are intended solely for the benefit of Seller Parties, Buyer and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third- party beneficiary rights upon any other Person.

11.10 Severability; Invalid Provisions. It is the intention of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the Laws and public policies of each state and jurisdiction in which such enforcement is sought, and that the unenforceability (or the modification to conform with such Laws or public policies) of any provision hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, (a) such provisions will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms and effect to such illegal, invalid or unenforceable provision as may be possible (or, in the alternative, should any provision contained in this Agreement be reformed or rewritten

by any Governmental Authority, such provision as so reformed shall be fully binding on the Parties as if originally a part hereof).

11.11 Interpretation. In this Agreement, unless the context otherwise requires:

(a) subject to the provisions of Section 11.9, references to any Party to this

Agreement shall include references to its respective successors and permitted assigns;

(b) the terms “hereof,” “herein,” “hereby,” and derivative or similar words will refer to this entire Agreement;

(c) the gender of all words herein shall include the masculine, feminine and neuter, and the case of all words herein shall include the singular and plural;

(d) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the Parties from time to time;

(e) the descriptive headings and numbers of the Articles, Sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement;

(f) the word “including” shall mean including without limitation; and

(g) all schedules and exhibits referred to in or attached to this Agreement are integral parts of this Agreement as if fully set forth herein, and all statements appearing therein shall be deemed to be disclosed only in connection with the specific representation to which they are explicitly referenced and not in any event for all and general purposes under the Agreement.

11.12 Specific Performance; Injunctive Relief. Each Party shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and the obligations of the other Parties pursuant to this Agreement and the Transaction Documents not only by an action or actions for Damages, but also by an action or actions for specific performance, injunctive relief and/or other equitable relief, without posting any bond or other undertaking. The Parties acknowledge and agree that any breach or threatened breach of any post-Closing covenant by any Party will likely result in some irreparable injury.

11.13 Collateral Security. Buyer may, without the written consent of the other Parties, assign its rights under this Agreement and the other Transaction Documents for collateral security purposes to any lender providing financing to Buyer or any of their affiliates and any such lender may exercise all of the rights and remedies of Buyer hereunder and thereunder.

11.14 Appointment of Seller Parties’ Representative. Each of the Seller Parties hereby irrevocably appoints Ality Richardson (the “Sellers’ Representative”) as the sole and exclusive agent, proxy and attorney-in-fact for such Seller Parties for all purposes of this Agreement and all transactions, documents and other agreements contemplated herein, with full and exclusive power and authority to act on such Seller Party’s behalf as the Sellers’ Representative. Should Ality Richardson be unable, for any reason, to serve as the Sellers’ Representative Ashley Richardson

shall be appointed as the Sellers' Representative. The appointment of the Sellers' Representative hereunder is coupled with an interest, shall be irrevocable and shall not be affected by the death, incapacity, insolvency, bankruptcy, illness or other inability to act of any Seller Party. Without limiting the generality of the foregoing, the Sellers' Representative is hereby authorized, on behalf of the Seller Parties receive and give all notices and service of process, make all filings, enter into all contractual obligations, make all decisions, bring, prosecute, defend, settle, compromise or otherwise resolve all claims, disputes and actions, authorize payments in respect of any such claims, disputes or actions, and take all other actions directly or indirectly arising out of or relating to this Agreement and all transactions, documents and other agreements contemplated herein.

11.15 Acknowledgement of Seller Parties Review of this Agreement. Each of Ashley Richardson and Ality Richardson acknowledge that they have reviewed the terms of this Agreement, the Transaction Documents and the Contemplated Transactions and have agreed to the terms hereto and thereto, as applicable, after having the opportunity to negotiate and consult with counsel of their choosing regarding the same.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Stock Purchase Agreement to be executed as of the date first above written.

BUYER

i3-SDRC, INC

By: /s/ Clay Whitson

Name: Clay Whitson

Title: Secretary

SELLER PARTIES:

ALITY R. RICHARDSON

ASHLEY J. RICHARDSON

DECLARATION OF TRUST dated May 27, 1999

Ality J. Richardson, Successor Trustee

IN WITNESS WHEREOF, the Parties have caused this Stock Purchase Agreement to be executed as of the date first above written.

BUYER

i3-SDRC, INC

By: _____
Name: _____
Title: _____

SELLER PARTIES:

ALITY R. RICHARDSON

/s/ Ality R. Richardson

ASHLEY J. RICHARDSON

/s/ Ashley J. Richardson

DECLARATION OF TRUST dated May 27, 1999

/s/ Ality J. Richardson

Ality J. Richardson, Successor Trustee

MEMBERSHIP INTEREST PURCHASE AND CONTRIBUTION AGREEMENT

BY AND AMONG

i3 VERTICALS, LLC

AS ACQUIROR,

FPI HOLDINGS, INC.

AS THE TRANSFEROR

AND

CRAIG SHAPERO

AS OWNER

CLOSING DATE: August 1, 2017

EFFECTIVE TIME: 12:01 a.m. Nashville, Tennessee time on August 1, 2017

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MEMBERSHIP INTEREST PURCHASE AND CONTRIBUTION AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AND CONTRIBUTION AGREEMENT (this "Agreement") is dated as of August 1, 2017, and is effective as of August 1, 2017 at 12:01 a.m. Nashville, Tennessee time (the "Effective Time") by and among i3 Verticals, LLC, a Delaware limited liability company ("Acquiror"), FPI Holdings, Inc., a Virginia corporation ("Transferor") and Craig Shapero, a resident of the Commonwealth of Virginia (the "Owner", together with Transferor, "Transferor Parties"). Together, Transferor Parties and Acquiror shall be referred to as the "Parties".

RECITALS:

WHEREAS, Fairway Payments Incorporated was organized as a corporation under the laws of the Commonwealth of Virginia in 2009;

WHEREAS, to facilitate the transactions contemplated in this Agreement, Fairway Payments Incorporated has, pursuant to the Virginia Stock Corporation Act, converted its status to a Virginia limited liability company and adopted the name Fairway Payments, LLC (the "Conversion") (upon Conversion, Fairway Payments, LLC being referred to as the "Company");

WHEREAS, as provided in the Virginia Stock Corporation Act (13.1-722.13), upon Conversion the Company is deemed to be the same entity without interruption and the assets of the Company remain with the Company without impairment;

WHEREAS, as of the date hereof, Transferor owns all of the issued and outstanding membership interests (the "Interests") of the Company; and

WHEREAS, the Company is engaged in the business of marketing, distributing and selling credit card, debit card, prepaid card, check acceptance, gift and loyalty card processing and other electronic payment processing services and products, including the referral of Merchants to SPS pursuant to the SPS Referral Agreement (the activities described in this paragraph as performed by the Company are collectively, the "Company's Business"); and

WHEREAS, simultaneously and as part of a single transaction, Transferor desires to (a) sell to Acquiror, and Acquiror desires to purchase from Transferor, a portion of the Interests (the "Purchased Interests"), and (b) contribute to Acquiror, and Acquiror desires to accept from Transferor, the balance of the Interests (the "Contributed Interests"), all on the terms and subject to the conditions of this Agreement; and

WHEREAS, the Parties desire to enter into this Agreement for the purpose of setting forth their mutual understandings and agreements with respect to the foregoing.

NOW, THEREFORE, intending to be legally bound and in consideration of the foregoing premises, the representations and warranties, mutual covenants and other agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

**ARTICLE I
DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings set forth in this Article I unless the context clearly otherwise requires.

“Agreement” means this Membership Interest Purchase and Contribution Agreement, including the Exhibits and Schedules attached hereto.

“Arbitrator” means a party mutually acceptable to Acquiror and Transferor in good faith with experience in the merchant acquiring industry (or, if Acquiror and Transferor are unable to agree in good faith, then a single arbitrator selected pursuant to the JAMS Streamlined Arbitration Rules and Procedures).

“Acquiror” has the meaning set forth in the Preamble.

“Acquiror Indemnified Parties” means Acquiror and any of its affiliates and the equity holders, members, directors, managers, officers, employees, agents, representatives, successors and assigns and affiliates of any of the foregoing.

“Balance Sheet Date” means June 30, 2017.

“Benefit Plans” means material “employee benefit plans,” as defined in Section 3(3) of ERISA, all material benefit plans as defined in Section 6039D of the Code and the rules and regulations promulgated thereunder, and all other material stock purchase, stock option, equity- based, retention bonus, bonus, incentive compensation, deferred compensation, profit sharing, severance, change in control, supplemental unemployment, layoff, salary continuation, retirement, pension, health, life insurance, disability, group insurance, vacation, holiday, sick leave, fringe benefit, welfare and other employee benefit plans or employment (including severance and change in control) agreement, program, policy or other arrangement (whether formal or informal, oral or written, qualified or non-qualified, and whether or not subject to ERISA), including any funding mechanism therefor or otherwise, in each case which is maintained, administered, sponsored or contributed to by the Company and under which any employee or former employee of the Company has any present or future right to benefits.

“Books and Records” means the Company’s existing accounting, business, marketing, personnel, and other files, documents, instruments, papers, books and records, including, financial statements, budgets, ledgers, journals, deeds, titles, policies, manuals, Contracts, franchises, permits, supplier lists, reports, computer files and data, retrieval programs and operating data or plans.

“Business Day” means a day other than Saturday, Sunday, or any day on which the principal commercial banks located in the State of New York are authorized or obligated to close under the Laws of such state or the United States.

“Cash Consideration” has the meaning set forth in Section 2.2(a).

“Chargebacks” means all losses from chargebacks, ACH rejects, or similar losses, and all associated fines and fees as a result of card transactions ACH rejects, or other payments types, and all other similar losses.

“Closing” means the consummation of the Contemplated Transactions as provided in Article II.

“Closing Date” means the date of the Closing.

“Closing Date Indebtedness” means any Liability or indebtedness of the Company (whether or not contingent) existing or accrued as of the Closing Date (a) in respect of borrowed money or evidenced by notes, bonds, monies, debentures, mortgage, deeds of trust or similar instruments, (b) representing the balance deferred and unpaid of the purchase price of any property (including pursuant to capital leases and all seller notes and earn-out payments for which the Company is liable) but excluding ordinary course trade payables, (c) in respect of banker’s acceptances or letters of credit or similar credit or surety transactions (in each case, to the extent drawn), (d) representing net Liabilities under any interest rate, currency or other hedging arrangement and determined as if such instrument were terminated as of the Closing Date, (e) representing Liabilities under any deferred compensation arrangements, residual buyout agreements, phantom stock arrangements or similar arrangement and any Taxes payable in connection therewith (including the employer portion of any payroll, social security, unemployment or similar employer-side Tax imposed on such amounts) in respect of the Pre- Closing Period, (f) in respect of any off-balance sheet financing (but excluding capital leases, which are covered under clause (b) above), (g) for checks in transit and overdrafts, (h) for guarantees, direct or indirect, in any manner, of all or any part of any such indebtedness of any Person, (i) for accounts payable and all other current liabilities of the Company (including taxes, rebates, and other expenses of the Company that are accrued, withheld, or payable with respect to the Pre-Closing Period, including, expenses associated with the Contemplated Transactions including amounts payable to brokers), (j) in respect of any and all accrued vacation, sick, holiday, personal and time off pay, wages, severance or commissions accrued through the Closing Date owed to any employees or contractors of the Company, and (k) for each of clauses (a) through (j) above, any interest accrued thereon and prepayment or similar penalties and expenses which would be payable if such Liability were paid in full as of the Closing Date.

“Closing Memorandum” has the meaning set forth in Section 2.6(f).

“COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, Section 4980B of the Code, Title I, Part 6 of ERISA and the Public Health Service Act, together with all regulations promulgated thereunder.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Company” has the meaning set forth in the Recitals.

“Company’s Business” has the meaning set forth in the Recitals.

“Consideration” has the meaning set forth in Section 2.2.

“Continuing Employees” means Brian Cohn, Stephanie Beardmore and Robert Schmid.

“Contemplated Transactions” means the transactions contemplated by this Agreement and the other Transaction Documents.

“Contracts” means all commitments, contracts, leases, subleases, licenses, sublicenses, subscriptions, agreements for rebates (whether or not free-standing or part of any of the foregoing) and other agreements of any kind relating to the Company’s Business or assets of the Company to which the Company is a party (or, solely with respect to Section 8.2(i), to which the Company or any Transferor Party is a party) or by which any of the assets are bound, in each case regardless of whether or not a written document is in force with respect thereto.

“Contributed Interests” has the meaning set forth in the Recitals.

“Covered Liabilities” means:

(a) With respect to any Contract, any Liability:

(i) arising, and which accrued or was due or dischargeable prior to the Effective Time;

(ii) resulting from any breach or default by the Company under any Contract outstanding or occurring at or prior to the Closing Date, or resulting from any event occurring before the Closing Date, which event with the giving of notice or the passage of time or both would result in a breach or default by the Company; or

(iii) arising from or related to the failure to obtain a Required Consent by the Closing Date unless Acquiror specifically waives in writing delivery of such Required Consent.

(b) all Liabilities arising out of any breach or default by the Company of any applicable Law or License, or any fee or penalty for the failure to obtain a License, in each case arising or resulting from any event occurring before the Closing Date;

(c) all Liabilities for Taxes for any period ending on or before the Effective Time relating to the Company’s Business, the Company or the Company’s assets and all Liabilities for Taxes of any affiliate of the Company, including Taxes resulting from the consummation of the Contemplated Transactions, except that all Liabilities for Taxes resulting from the Conversion or the restructuring steps immediately preceding the Conversion (including any tax elections filed with the IRS) shall be “Covered Liabilities” until the Closing Date;

(d) all Liabilities of the Company for Chargebacks as a result of transactions entered into prior to the Effective Time;

(e) any fines and fees associated with transactions occurring prior to the

Closing Date, including those relating to Chargebacks;

(f) all Liabilities arising prior to the Effective Time for salaries, bonuses, or any other form of compensation to any employees, agents, or independent contractors of the Company, and all Liabilities for severance, bonuses or any other form of compensation to any employees, agents, or independent contractors of the Company arising as a result of the Closing of the Contemplated Transactions, whether or not such employees, agents, or independent contractors employed by Acquiror after the Closing Date and whether or not arising or under any applicable Law, Benefit Plan, or other arrangement with respect thereto and all Liabilities for Taxes related to the foregoing;

(g) all Liabilities related to or arising out of any Benefit Plan incurred or relating to a period prior to the Closing Date and all Liabilities related to or arising out of the termination of any Benefit Plan if such terminations are initiated in connection with or immediately following the Contemplated Transactions, regardless of when incurred (such as funding requirements relating to termination of the Fairway Payments Defined Benefit Plan); and

(h) all Liabilities of the Company or relating to the operation of the Company or the Company's Business arising prior to the Effective Time, regardless of when any potential claims relating to such Liabilities are made or asserted.

For purposes of clarity, "Covered Liabilities" shall not include any item that is otherwise contemplated under Section 8.2(i).

"Damages" means losses, liabilities, damages, costs (including court costs and costs of appeal and including costs with respect to enforcement of an indemnity claim), Taxes and expenses (including reasonable attorney's fees), whether accruing before or after the expiration of any applicable Survival Period. "Damages" shall be exclusive of any punitive or special damages.

"Data Breach" has the meaning set forth in Section 4.24(a).

"Effective Time" has the meaning set forth in the Preamble.

"Employee Non-Competition, Non-Solicitation, Confidentiality and Inventions Agreement" has the meaning set forth in Section 2.6(d).

"Environmental Claim" means any investigation or written claim, action, cause of action, or notice by any person alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from: (a) the presence, or release or threat of release into the environment, of any Materials of Environmental Concern at any location owned or operated by the Company; or (b) circumstances forming the basis of any violation or alleged violation of any Environmental Law applicable to the Company or the Company's business.

"Environmental Laws" means as of the Closing Date, all applicable Laws relating to

pollution or protection of human health (as relating to the environment or the workplace) and the environment (including ambient air, surface water, ground water, land surface or sub-surface strata), including Laws relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or otherwise relating to the use, treatment, storage, disposal, transport or handling of Materials of Environmental Concern, including, but not limited to Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., each as may have been amended or supplemented, and any applicable environmental transfer statutes or Laws.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means any related company or trade or business that is required to be aggregated with the Company under Code Sections 414(b), (c), (m) or (o).

“Financial Statements” has the meaning set forth in Section 4.5.

“Fundamental Representations” has the meaning set forth in Section 8.1.

“Governmental Authority” means the government of the United States and any government of a state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the United States (including receivers or other agents appointed by any of the foregoing), any state of the United States or any political subdivision thereof, any tribunal or arbitrator(s) of competent jurisdiction and any self-regulatory organization.

“Indemnified Party” has the meaning set forth in Section 8.5(a).

“Indemnifying Party” has the meaning set forth in Section 8.5(a).

“Intellectual Property” means all: (i) trademarks, trade dress, service marks, certification marks, logos, slogans, trade names, brand names, corporate names, assumed names, business names and all other indicia of origin; (ii) issued patents and pending patent applications, and any and all divisions, continuations, continuations in part, reissues, continuing patent applications, re-examinations, and extensions thereof, design rights, utility models, discoveries and improvements, whether or not patentable; (iii) works of authorship and all other copyrightable works; (iv) trade secrets and know how; (v) computer software, including data files, source and object code, application programming, firmware, user interfaces, manuals, databases and other software related specifications and documentation; and (vi) domain names and uniform resource locators.

“Knowledge” for purposes of this Agreement:

- (a) An individual, including the Owner, will be deemed to have Knowledge of

a particular fact or other matter if (i) that individual is actually aware of the fact or matter or (ii) a prudent individual could be expected to discover or otherwise become aware of the fact or matter in the course of conducting a reasonable investigation regarding the accuracy of the statement, a representation or warranty made with respect thereto.

(b) Transferor will be deemed to have Knowledge of a particular fact or other matter if Craig Shapero has Knowledge of that fact or other matter (as set forth in (a) above) or should have Knowledge of such fact if acting in diligent pursuit of his responsibilities as a director or officer.

“Law” means the Rules and any statute, rule, regulation, code, ordinance, resolution, order, writ, injunction, judgment, decree, ruling, promulgation, policy, treaty, directive, interpretation or guideline adopted or issued by any Governmental Authority.

“Liability” means with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Licenses” means all licenses, franchises, accreditations and registrations, permits, approvals and consents (and all applications therefore) issued by any Governmental Authority or Payment Network in connection with the ownership, operation or development of any portion of the Company’s Business.

“Lien” means any mortgage, pledge, assessment, security interest, lien, adverse claim, levy, charge or other encumbrance of any kind, or any right of first refusal, conditional sale contract, option, title retention contract, or other contract to give or to refrain from giving any of the foregoing.

“Material Adverse Effect” means any event, change, effect or circumstance that has occurred that may have a material adverse effect upon the Company’s Business, assets, Liabilities, financial condition, or operating results; provided, however, that for purposes of this Agreement, a Material Adverse Effect shall not include the effect of (a) changes to the industry or markets in which the Company’s Business operates, (b) the announcement or disclosure of the transactions contemplated herein or the identity of Acquiror or its affiliates, (c) general economic, regulatory or political conditions or changes, (d) changes in or the condition of financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (e) military action or any act of terrorism, and (f) changes in Law after the date hereof; except (other than in the case of clause (b) above), to the extent such effect, development, occurrence, circumstance, state of facts or change that has a materially disproportionate and adverse impact on the Company or the Company’s Business, taken as a whole, relative to other participants in the industries in which the Company conducts its business.

“Material Contracts” has the meaning set forth in Section 4.10(a).

“Merchant” means a Person for whom processing services are provided by any Processor by virtue of a referral under which the Company receives compensation, whether under the SPS Referral Agreement or otherwise, including those set forth on Schedule 1.1(a).

“Merchant Agreement” means, for any Merchant, any agreement between such Merchant on the one hand and any Processor, including SPS, or a Referral Source on the other.

“Merchant Chargeback Losses” means all losses actually incurred by Acquiror from chargebacks under Section 9(a) of the SPS Referral Agreement.

“Offer Letter” has the meaning set forth in Section 2.6(e).

“Order” means a judgment, order, writ, injunction, decree, determination, or award of any Governmental Authority.

“Owner” has the meaning set forth in the Preamble.

“Parties” has the meaning set forth in the Preamble.

“Payment Network” means MasterCard International, Inc., Visa International, Inc., Visa USA, Inc., DFS Services LLC, American Express Travel Related Services, Inc., any affiliate of any of the foregoing and any other card association, debit card network or similar entity with whom the Company has a direct or indirect merchant or sponsorship relationship.

“Permitted Encumbrances” means (i) any Lien or other matter, encumbrance or defect approved in writing by Acquiror, (ii) any lease obligations of the Company disclosed herein and (iii) any statutory Lien for Taxes that are not yet due and payable.

“Person” means any individual, corporation, company, body corporate, association, partnership, firm, joint venture, limited liability company, trust or governmental agency.

“Personal Information” means information that, alone or in combination with other information, relates to a specific, identifiable individual person, including individual names, social security numbers, telephone numbers, home addresses, driver’s license numbers, account numbers, email addresses, internet protocol (IP) addresses, and vehicle registration numbers.

“Personal Property” means all tangible and intangible personal property used or held for use in connection with the Company’s business, including all equipment, furniture, fixtures, machinery, computers, appliances, telephones, switches, dialers, office furnishings, instruments, leasehold improvements, spare parts, all rights in all warranties of any manufacturer or vendor with respect thereto and rebates received in connection with inventory or any item described in this definition.

“Pre-Closing Period” means any taxable year or period (or a portion thereof) ending on or prior to the Closing Date.

“Privacy Laws” means all applicable Laws governing the receipt, collection, use, storage, processing, sharing, security, disclosure or transfer of Personal Information, including The Family Educational Rights and Privacy Act, The Children’s Online Privacy Protection Act, the Communications Decency Act and the Payment Card Industry Data Security Standard.

“Proceeding” means any arbitration, audit, hearing, investigation, subpoena, litigation, suit or other similar action by or before a Governmental Authority.

“Processors” means SPS or any other processors, acquirers or sponsor banks, or originator depository financial institutions either utilized by the Company or with whom the Company has a referral relationship.

“Purchased Interests” has the meaning set forth in the Recitals.

“Real Property” means all fee, leasehold and other interests in real property owned or leased by the Company, whether directly or indirectly, or otherwise used or held for use in connection with the Company’s business, together with all buildings, improvements and fixtures and construction in progress located thereupon and all appurtenances, rights of way and air, mineral or other rights related thereto.

“Real Property Lease” has the meaning set forth in Section 4.9(a).

“Referral Source” means any Person that refers Merchants to the Company and/or SPS, including the Persons specifically identified on Schedule 4.23(b).

“Rules” means the bylaws, regulations and/or requirements that are promulgated by the Payment Networks, Processors of the Company, NACHA or similar entities or organizations.

“Settlement Statement” has the meaning set forth in Section 2.4(a).

“SPS” means Sage Payment Solutions, Inc.

“SPS Referral Agreement” means the Amended and Restated Merchant Referral and Services Agreement, dated April 1, 2016, between the Company and Sage Payment Solutions, Inc.

“Survival Period” has the meaning set forth in Section 8.1.

“Taxes” means (i) any and all federal, state, local, foreign and other net income, gross income, gross receipts, capital gains, sales, use, ad valorem, unclaimed property, transfer, franchise, profits, license, lease, rent, service, service use, withholding, payroll, employment, excise, severance, privilege, stamp, occupation, premium, property, windfall profits, alternative minimum, estimated, social security, workers’ compensation, unemployment compensation or insurance, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, (ii) any liability for payment of amounts described in clause (i) as a result of transferee liability or otherwise through operation of law, and (iii) any liability for the payment of amounts

described in clauses (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other Person.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any Schedule or attachment thereto, and including any amendment thereof.

“Transaction Documents” has the meaning set forth in Section 3.1.

“Transferor Indemnified Parties” means Transferor Parties, their affiliates and the stockholders, members, directors, managers, officers, employees, agents, representatives, successors and assigns and affiliates of any of the foregoing.

“Transferor Parties” has the meaning set forth in the Preamble.

ARTICLE II PURCHASE, SALE AND CONTRIBUTION

2.1 Transfer of Interests. As of the Effective Time, simultaneously and as part of a single transaction, (a) Transferor will sell, transfer and convey to Acquiror the Purchased Interests for the Cash Consideration set forth in Section 2.2(a), and Transferor will contribute to Acquiror the Contributed Interests in exchange for the Common Units described in Section 2.2(b), free and clear of all Liens.

2.2 Consideration. On the terms and subject to the conditions hereof, the aggregate consideration for the transfer of the Interests, subject to adjustment pursuant to the provisions of this Section 2.2 shall be as follows (collectively, the “Consideration”):

(a) Acquiror shall pay cash or otherwise immediately available funds in an aggregate amount equal to Thirty-Nine Million Dollars (\$39,000,000) (the “Cash Consideration”), to Transferor; and

(b) Acquiror shall cause 500,000 Common Units of Acquiror (the “Common Units”), to be issued to Transferor pursuant to the Subscription Agreement and in exchange for the contribution of the Contributed Interests by Transferor to Acquiror pursuant to Code Section 721.

(c) The Parties agree that, for federal income tax and any applicable state income tax purposes, the Contemplated Transactions shall be treated as follows: (i) a sale by Transferor of a portion of the Company’s assets to Acquiror pursuant to Code Section 707(a)(2)(B), Treas. Reg. Section 301.7701-2(c)(2) and Revenue Ruling 99-6, 1999-1 C.B. 432, Situation 2, in exchange for the Cash Consideration; and (ii) a contribution by Transferor of the balance of the Company’s assets to Acquiror pursuant to Code Section 721(a). The Parties agree that the allocation of the Company’s assets between clauses (i) and (ii) above shall be set forth in a statement delivered to Transferor within 60 days after Closing prepared by Acquiror and reasonably acceptable to Transferor, and no Party shall take any action or filing position inconsistent with this Section 2.2(c) and such statement unless otherwise required by Law.

2.3 Pre-Closing Distributions. Prior to Closing, the Company shall distribute the assets set forth on Schedule 2.3, which distribution shall not result in any adjustment to the Consideration and shall not be considered in connection with the Cash True-Up or Settlement Statement or for purposes of the representations and warranties of the Transferor Parties in this Agreement.

2.4 Cash True-Up and Settlement Statement.

(a) The Parties agree that the transactions described in this Agreement shall be effective as of the Effective Time. All Liabilities and expenses of the Company accruing after the Effective Time through the Closing Date relating to the Company's Business, other than Covered Liabilities, shall be deemed incurred for the benefit of Acquiror. All revenues of the Company accruing after the Effective Time through the Closing Date relating to the Company's Business shall be deemed earned for the benefit of Acquiror. All Liabilities and expenses of the Company accruing prior to the Effective Time shall be deemed incurred for the benefit of Transferor. All revenues of the Company accruing prior to the Effective Time relating to the Company's Business, including without limitation, residual payments under the SPS Referral Agreement, shall be deemed earned for the benefit of Transferor. Transferor shall retain all liability for all Covered Liabilities, except to the extent any such Covered Liability was accounted for as a reduction to the Cash Consideration pursuant to Section 2.7(a) of this Agreement.

(b) Beginning at least three (3) Business Days prior to the Closing, and continuing until no later than ninety (90) days following the Closing Date, Acquiror shall prepare in good faith and deliver to Transferor a statement (with reasonable detail and corroborating support attached or otherwise concurrently provided) which shall be substantially in the form attached hereto as Schedule 2.4(b) (the "Settlement Statement") setting forth: (i) the sum of (A) all cash and cash equivalents of the Company as of the Effective Time, net of any distributions pursuant to Section 2.3, plus (B) all revenues of the Company that were received after the Effective Time, that were accrued or otherwise attributable to periods prior to the Effective Time (the "True-Up Liabilities"); and (ii) all Liabilities or expenses of the Company's Business that were paid by the Company after the Effective Time, that were accrued or otherwise attributable to periods prior to the Effective Time or otherwise constitute Covered Liabilities (the "True-Up Credits"). The amount, if any, by which (1) the True-Up Credits exceed the True-Up Liabilities is the "True-Up Surplus" and (2) the True-Up Liabilities exceed the True-Up Credits is the "True-Up Deficit".

(c) Examination and Review.

(i) Examination. After receipt of the Settlement Statement, Transferor shall have thirty (30) days (the "Review Period") to review the Settlement Statement. During the Review Period, Transferor and its accountants shall have full access to the Books and Records of the Company, the personnel of, and work papers prepared by, the Acquiror's accountants to the extent that they relate to the Settlement Statement and to such historical financial information (to the extent in Transferor's possession) relating to the Settlement Statement as Transferor may reasonably request for the purpose of reviewing the Settlement Statement and to prepare a

Statement of Objections (defined below), provided, that such access shall be in a manner that does not interfere with the normal business operations of the Parties.

(ii) Objection. On or prior to the last day of the Review Period, Transferor may object to the Settlement Statement by delivering to Acquiror a written statement setting forth Transferor's objections in reasonable detail, indicating each disputed item or amount and the basis for Transferor's disagreement therewith (the "Statement of Objections"). If Transferor fails to deliver the Statement of Objections before the expiration of the Review Period, the Settlement Statement and the True-Up Surplus or True-Up Deficit, as the case may be, reflected in the Settlement Statement shall be deemed to have been accepted by Transferor. If Transferor delivers the Statement of Objections before the expiration of the Review Period, Acquiror and Transferor shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the "Resolution Period"), and, if the same are so resolved within the Resolution Period, the True-Up Surplus or True-Up Deficit, as the case may be, and the Settlement Statement with such changes as may have been previously agreed in writing by Acquiror and Transferor shall be final and binding.

(iii) Resolution of Disputes. If Transferor and Acquiror fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("Disputed Amounts") shall be submitted for resolution to an independent accountant reasonably acceptable to Transferor and Acquiror (the "Independent Accountants") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to, the True-Up Surplus or True-Up Deficit, as the case may be, and the Settlement Statement. The Parties agree that all adjustments shall be made without regard to materiality. The Independent Accountants shall only decide the specific items under dispute by the Parties, and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Settlement Statement and the Statement of Objections, respectively.

(iv) Fees of the Independent Accountants. The fees and expenses of the Independent Accountant shall be paid by Transferor, on the one hand, and by Acquiror, on the other hand, based upon the percentage that the amount actually contested but not awarded to Transferor or Acquiror, respectively, bears to the aggregate amount actually contested by Transferor and Acquiror.

(v) Determination by Independent Accountants. The Independent Accountants shall make a determination as soon as practicable within thirty (30) days (or such other time as the Parties hereto shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Settlement Statement and/or the True-Up Surplus or True-Up Deficit shall be conclusive and binding upon the Parties hereto.

(vi) Payments of Post-Closing Adjustment. Payment of the True-Up Surplus or True-Up Deficit shall (A) be made by Transferor in the case of a True-Up Surplus, or the Acquiror in the case of a True-Up Deficit, (B) be due (x) within five (5) Business Days of acceptance of the Settlement Statement or (y) if there are Disputed Amounts, then within five (5) Business Days of the resolution described in clause (v) above; and (C) be paid by wire transfer of

immediately available funds to such account as is directed by Acquiror or Transferor, as the case may be. The True-Up Surplus or True-Up Deficit, as the case may be, shall be paid without setoff of any nature, kind or amount.

2.5 The Closing. The Closing shall be deemed to occur contemporaneously with the Parties' execution and delivery of this Agreement and the other items to be delivered at Closing pursuant to this Article II. The date of the Closing shall be the "Closing Date" for purposes of this Agreement.

2.6 Actions of Transferor Parties at Closing. At the Closing, unless otherwise waived in writing by Acquiror, Transferor Parties shall deliver to Acquiror the following:

(a) (i) A certificate of existence and good standing of the Company from the Secretary of State of the Commonwealth of Virginia, and (ii) a certificate of tax clearance from the Secretary of the Department of Revenue of the Commonwealth of Virginia, each dated the most recent practicable date prior to Closing;

(b) Certificate of Secretary of Transferor, certifying (i) resolutions duly adopted by Transferor's board of directors and shareholders authorizing and approving the performance of the Contemplated Transactions and the execution and delivery of the documents described herein, (ii) the Articles of Incorporation and Bylaws of Transferor, as amended, and (iii) incumbency for the officers of Transferor executing this Agreement, making certifications for Closing or executing agreements contemplated hereby dated as of the Closing Date;

(c) Fully-executed resignations of the manager(s) (if applicable) and officers of the Company;

(d) Employee Non-Competition, Non-Solicitation, Confidentiality and Inventions Agreement (the "Employee Non-Competition, Non-Solicitation, Confidentiality and Inventions Agreement"), executed by the Owner;

(e) A letter evidencing an offer of employment by Acquiror or one of its affiliates to the Owner (the "Offer Letter"), executed by the Owner;

(f) A Closing Memorandum providing for payments of all amounts owed between the Parties at the Closing, including the Cash Consideration and amounts owed among the Parties (the "Closing Memorandum"), executed by Transferor Parties;

(g) A Subscription Agreement, evidencing Transferor's receipt of the Common Units, executed by Transferor (the "Subscription Agreement");

(h) An executed payoff letter or statement in form and substance reasonably satisfactory to Acquiror from Access National Bank to release any and all existing liens on and/or security interests in the Company's assets;

(i) A statement, signed by the Owner, which sets forth, by creditor, the aggregate amount of the Closing Date Indebtedness, with copies of payoff letters and payment

instructions for payoffs of each creditor at Closing;

- (j) An assignment agreement (the “Assignment Agreement”) assigning the Interests to Acquiror, executed by Transferor; and
- (k) Such other documents as may be reasonably required by Acquiror to effectuate the Contemplated Transactions.

Simultaneously with the delivery of the foregoing items, Transferor Parties will take all such steps as may reasonably be required to put Acquiror in actual possession and operating control of the Interests.

2.7 Actions of Acquiror at Closing. At the Closing, unless otherwise waived in writing by Transferor Parties, Acquiror shall deliver to Transferor Parties the following:

- (a) The Cash Consideration less any amounts payable to third parties on behalf of Transferor in satisfaction of the Closing Date Indebtedness, by wire transfer, and the Common Units;
- (b) Certificate of the secretary of Acquiror, certifying (i) the resolutions of the requisite members of Acquiror, authorizing and approving the performance of the Contemplated Transactions and the execution and delivery of this Agreement and the documents described herein, and (ii) incumbency for the officers of Acquiror executing this Agreement, making certifications for Closing or executing agreements or instruments contemplated hereby dated as of the Closing Date;
- (c) The Employee Non-Competition, Non-Solicitation, Confidentiality and Inventions Agreement, executed by Acquiror;
- (d) The Offer Letter, executed by Acquiror;
- (e) The Closing Memorandum, executed by Acquiror;
- (f) The Assignment Agreement executed by Acquiror
- (g) The Subscription Agreement, executed by Acquiror; and
- (h) Such other documents as may be reasonably required by the Company to effectuate the Contemplated Transactions.

2.8 Allocation of Consideration. The Parties agree that the allocation of the Consideration among the Company’s assets for Tax purposes shall be made by Acquiror and shall be set forth in a statement prepared by Acquiror in accordance with the Code, with such statement to be in a form substantially agreed upon by the Parties at Closing. The Parties shall cooperate in the preparation of such statement which shall be used, followed or filed as required by Law. At or prior to Closing, Acquiror will deliver a draft Consideration allocation statement to Transferor Parties and will make a good faith effort to adhere to such draft Consideration

allocation statement in preparing the final statement.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES OF TRANSFEROR PARTIES**

Transferor Parties jointly and severally represent and warrant to Acquiror as of the Closing Date as follows:

3.1 Authorization; Binding Effect. Transferor has full power and authority to execute and deliver this Agreement and all other agreements, documents and instruments to be executed and delivered hereunder (the "Transaction Documents") and to perform its obligations hereunder and thereunder. The Transaction Documents and performance and consummation of the Contemplated Transactions are and have been approved and authorized by all requisite action of the Transferor, and no other legal proceedings on the part of Transferor are necessary therefor. The Transaction Documents have been duly executed and delivered by Transferor and, assuming due authorization, execution and delivery of this Agreement and the other Transaction Documents by the other Parties, the Transaction Documents are the valid and legally binding obligation of the Transferor, enforceable against Transferor in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditor's rights generally from time to time in effect and limitations on enforcement of equitable remedies.

3.2 Non-contravention. Neither the execution and delivery of this Agreement nor any of the Transaction Documents to which Transferor is a party, nor the consummation of the Contemplated Transactions, will: (a) violate any Law, injunction, judgment, ruling, charge, or other restriction of any Governmental Authority to which Transferor is subject; (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, Contract, lease, license, instrument, or other arrangement to which Transferor is a party or by which he is bound or to which any of his assets or properties are subject; or (c) result in the imposition or creation of any Liens upon or with respect to the Interests or any assets or properties of the Company. No spouse or former spouse of the Owner has any claim, right, or power under or as a result of any community or other marital property laws that will, or would reasonably be expected to, give such Person the legal right to prevent, delay, or render invalid Transferor's execution of this Agreement or any of the Transaction Documents to which Transferor is a party or the consummation of the Contemplated Transactions or to cause any Liens to exist upon the Interests or any assets or properties of the Company at the Effective Time or at any time thereafter. No other Person has any claim, right, or power under or as a result of any contractual right or otherwise that will, or would reasonably be expected to, give any such Person the legal right to prevent, delay, or render invalid Transferor's execution of this Agreement or any of the Transaction Documents to which Transferor is a party or the consummation of the Contemplated Transactions or to cause any Liens to exist upon the Interests or any assets or properties of the Company at the Effective Time or at any time thereafter.

3.3 Necessary Consents. Transferor is not a party to or bound by any Lien or Contract or instrument, or any Law that requires a Required Consent.

3.4 Title to Interests. Transferor has sole voting power and sole power of disposition, in each case with respect to all of the Interests with no limitations, qualifications or restrictions on such rights and powers. The Interests are free and clear of any Liens. Transferor is not subject to any agreements, arrangements, options, warrants, calls, rights, commitments or other restrictions relating to the sale, transfer, purchase, redemption or voting of its Interests. Neither the Company nor Transferor has granted to any Person any right of first refusal, preemptive right, subscription right or similar right with respect to the Interests.

3.5 Capital Structure. Transferor is the record owner of and has good and valid title to the Interests. The Interests consist of 100% of the total issued and outstanding membership interests of the Company. All of the Interests are issued and outstanding and no membership interests of the Company are owned, beneficially or of record, by any Person other than Transferor. All of the Interests are duly authorized and validly issued, fully paid and nonassessable and not subject to any preemptive rights. Except as set forth above, (a) there is no equity of the Company authorized, issued or outstanding, (b) there are no existing options, warrants, calls, preemptive rights, subscription or other rights, agreements, arrangements or commitments of any character, relating to the issued or unissued equity of the Company, obligating the Company to issue, transfer, redeem, purchase or sell or cause to be issued, transferred, redeemed, purchased or sold any equity of the Company or to otherwise make any payment in respect of any such equity, and (c) there are no rights, agreements or arrangements of any character which provide for an equity appreciation or similar right or grant any right to share in the equity, income, revenue or cash flow of the Company. Other than the organizational documents of the Company, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Interests.

ARTICLE IV REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY

Transferor Parties jointly and severally represent and warrant to Acquiror as of the Closing Date as follows:

4.1 Status. The Company (i) is a limited liability company duly organized, validly existing, and in good standing under the Laws of the Commonwealth of Virginia, (ii) has all requisite limited liability company power and authority to carry on its business as now and heretofore conducted and to own, operate and lease its properties and assets and to perform its obligations under the Contracts, (iii) is duly qualified or licensed to transact business in and is in good standing under the Laws of each jurisdiction where such qualification is required, and (iv) the Company has delivered to Acquiror copies of the Articles of Organization and Operating Agreement of the Company, as currently in effect. The Company owns no interest in any Person.

4.2 Authorization; Binding Effect. The Owner has the capacity and authority to execute and deliver this Agreement and all Transaction Documents and to perform his obligations hereunder and thereunder. The Transaction Documents have been duly executed and delivered by the Owner and, assuming due authorization, execution and delivery of this Agreement and the other Transaction Documents by the other Parties, the Transaction Document are the valid and legally binding obligation of the Owner, enforceable against the Owner in

accordance with their terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditor's rights generally from time to time in effect and limitations on enforcement of equitable remedies.

4.3 Required Consents. Except as described in Schedule 4.3 and other than with respect to Permitted Encumbrances, the Company is not a party to or bound by any Lien or Contract or instrument, or any Rule or Law that requires the consent of any other party to the execution of this Agreement or the consummation of the Contemplated Transactions, gives rise to a right of first refusal in favor of any other party as a result of the execution of this Agreement or the consummation of the Contemplated Transactions or prohibits or requires the consent or notification of another to, any of the Contemplated Transactions (the "Required Consents").

4.4 No Conflict. Transferor Parties' and the Company's negotiation, execution, delivery and performance of the Transaction Documents, consummation of the Contemplated Transactions and compliance with any of the provisions thereof will not (a) assuming that all Required Consents have been obtained, violate any Law to which Transferor Parties, the Interests, the Company or the Company's assets may be subject, (b) conflict with or result in a breach of any provision of the organizational documents of the Company or Transferor, (c) other than as provided on Schedule 4.3, require any consent, approval or authorization of, or notice to, or declaration, filing or registration with, any Governmental Authority that is required by Law or the regulations of any Governmental Authority, (d) violate any Order to which Transferor Parties, the Company or the Interests may be subject, (e) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any License that is held by and that is material to the Company or that otherwise relates and is material to the Company's Business, the Interests or any of the Company's assets, (f) violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both would constitute a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, or result in the creation of any Lien upon the Interests or result in being declared void, voidable, without further binding effect, or subject to amendment or modification any of the terms, conditions or provisions of, any Contract, license, franchise, permit, or other instrument or commitment or obligation to which any of Transferor Parties or the Company may be bound or affected, (g) cause Acquiror or the Company to become subject to, or to become liable for the payment of, any Tax, (h) cause any of the Company's assets to be reassessed or revalued by any taxing authority or other Governmental Authority, (i) violate or cause a breach under the Rules or (j) give rise to any Liabilities related to any portability premium, early termination fee or other amount payable to any Processor.

4.5 Financial Statements; Owner Receivables.

(a) Schedule 4.5(a) includes copies of the reviewed, unaudited balance sheets, income statements and statements of cash flows of the Company, in each case, as of and for the years ended December 31, 2014, 2015 and 2016 (the "Year End Financial Statements") and copies of the unaudited balance sheet and income statement for the period ending June 30, 2017 (the "Interim Financial Statements") and together with the Year End Financial Statements, the "Financial Statements"). As of June 30, 2017, the Company had no material Liabilities not

reflected on the balance sheet for such date, other than any such Liabilities as arose in the ordinary course of business. The Financial Statements are based on the Books and Records and have been prepared on an accrual basis, applied consistently throughout the periods indicated and present fairly in all material respects the financial condition of the Company as of such dates and the results of its operations for the periods specified subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of such adjustments which will not have a Material Adverse Effect).

(b) Except as set forth on Schedule 4.5(b), neither the Owner nor Transferor has any right to receive (i) payments from the Processors or any other third parties in connection with the Merchant Agreements or any Contracts with the Processors, or (ii) any other payments owed by third parties with respect to the Company's Business (whether or not related to the Merchants), including any convenience fees, commissions, ancillary fees, license fees and any other revenue streams relating to transactions of the Merchants, including all amounts relating to collections recovery, retrieval fees, miscellaneous credits and other similar funds paid by issuing banks.

4.6 Undisclosed Liabilities. The Company does not have any Liabilities, debts or obligations of any nature, whether known or unknown, accrued, absolute, fixed, contingent, liquidated, unliquidated, or otherwise and whether or not due (collectively, "Obligations"), other than Obligations (a) that were reflected or reserved against on the Financial Statements, (b) disclosed on Schedule 4.6 attached hereto or (c) that were incurred in the ordinary course of business.

4.7 Absence of Certain Changes. Since the Balance Sheet Date except as described in Schedule 4.7, (a) the Company has conducted the Company's Business only in the ordinary course of business, consistent with past practice and in compliance with Law in all material respects, (b) the Company has not entered into, amended the terms of or terminated any Material Contracts, and (c) the Company has not experienced a Material Adverse Effect and to the Knowledge of Transferor Parties, no circumstance exists that can reasonably be expected to result in a Material Adverse Effect.

4.8 Brokers or Finders. Neither Transferor Parties nor their agents has engaged any finder or broker or incurred any Obligation or Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions in connection with this Agreement and the Contemplated Transactions.

4.9 Real Property and Personal Property.

(a) The Company does not, and for the past three years has not, owned any real property. All real property used in connection with the Company's Business ("Real Property") is leased pursuant to that certain Office Lease Agreement dated January 19, 2011 between Domar Properties, LLC and the Company (the "Real Property Lease"). The Company has not materially breached the Real Property Lease, or violated any applicable Law, condemnation, assessment or any similar action, relating to any Real Property or the operation thereof. The Company has not exercised any option to renew the Real Property Lease past its

stated current term ending March 31, 2018.

(b) All Personal Property is in good operating condition and repair (subject to normal wear and tear). As of the Closing, all Personal Property that is owned by the Company will be free and clear of any Lien. No Person other than the Company owns any Personal Property situated on the Real Property, except for (i) items leased or licensed by the Company or improvements to items leased or licensed by the Company, and (ii) personal property of the Company's employees or visitors which is not required for the operation of the Company's Business.

4.10 Contracts.

(a) Schedule 4.10(a) is a true and complete list of all of the following material Contracts of the Company (the "Material Contracts"):

(i) All written or oral employment or consulting Contracts pursuant to which services are rendered to the Company;

(ii) All Contracts under which the Company is or the Company's Business or Acquiror will after the Closing be restricted from carrying on any business or other activities anywhere in the world;

(iii) All Contracts to purchase, lease, or sell assets or services having a fair market value in excess of \$25,000;

(iv) All Contracts (including organization, partnership and joint venture agreements) under which (A) the Company has any liability or obligation for debt or constituting or giving rise to a guarantee of any liability or obligation of any Person or (B) any Person has any liability or obligation constituting or giving rise to a guarantee of any liability or obligation of the Company, or any liability or obligation to the Company, in each case involving any debt or liability in excess of \$25,000 individually or \$50,000 in the aggregate;

(v) The Real Property Lease;

(vi) All Contracts with Processors, sponsor banks, independent sales organizations, or Referral Sources, including the SPS Referral Agreement;

(vii) All Contracts which grant a third party an unexpired right of exclusive dealing with the Company, a right of first refusal, right of first offer, or similar option right, for any of the Interests or the assets of the Company; and

(viii) All Contracts necessary to operate the Company's Business as it is currently being conducted.

(b) No material breach or default in performance by the Company under any of the Material Contracts has occurred or is continuing, and, to the Knowledge of Transferor Parties, no event has occurred, which with notice or lapse of time or both would constitute such a

material breach or default. Transferor Parties have neither given nor received from any other Person any notice or other communication regarding any actual, alleged or potential material breach or default under the Material Contracts. To the Knowledge of Transferor Parties, no material breach or default by any other Person under any of the Material Contracts has occurred or is continuing, and no event has occurred which with notice or lapse of time or both would constitute such a material breach or default.

(c) Other than as set forth on Schedule 4.10(a), there are no renegotiations of, or attempts to renegotiate, or outstanding rights to renegotiate, any material amounts paid or payable to or by the Company under any Contracts.

(d) The Company is not a party to any Contract with any Merchant.

4.11 Intellectual Property.

(a) Schedule 4.11 sets forth a complete and accurate list of all Intellectual Property owned or utilized by the Company to the extent relating to the Company's Business, identifying, in each case, the record and beneficial title holder of the item and describing any applicable filing and registration particulars.

(b) Except as set forth on Schedule 4.11, the Company does not license any Intellectual Property to or from any third party.

4.12 Title to and Sufficiency of Assets. Except as set forth on Schedule 4.12, the Company has good and valid title to, or a valid leasehold interest in, all of its tangible properties and assets, real, personal and mixed, used or held for use in the Company's Business. All such properties and assets (including leasehold interests) are free and clear of Liens. Except as set forth on Schedule 4.12, such properties and assets collectively constitute, and will collectively constitute as of the Closing Date, all of the properties, rights, interests and other tangible and intangible assets necessary for the conduct of, or that are primarily used in or held for use for, the Company's Business as it is currently being conducted.

4.13 Compliance; Approvals.

(a) The Company has all Licenses that are required by Law to carry on the Company's Business currently being conducted and own and use its assets, each of which is set forth on Schedule 4.13(a). The Company is and has been in compliance in all material respects with each such License. To the Knowledge of Transferor Parties, no event has occurred or circumstance exists that (with or without notice or the lapse of time) may constitute or result directly or indirectly in a violation of or failure to comply with any term or requirement of any License.

(b) The Company is, and at all times has been, in compliance with all Laws applicable to the Company in all material respects. To the Knowledge of Transferor Parties, no event has occurred or circumstance exists that (with or without notice or lapse of time) (i) constitutes or may result in a material violation by the Company of, or a failure on the part of the Company to comply in any material respect with, any Law, or (ii) may give rise to any

obligation on the part of the Company to undertake, or to bear all or any portion of the costs of, any remedial action of any nature.

(c) The Company is in compliance in all material respects with the Rules applicable to the Company. There is no investigation, proceeding or disciplinary action (including fines) pending, taken, or, to the Knowledge of Transferor Parties, threatened against the Company by a Payment Network or its applicable agent, whether relating to an alleged violation of the Rules or otherwise and no consent of the Payment Networks is required to consummate the Contemplated Transactions.

4.14 Legal Proceedings; Orders.

(a) Except as set forth on Schedule 4.14(a), there is no Order or Proceeding pending, or to the Knowledge of Transferor Parties, threatened by or against, affecting or that otherwise relates to the Interests, the Company's assets or the Company's Business. To the Knowledge of Transferor Parties, no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any Orders or Proceedings against the Company.

(b) There are not now, and within the past three (3) years there have not been any material claims, actions or Proceedings pending, or threatened before any court or Governmental Authority initiated by the Company, against the Company or in respect of the Company's Business or for which the Company would have liability in respect of the Company's Business. There are no such claims, actions, Proceedings pending or, to the Knowledge of Transferor Parties, threatened, challenging the validity of the Contemplated Transactions. The Company is not now, and has not been, a party to any injunction, Order, or decree restricting the method of the Company's conduct of the Company's Business or servicing of the Merchants. Transferor Parties have provided to Acquiror copies of all notices from any Governmental Authority (i) received by Transferor Parties in writing or, (ii) to the Knowledge of Transferor Parties, received in writing by the Company's Processors or sponsor banks since January 1, 2014.

4.15 Employee Benefit Plans.

(a) Schedule 4.15(a) sets forth a true, complete and correct list of all Benefit Plans (i) which are currently maintained or contributed to by the Company, or (ii) with respect to which the Company has any liability or obligations to any current or former officer, employee, or service provider of the Company, or the dependents of any thereof, regardless of whether funded. With respect to each Benefit Plan, the Company has made available to the Buyer true, accurate and complete copies of each of the following: (i) if the plan has been reduced to writing, the plan document together with all amendments thereto, (ii) if the plan has not been reduced to writing, a written summary of all material plan terms, (iii) if applicable, copies of any trust agreements, custodial agreements, insurance policies, administrative agreements and similar agreements, and investment management or investment advisory agreements, (iv) copies of any summary plan descriptions, employee handbooks or similar employee communications, (v) in the case of any plan that is intended to be qualified under Code Section 401(a), a copy of the most recent determination, notification, or opinion letter from the IRS and any related correspondence, and,

if applicable, a copy of any pending request for such determination, (vi) in the case of any funding arrangement intended to qualify as a VEBA under Code Section 501(c)(9), a copy of the IRS letter determining that it so qualifies, (vii) in the case of any plan for which Forms 5500 are required to be filed, a copy of the two most recently filed Forms 5500, with schedules attached, (viii) actuarial valuations and reports related to any Benefit Plans with respect to the most recently completed plan years; and (ix) the most recent nondiscrimination tests performed under the Code.

(b) Except as disclosed on Schedule 4.15(b), the Company has not been materially liable at any time in the past 6 years for contributions to a plan that is or has been, at any time in the past 6 years, subject to Section 412 of the Code, Section 302 of ERISA and/or Title IV of ERISA. There is no multiemployer plan (as defined in Section 3(37) or Section 4001(a)(3) of ERISA) under which the Company has any present or future liability. In the past 6 years the Company has not sponsored or contributed to or been required to contribute to a multiemployer plan or to a multiple employer welfare arrangement (as defined in Section 3(40) of ERISA).

(c) With respect to each of the Benefit Plans, neither the Company nor any ERISA Affiliate has (i) engaged in a prohibited transaction, (ii) breached any fiduciary duty or (iii) violated any Law applicable to the Benefit Plans and related funding arrangements, in each case as would reasonably be expected to have a Material Adverse Effect. Except as disclosed on Schedule 4.15(c), each Benefit Plan intended to be qualified under Section 401(a) of the Code has a current favorable determination letter as to its qualification or the sponsor of the Benefit Plan may rely on the IRS notification or advisory letter to the sponsor of any prototype plan or volume submitter used to document the terms of such Benefit Plan as to the tax-qualified status of such Benefit Plan, and no event has occurred which would reasonably be expected to cause any such Benefit Plan to become disqualified for purposes of Section 401(a) of the Code. Each Benefit Plan has been operated in compliance in all material respects with applicable Law, including the Code and ERISA, and in accordance with its terms. All benefits, contributions (including employee salary deferrals) and premium payments, required to be made under the terms of any of the Benefit Plans as of the date of this Agreement have been timely paid, accrued, or, if not yet due, have been (or will be) properly reflected on the Financial Statements.

(d) All required reports, Tax Returns, documents and plan descriptions of the Benefit Plans have been timely filed with the Internal Revenue Service and the U.S. Department of Labor and/or, as appropriate, provided to participants in the Benefit Plans. No Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or is currently the subject of an application or filing under, or is a participant in, an amnesty, voluntary compliance, self-correction, or similar program sponsored by any Governmental Authority that has not been resolved as of the date hereof. There are no material pending claims, lawsuits or actions relating to any Benefit Plan (other than ordinary course claims for benefits) and, to the Knowledge of Transferor Parties, none are threatened.

(e) The consummation of the Contemplated Transactions will not accelerate the time of vesting or payment, trigger any payment or funding, or increase the amount, of compensation or benefits to any employee, officer, former employee or former officer of the

Company or trigger any other material obligation pursuant to any Benefit Plan. No Benefit Plans or other Contracts or arrangements to which the Company is a party provide for payments that would be triggered by the consummation of the Contemplated Transactions that would subject any current or former employee or service provider of the Company to excise tax under Section 4999 of the Code, and the Company has not made any payments, is not obligated to make any payments and is not a party to any agreement that would reasonably be expected to obligate it to make any payments to any current or former employee or other service provider of the Company that will not be deductible under Section 280G of the Code.

(f) To the extent applicable, the Company has complied in all material respects with the continuation coverage provisions of COBRA and any applicable state statutes mandating health insurance continuation coverage for employees. Transferor Parties have provided to Buyer a list of all current and former employees of the Company and their beneficiaries who are eligible for and/or have elected continuation coverage under COBRA or have otherwise confirmed that there are no such eligible individuals. No Benefit Plan provides for, and no written or oral agreements have been entered into by the Company promising or guaranteeing, the continuation of medical, dental, vision, life or disability insurance coverage for any current or former employees of the Company or their beneficiaries for any period of time beyond the termination of employment (except to the extent of coverage required under COBRA). Except as set forth in Schedule 4.15(f) and other than as required under COBRA or other applicable Law, no Benefit Plan or other arrangement provides post-termination or retiree welfare benefits to any individual for any reason.

(g) Each Benefit Plan that is subject to Section 409A of the Code has been administered in material compliance with its terms and the operational and documentary requirements of Code Section 409A and all applicable regulatory guidance (including, notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify or otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Code Section 409A.

(h) There has been no amendment to, announcement by the Company relating to, or change in employee participation or coverage under, any Benefit Plan that would materially increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year with respect to any director, officer, employee, consultant or independent contractor of the Company, as applicable.

4.16 Employee Relations.

(a) Schedule 4.16(a) contains a list of all of the employees of the Company, their current salary or wage rates. Schedule 4.16(a) also indicates whether such employees are part-time or full-time. Company has, at all times, complied with all state and federal wage and hour Laws, including, but not limited to, properly classifying employees as exempt or non-exempt from overtime and minimum wage requirements and properly classifying workers as independent contractors rather than employees where applicable. All employees are employees at-will, unless otherwise specified on Schedule 4.16(a). The Company is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct

compensation for any services performed for it or any other amounts required to be reimbursed to such employees (including accrued paid time off, accrued vacation, accrued sick leave and other benefits) or in the payment to the appropriate Governmental Authority of all required Taxes, insurance, social security and withholding thereon.

(b) No retention payments, severance payments, change in control payments or other similar compensation or benefits are due or will be made to any employees, agencies or independent contractors of the Company in connection with the Contemplated Transactions. The Company has taken no actions prior to the Closing related to the foregoing that will subject it or Acquiror to liability after the Closing.

4.17 Taxes.

(a) As of the Closing, Transferor is a small business corporation for which an election to be an “S corporation” within the meaning of Section 1361(a)(1) of the Code for United States federal income tax purposes has, at all times from the formation of Transferor through the Closing, been in effect. Transferor is not a “foreign person” as that term is used in Section 1.1445-2 of the Treasury Regulations.

(b) As of the Closing, the Company is wholly-owned by Transferor and is, and has been since the Conversion, a single member limited liability company disregarded as an entity separate from Transferor for United States federal income tax purposes. Neither Transferor nor the Company has taken any action or allowed any action that would cause or could cause the Company to not be disregarded as an entity separate from Transferor for United States federal income tax purposes at any time from the date of the Conversion through the Closing.

(c) Prior to the Closing, the Company undertook the Conversion. Prior to the Conversion, 100% of the issued and outstanding capital stock of Fairway Payments Incorporated was contributed to Transferor by Owner, Fairway 16 Trust and Fairway 26 Trust. Effective as of the date the stock of Fairway Payments Incorporated was contributed to Transferor, Transferor properly elected to treat Fairway Payments Incorporated as a “qualified subchapter S subsidiary” within the meaning of Code Section 1361(b)(3)(B). Prior to the contribution of the stock of Fairway Payments Incorporated to Transferor, Fairway Payments Incorporated had been an “S corporation” within the meaning of Code Section 1361(a)(1) for United States federal income tax purposes at all times from the formation of Fairway Payments Incorporated until the date of such contribution.

(d) Fairway Payments Incorporated, Transferor, and the Company have filed, on a timely basis, all Tax Returns required to be filed as of the Closing Date. All such Tax Returns are true, correct and complete in all material respects. Fairway Payments Incorporated, Transferor, and the Company have paid all Taxes due in connection with such Tax Returns and shall timely pay any Taxes that have or may become due under applicable Law with respect to all Pre-Closing Periods (whether or not shown or required to be shown on any Tax Return). There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Fairway Payments Incorporated, Transferor, or the Company. Fairway Payments Incorporated, Transferor, and the Company have withheld or collected and paid over to the

appropriate Governmental Authorities (or is properly holding for such payment) all Taxes required by Law to be withheld or collected with respect to all of their respective operations, including withholdings on payments to Fairway Payments Incorporated, Transferor, or the Company for sales and use taxes. No claim has ever been made by any authority in a jurisdiction where Fairway Payments Incorporated, Transferor, or the Company do not file Tax Returns that any of them may be subject to taxation in that jurisdiction.

(e) No audit or other proceeding by any United States Federal, state or local or foreign court, governmental or regulatory authority, or similar Person is pending or, to the Knowledge of Transferor Parties, threatened with respect to any Taxes due from: (1) any of the Transferor Parties in connection with Fairway Payments Incorporated, Transferor, or the Company or any Tax Return filed or required to be filed by, relating to or including Transferor Parties, or (2) Fairway Payments Incorporated, Transferor, or the Company. There are no outstanding assessments or deficiencies for any Tax and, to the Knowledge of Transferor Parties, none are presently threatened against Transferor Parties or Fairway Payments Incorporated, Transferor, or the Company. There are no unexpired waivers of any statute of limitations with respect to any Taxes for which Transferor Parties or Fairway Payments Incorporated, Transferor, or the Company may be liable. Neither Fairway Payments Incorporated, Transferor, nor the Company has entered into any "reportable transaction" as defined in Treasury Regulation Section 1.6011-4(b). No federal income Tax Return that was filed by Fairway Payments Incorporated, Transferor, or the Company contains, or was required to contain (to avoid a penalty, and determined without regard to the effect of post-filing disclosure), a disclosure statement under Section 6662 of the Code.

(f) Neither Fairway Payments Incorporated, Transferor, nor the Company is a party to or bound by any tax allocation, tax indemnity or tax sharing agreement. Neither Fairway Payments Incorporated, Transferor, nor the Company has ever been a member of an affiliated group filing a consolidated federal income Tax Return or a member of a combined, consolidated or unitary group for state, local or foreign Tax purposes.

4.18 Environmental Matters.

(a) The Company is currently in compliance in all material respects with all Environmental Laws which compliance includes, but is not limited to, the possession by Company of all Licenses and other governmental authorization required under applicable Environmental Laws and in compliance in all material respects with the terms and conditions thereof to operate the Company's Business as currently operated;

(b) There have been no actions, activities, circumstances, conditions, events or incidents that could form the basis of any material Environmental Claim against the Company, and the Transferor Parties have no Knowledge of any such actions, activities, circumstances, conditions, events or incidents prior to its ownership or leasing of the Real Property or assets.

4.19 Affiliate Transactions. Except as set forth on Schedule 4.19, neither the Company nor Owner has taken an action within the past twelve (12) months that would divert revenue under the SPS Referral Agreement away from the Company and direct such revenue to Owner or

an affiliate, and neither the Owner nor any of its affiliates own any asset, tangible or intangible, that is used in the Company's Business. Except as set forth on Schedule 4.19, neither Transferor Parties nor any of their affiliates own, or in the last twelve (12) months has owned, of record or as a beneficial owner, an equity interest or any other financial or profit interest in any Person that has had business dealings or a material financial interest in any transaction with the Company.

4.20 Insurance. Schedule 4.20 includes a list of all insurance policies maintained by or for the benefit of the Company with respect to the Company's Business. Schedule 4.20 sets forth each policy's applicable deductibles, coverage limits and whether or not the insurance policies provide coverage on an occurrence basis. All of such policies are in full force and effect with no premium arrearage. The Company has timely given to its insurers all notices required to be given under such insurance policies with respect to all of the claims and actions conferred by insurance, and no insurer has denied coverage of any such claims or actions. Except as set forth on Schedule 4.20, the Company has not (a) received any written notice or other communication from any such insurance company cancelling or amending any of such insurance policies, and, to the Transferor Parties' Knowledge, no such cancellation or amendment is threatened, or (b) failed to give any required notice or to present any claim which is still outstanding under any of such policies with respect to the Company's Business.

4.21 Merchants and Products.

(a) Except as set forth on Schedule 4.21, the Company refers Merchants exclusively to SPS and no other party and only refers Merchants for processing services pursuant to the SPS Referral Agreement.

(b) Except as set forth on Schedule 4.21, the Company does not manufacture, distribute or sell any software, point-of-sale equipment or other tangible or intangible property in connection with the Company's Business.

4.22 Privacy.

(a) The Company is and has been in compliance with: (i) all applicable Privacy Laws, (ii) all of the Company's policies regarding privacy and data security and (iii) all contractual commitments that the Company has entered into with respect to Personal Information. Acquiror acknowledges and agrees that Company makes no representations or warranties regarding the compliance of any other Person with Privacy Laws.

(b) The Company has commercially reasonable safeguards in place to protect any Personal Information in its possession or control from unauthorized access, including by its employees, contractors and consultants.

(c) The Company has not made any illegal or unauthorized use of Personal Information that was collected by or on behalf of the Company.

(d) The transfer, if any, of Personal Information in connection with the transactions contemplated by this Agreement will not violate any Privacy Laws. The Company is not subject to any contractual requirements, privacy policies or other legal obligations that,

following the Closing, would prohibit the Company or Acquiror or any of its affiliates from receiving or using Personal Information in the manner in which the Company receives and uses such Personal Information prior to the Closing.

(e) The Company has not received any notice of any claims against the Company or been charged with the violation of any Privacy Laws. To the Knowledge of Transferor Parties, the Company has not been and is not under investigation with respect to any violation of any Privacy Laws or applicable privacy policies, and there are no facts or circumstances which could form the basis for any such violation.

(f) There have been no Data Breaches involving the Company and/or any Personal Information in the possession of the Company.

4.23 Referral Sources.

(a) Referral Source Contracts. Attached as Schedule 4.23(a) are true and correct copies of the currently effective agreements with each Referral Source.

(b) Referral Payments. Schedule 4.23(b) sets forth, for the years 2014, 2015, 2016 and 2017, the payments made from the Company to each Referral Source.

(c) Disputes. Except for as described on Schedule 4.23(c), there is no existing dispute between the Company and any Referral Source and, to the Knowledge of the Transferor Parties, no Referral Source intends to terminate its agreement with the Company or materially reduce its referral volume from current levels as a result of the consummation of the Contemplated Transactions or otherwise.

4.24 Data Security.

(a) To the actual knowledge of Transferor Parties, no Person has gained unauthorized access to any computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, or other information technology equipment, and associated documentation used by or on behalf of the Company or its affiliates or any Processor or service provider of the Company or its affiliates or any data stored thereon for purposes of exploitation of such data (including any Merchant data, Personal Information, or cardholder data) (a "Data Breach"). None of the Company, its affiliates or, to the actual knowledge of Transferor Parties, any Processor or Merchant, has received a "common point of purchase", "point of compromise" or similar notice, letter or inquiry relating to the Company's Business.

(b) The Company is not required to be in compliance with the Payment Card Industry Data Security Standards because it does not store, transmit or process "cardholder data" or "sensitive authentication data" (as such terms are defined in the Payment Card Industry Data Security Standards).

4.25 Debt Collection. The Company does not provide, and has not provided or marketed, services to any Merchant that imposes convenience fees and/or similar fees where

state law prohibits the collection of such convenience or similar fees. The Company does not provide, and has not provided or marketed, services to any Merchant involved in debt collection where any such Merchant imposes convenience fees where the agreement creating the applicable consumer debt does not expressly authorize the collection of such fees.

4.26 Solvency. Immediately after giving effect to the Closing and the Contemplated Transactions, Transferor (a) will be able to pay its debts as they become due and shall own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent Liabilities) and (b) shall have adequate capital to carry on its business. No transfer of property is being made and no obligations are being incurred in connection with the Contemplated Transactions with the intent to hinder, delay or defraud either present or future creditors of Transferor, the Company or any of its subsidiaries. Transferor Parties acknowledge that the Interests are being transferred to Acquiror or an affiliate of Acquiror in exchange for reasonably “equivalent value,” as such term or similar terms are used in any potentially applicable fraudulent conveyance Laws.

4.27 No Other Representations or Warranties. Except as specifically set forth in this Article IV (including the related portions of the Schedules), neither Transferor nor the Owner makes any representation or warranty in respect of this Agreement, the Interests or the Company’s Business.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF ACQUIROR

Acquiror represents and warrants to Transferor Parties as of the Closing Date, as follows:

5.1 Limited Liability Company Status. Acquiror (a) is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware, and (b) has all requisite limited liability company power and authority to carry on its business as now and heretofore conducted and to own, operate and lease its properties, and (c) is duly qualified or licensed to transact business in and is in good standing as a foreign limited liability company in all jurisdictions where Acquiror is required to be qualified or licensed to do business as a foreign limited liability company.

5.2 Limited Liability Company Authorization; Binding Effect. Acquiror has full limited liability company power and authority to execute and deliver the Transaction Documents and to perform its obligations thereunder. The Transaction Documents and performance and consummation of the Contemplated Transactions are and have been approved by all requisite limited liability company action of Acquiror. No other limited liability company or legal proceedings on the part of Acquiror are necessary to approve or authorize the execution and delivery of the Transaction Documents and the consummation of the Contemplated Transactions. The Transaction Documents have been duly executed and delivered by Acquiror and, assuming due authorization, execution and delivery of the Transaction Documents by Transferor Parties, each Transaction Document is the valid and legally binding obligation of Acquiror, enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditor’s rights generally from time to time in effect and

limitations on enforcement of equitable remedies.

5.3 No Conflict. Acquiror's execution, delivery and performance of the Transaction Documents and consummation of the Contemplated Transactions and compliance with any of the provisions thereof will not (i) violate any Law to which Acquiror may be subject, (ii) conflict with or result in a breach of any provision of the Certificate of Organization or Limited Liability Company Agreement of Acquiror, (iii) require any consent, approval or authorization of, or notice to, or declaration, filing or registration with, any Governmental Authority that is required by Law or the regulations of any Governmental Authority, (iv) violate any Order of any Governmental Authority to which Acquiror may be subject, (v) violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both would constitute a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, or result in the creation of any Lien upon any of the properties of Acquiror or result in being declared void, voidable, without further binding effect, or subject to amendment or modification any of the terms, conditions or provisions of, any contract, license, franchise, permit, or other material instrument or commitment or obligation to which Acquiror may be bound or affected.

5.4 Brokers and Finders. Neither Acquiror nor its agents has engaged any finder or broker or incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions in connection with this Agreement and the Contemplated Transactions.

5.5 No Other Representations or Warranties. Except as specifically set forth in this Article V (including the related portions of the Schedules), Acquiror does not make any representation or warranty in respect of Acquiror or this Agreement.

ARTICLE VI COVENANTS OF TRANSFEROR PARTIES

6.1 Notices and Consents. To the extent that Transferor Parties have not obtained all necessary Licenses, consents, waivers or other authorizations or approvals or Required Consents (collectively, "consents") from any Governmental Authority or any private third-party as of the Closing and the Parties nonetheless elect to close, then upon request by Acquiror, Transferor Parties shall use their commercially reasonable efforts to: (a) obtain such consents as soon as practicable post-Closing, (b) cooperate with Acquiror in any reasonable and lawful arrangements under which Acquiror would obtain the benefit of the matter concerned; and (c) enforce for the account of Acquiror any rights of Transferor Parties arising from the matter concerned. Transferor Parties shall be liable for any costs incurred for obtaining such consents, including any payments required by consenting parties. If any consent cannot be obtained, Acquiror and Transferor Parties will reasonably cooperate in any legal and commercially reasonable arrangement to obviate the need for that consent.

6.2 Tax Matters.

- (a) Transferor Parties shall be responsible for paying all capital gains, income,

transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the sale of the Interests and the consummation of the transactions contemplated by this Agreement, and Transferor Parties shall be responsible for preparing and filing any Tax Returns in connection therewith.

(b) Transferor Parties shall be liable for and shall pay all Taxes in respect of or relating to the business, operations, or assets of Fairway Payments Incorporated, Transferor, or the Company for any period ending on or before the Effective Time. Taxes with respect to any period that begins before and ends after the Effective Time shall be allocated to the period ending on the Effective Time (i) on a per diem basis in the case of real and personal property Taxes and (ii) on the basis of an interim closing of the books at the Effective Time in the case of all other Taxes. Notwithstanding the foregoing, Transferor Parties shall also be liable for and shall pay all Taxes in respect of or relating to Fairway Payments Incorporated or the Company resulting from the Conversion the restructuring steps immediately preceding the Conversion (including any tax elections filed with the IRS) until the Closing Date.

(c) After the Closing, Transferor Parties and Acquiror shall (and shall cause their respective affiliates to):

(i) Make available to the other and to any taxing authority, as reasonably requested, all information, records, and documents with respect to Taxes relating to the business, operations, or assets of Fairway Payments Incorporated, Transferor, or the Company and preserve that information and those records and documents until the expiration of any applicable statute of limitations, including any extensions of that statute of limitations;

(ii) Provide timely notices to the other Party in writing of any pending or threatened Tax audits or assessments relating to the business, operations, or assets of Fairway Payments Incorporated, Transferor, or the Company for taxable periods for which the other party may have a responsibility under this Section 6.2 or otherwise; and,

(iii) Furnish the other Parties with copies of all correspondence received from any taxing authority in connection with any Tax audit or information request with respect to any taxable period for which the other party may have a responsibility under this Section 6.2 or otherwise.

(d) Notwithstanding any other indemnification provision in this Agreement, each of Transferor Parties agrees to jointly and severally indemnify, defend and hold harmless Acquiror Indemnified Parties from and against any and all Damages that Acquiror Indemnified Parties incur as a result of, or with respect to any (i) Taxes of or imposed on Transferor Parties; (ii) Taxes of or imposed upon Fairway Payments Incorporated, Transferor, or the Company with respect to any period ending on or before the Effective Time; (iii) Taxes imposed on Fairway Payments Incorporated, Transferor, or the Company under Treasury Regulations Section 1.1502-6 (and corresponding provisions of state, local, or foreign Law) as a result of having been a member of any federal, state, local or foreign consolidated, unitary, combined or similar group for any taxable period ending on or before, or that includes, the Closing Date, or as a transferee

or successor by contract or arrangement or pursuant to Law, or otherwise; (iv) any breach by Transferor Parties of any of the covenants and obligations contained in this Section 6.2; and (v) the breach or inaccuracy of the representations and warranties set forth in Section 4.17 of this Agreement. Any indemnity payment under this Agreement shall be treated by Transferor Parties and Acquiror as an adjustment to the Consideration for U.S. federal income tax purposes. Any indemnity payment required to be made pursuant to this Section 6.2(d) shall be paid within five (5) days after the Indemnified Party makes written demand upon the Indemnifying Party and provides reasonable evidence in support of such claim for Damages. In no event shall the indemnities provided for in this Section 6.2(d) be subject to the provisions of Article VIII of this Agreement.

(e) Notwithstanding anything to the contrary contained in this Agreement, each of the provisions set forth in this Section 6.2 shall survive until sixty (60) days after the expiration of the applicable statute of limitations (taking into account all valid extensions) for the applicable Taxes or Tax Return to which the provision relates; provided, however, in the event notice of any claim for indemnification under this Agreement shall have been given within the applicable survival period, the provisions that are the subject of the indemnification claim shall survive with respect to such claims until such time as such claim is finally resolved.

6.3 Noncompetition; Nonsolicitation.

(a) During the period beginning on the Closing Date and ending two (2) years from the last date of employment of the Owner with Acquiror or an affiliate of Acquiror, Transferor Parties as applicable will not, without the prior written consent of Acquiror, work with, provide services to, or own an interest in any business that competes directly or indirectly with the Company's Business, other than in Owner's capacity as an employee or equity holder of Acquiror or its affiliates. The foregoing agreement shall not be deemed to restrict (A) the ownership, directly or indirectly (including by a trust formed at the direction of a Transferor Party), of Transferor Parties of (i) equity securities representing less than 50% of the voting stock of Cleargage, Inc. which company now conducts, and will in the future conduct, a business similar to the Company's Business, (ii) equity securities of The Shared Collective, LLC provided that such company does not provide merchant processing services or refer merchant processing services to a processor in return for compensation, or (iii) up to three percent (3%) of any class of the outstanding capital stock of any corporation conducting a business similar to the Company's Business that is regularly traded on a national securities exchange; or (B) Owner from acting as a member of the board of directors of Cleargage, Inc. or a manager of The Shared Collective, LLC. The consideration for the foregoing agreement is included in the Consideration.

(b) During the period beginning on the Closing Date and ending two (2) years from the last date of employment of the Owner with Acquiror or an affiliate of Acquiror, Transferor Parties as applicable will not, other than in furtherance of the Owner's employment with Acquiror, without the prior written consent of Acquiror:

(i) hire, attempt to hire, solicit, induce, or attempt to solicit or induce any employee or independent contractor of Acquiror (including Referral Sources) to leave Acquiror's employment or to terminate his or her or its contractual and/or business relationship

with the Company; provided, however, that general advertising not targeting Acquiror's employees shall not be a breach of this

Section 6.3(b)(i);

(ii) Call on or communicate with (except if such contact is not to the business detriment of Acquiror), or divert or solicit, any of the Referral Sources or Merchants;

(iii) work with or provide services related to the Company's Business to any Merchant or other customer of Acquiror or any affiliate of Acquiror; or

(iv) encourage or persuade any Merchant or other customer of Acquiror or its affiliates not to enter into an agreement or to terminate an agreement with Acquiror or its affiliates or to obtain similar services from a competitor of Acquiror or its affiliates.

(c) The consideration for this Section 6.3 is included in the Consideration. The Parties specifically acknowledge and agree that the remedy at law for any breach of this Section 6.3 will be inadequate and that Acquiror, in addition to any other relief available to it, may be entitled to temporary and permanent injunctive relief without the necessity of proving actual damage. In addition, notwithstanding the provisions of Article VIII, Acquiror may be entitled to recover, directly from Transferor Parties its actual damages as a result of a breach of Section 6.3. The rights and remedies of the Parties to this Agreement are cumulative and not alternative.

6.4 Post-Closing Financial Audit Cooperation. After the Closing, Transferor Parties covenant and agree to use their reasonable best efforts to assist and cooperate with Acquiror and its accountants, independent auditors and other representatives (collectively the "Acquiror Audit Representatives") in the preparation of audited balance sheets, statements of income and cash flows, together with all footnotes and related disclosures (collectively, the "Audited Financial Statements"). The cooperation of Transferor Parties pursuant to this Section shall include (i) providing access to and copies of the Company's historic financial statements, records and any other information relevant to an audit of the Company and the Company's Business, (ii) assisting the Acquiror Audit Representatives in understanding the Company's financial position as of and at the pre-Closing dates requested and the results of operations and cash flows for the pre-Closing periods specified by the Acquiror Audit Representatives and (iii) making the Company's management available to respond to requests from the Acquiror Audit Representatives or render any management representations reasonably necessary or relevant to the preparation of the Audited Financial Statements. Transferor Parties acknowledge that a purpose of the covenant contained herein is so the Company's financial statements might be consolidated with the financial statements of Acquiror in conformity with United States generally accepted accounting principles and the SEC rules and guidance (including Regulation S-K) with respect to financial statements and financial reporting. As such, the Audited Financial Statements will be prepared in a form and substance suitable for inclusion on Form S-1 (or other eligible or successor form), and Transferor Parties' standard of cooperation pursuant to this Section shall reflect Transferor Parties' understanding of such purpose. For the avoidance of doubt, the Parties acknowledge that (i) to the extent the Audited Financial Statements differ from the Financial Statements, this Section 6.4 alone shall not give rise to an indemnity claim of Acquiror Indemnified Parties under

Article VIII if such difference would not otherwise have constituted a breach of Section 4.5 and (ii) nothing in this Section 6.4 shall be deemed to bar any claim by any Acquiror Indemnified Parties under Article VIII for a breach of Section 4.5. The Parties acknowledge and agree that Acquiror shall be liable for all out-of-pocket expenses incurred by Acquiror or a Transferor Party in connection with the preparation of the Audited Financial Statements and Acquiror will promptly reimburse Transferor Parties for any such expenses.

6.5 Termination of Non-Continuing Employees. Prior to the Closing, Transferor Parties shall have caused the Company to terminate all its employees except for the Continuing Employees.

ARTICLE VII COVENANTS OF ACQUIROR AND BOTH PARTIES

7.1 Confidentiality. The Parties agree that the existence of this Agreement (including any reference to the transaction generally) and the terms and conditions hereof and the other Transaction Documents (collectively, "Transaction Information") shall not be disclosed to any third party without prior written consent of the non-disclosing Party, and none of Parties, nor any representative thereof shall distribute or provide access to this Agreement or the other Transaction Documents, or the contents or any part thereof, to any third party, except to a Party's legal and financial advisors, lenders and accountants and in any case as required by Law or accounting practice or to allow attorneys to enforce or interpret the Agreement. Notwithstanding the foregoing, nothing in this Section 7.1 shall prohibit Acquiror or its affiliates from disclosing any Transaction Information in connection with any financing, business combination, public offering, or other similar transaction.

7.2 Post-Closing Access to Information.

(a) Transferor Parties and Acquiror acknowledge that subsequent to Closing each Party may need access to information or documents in the control or possession of the other Party for the purposes of concluding the Contemplated Transactions, audits, compliance with Laws and governmental requirements, and the prosecution or defense of third-party claims. Accordingly, Transferor Parties and Acquiror agree that until the later of the four (4) year anniversary of the Closing Date or the expiration of any applicable statute of limitations pertaining to Tax matters, to the extent permitted by Law, each will make reasonably available to the other's agents, independent auditors and/or governmental agencies upon written request and at the expense of the requesting Party such documents and information as may be available for periods prior and subsequent to Closing to the extent necessary to facilitate concluding the Contemplated Transactions, audits, compliance with Laws and governmental requirements and regulations and the prosecution or defense of third-party claims. In addition, Transferor Parties shall make available to Acquiror, at Acquiror's cost and expense, upon reasonable notice and during normal business hours, the Company's Books and Records to the extent not transferred to Acquiror but necessary to Acquiror in the preparation of Tax Returns.

(b) Upon request, each of the Parties shall cooperate with the other in good faith, at the requesting Party's expense, in furnishing information, testimony and other assistance

in connection with any actions, Proceedings, arrangements, or disputes involving any of the Parties (other than in a dispute among such parties or entities) and based upon contracts, arrangements or acts of the Company or any Party hereto which were in effect or occurred prior to the Closing. Acquiror shall cause to be provided any information or documents reasonably requested by the Company in connection with Tax or other disputes, settlements, investigations, Proceedings or other matters in respect of any period ending at or prior to the Closing. The Party requesting documents or information pursuant to this Section 7.2 shall pay all fees and expenses paid to unaffiliated third parties by the Party providing such documents or information in connection with providing such information or document.

(c) As described on Schedule 2.3, all books, records and files of the Company, including electronic or email communications or files, relating to the negotiation and preparation of this Agreement or any Transfer Documents, have been distributed to Transferor. The Parties acknowledge that such books, records and files are not property of the Company and are confidential to Transferor and Transferor Parties and that Transferor Parties intend to preserve the attorney-client and work product privileges relating to such materials.

7.3 Further Assurances and Cooperation, Misdirected Payments. Transferor Parties shall, at any time and from time to time at and after the Closing, upon the request of Acquiror, take any and all steps reasonably necessary and within Transferor Parties' control to place Acquiror in possession and operating control of the Company and the Interests and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required to transfer and confirm more effectively to Acquiror or to its successors or assigns, or to reduce to possession, any or all of such Interests and to carry out the purposes and intent of this Agreement. From and after the date of this Agreement, upon the request of any Party, the other Parties shall furnish such further information, execute and deliver such schedules, instruments, documents or other writings and take such actions as may be reasonably necessary or desirable to confirm and carry out and to fully effectuate the intent and purposes of this Agreement.

7.4 Nondisparagement. During the period beginning on the Closing Date and ending two (2) years from the last date of employment of the Owner with Acquiror or an affiliate of Acquiror, neither Acquiror nor Transferor Parties will disparage another Party or any of its respective affiliates, members, directors, officers, employees or agents. For purposes of clarity, statements made by a Party in the context of a good-faith pursuit of a claim or action against the other Party in connection with this Agreement shall not give rise to a breach of this Section 7.4.

ARTICLE VIII INDEMNIFICATION

8.1 Survival. The representations and warranties made by Transferor Parties in this Agreement shall survive the Closing Date and shall continue in full force and effect for a period of seventeen (17) months thereafter; provided, however, (i) each of the representations and warranties set forth in Article III (Representations and Warranties of Transferor Parties),

Section 4.1 (Status), Section 4.2 (Authorization; Binding Effect), and the first two sentences of Section 4.12 (Title to and Sufficiency of Assets) shall survive indefinitely and (ii) each of the representations and warranties set forth in Section 4.15 (Employee Benefit Plans), Section 4.17 (Taxes) and Section 4.18 (Environmental Matters) shall survive until sixty (60) days after the last day upon which any claim could be made against Acquiror or the Company or could be made that would affect Acquiror or the Company relating to such matters (the representations and warranties referenced in Section 8.1(i) and Section 8.1(ii) being the “Fundamental Representations”). The representations and warranties made by Acquiror in this Agreement shall survive the Closing Date and continue in full force and effect for a period of seventeen (17) months thereafter; provided, however, the representations and warranties set forth in Section 5.1 (Status) and Section 5.2 (Authorization, Binding Effect) shall survive indefinitely. The covenants and agreements made by the Parties in this Agreement shall survive the Closing Date indefinitely or for the period stated therein. In each case, the period from the date hereof until the last date on which a representation, warranty, covenant or other obligation survives shall be known as the “Survival Period.”

8.2 Indemnification by Transferor Parties. Subject to the provisions herein set forth, Transferor Parties agree to, jointly and severally, indemnify, defend and hold harmless Acquiror Indemnified Parties from and against and shall pay to Acquiror Indemnified Parties the amount of, or reimburse Acquiror Indemnified Parties for, any and all Damages that Acquiror Indemnified Parties incur as a result of, or with respect to (except as caused by the acts or omissions of any Acquiror Indemnified Party, and whether or not in connection with any third-party claim):

(a) the inaccuracy or breach of (i) any Fundamental Representation or (ii) any other representation or warranty contained in or made pursuant to this Agreement, including the Schedules, supplements to the Schedules, any Transaction Document or other certificate delivered by Transferor Parties pursuant to this Agreement;

(b) the non-compliance with or failure to perform any agreement or covenant of Transferor Parties contained in or made pursuant to this Agreement; Parties;

(c) the claims of any broker, finder or other Person engaged by Transferor

(d) any Benefit Plan established or maintained by the Company prior to the Closing Date or any severance payments due to employees of the Company terminated prior to the Closing Date;

(e) Chargeback liability to SPS under Section 9(a) of the SPS Referral Agreement resulting from an action or omission of the Company prior to the Closing Date;

(f) any Covered Liabilities, provided, however, that for purposes of clarity, any pre-Closing Liabilities that are taken into account as True-Up Credits pursuant to Section 2.4 shall not be “Covered Liabilities” for purposes of this Section 8.2(f) to the extent classification of such Liabilities as Covered Liabilities would result in a duplicate recovery by any Acquiror

Indemnified Party under Section 2.4 and this Section 8.2(f);

(g) any Closing Date Indebtedness that is not properly identified by Transferor Parties or that is not otherwise deducted from the Consideration at Closing and remains owing after the Closing;

(h) any fraud or criminal acts of any of Transferor Parties;

(i) the breach of or non-compliance with any Contract between (x) any potential third-party buyer of the Company or the Company's assets and (y) any Transferor Parties or the Company, in each case with respect to a Pre-Closing Period; and

(j) any claim asserted by a third party relating to or resulting from any of the foregoing items (a) through (i).

8.3 Indemnification by Acquiror. Subject to the conditions and provisions herein set forth, Acquiror agrees to indemnify, defend and hold harmless Transferor Indemnified Parties from and against and shall pay to Transferor Indemnified Parties the amount of, or reimburse Transferor Indemnified Parties for, any and all Damages that Transferor Indemnified Parties incur as a result of, or with respect to (except as caused by the acts or omissions of any Transferor Indemnified Party, and whether or not in connection with any third-party claim):

(a) the inaccuracy or breach of any representation or warranty contained in or made pursuant to this Agreement, including the Schedules, supplements to the Schedules, any Transaction Document or any other certificate delivered by Acquiror pursuant to this Agreement;

(b) the non-compliance with or failure to perform any agreement or covenant of Acquiror contained in or made pursuant to this Agreement;

(c) Chargeback liability to SPS under Section 9(a) of the SPS Referral Agreement resulting from an action or omission of the Company or Acquiror after Closing; and

(d) the claims of any broker, finder or other Person engaged by Acquiror;

(e) any fraud or criminal acts of any of Acquiror; and

(f) any claim asserted by a third party relating to or resulting from any of the foregoing items (a) through (e).

8.4 Limitations. Any claim for indemnification must be asserted before the expiration of the applicable Survival Period set forth in Section 8.1; provided, however, in the event notice of any claim for indemnification shall have been given within the applicable Survival Period, the provisions that are the subject of the indemnification claim shall survive with respect to such claims until such time as such claim is finally resolved. Transferor, the Owner or Acquiror shall have no liability under Section 8.2(a)(ii) or Section 8.3(a), as applicable, until the total of all Damages incurred by the Acquiror Indemnified Parties or the Transferor Indemnified Parties, as applicable, with respect to such matters exceeds Two Hundred Fifty Thousand United States

Dollars (\$250,000) (the “General Deductible”), in which event the applicable Indemnifying Party shall only be required to pay or be liable for all such Damages exceeding the General Deductible. Transferor Parties shall have no liability under Section 8.2(i) until the total of all Damages incurred by the Acquiror Indemnified Parties with respect to such matters exceeds One Hundred Thousand United States Dollars (\$100,000) (the “Specific Deductible”), in which event the applicable Indemnifying Party shall only be required to pay or be liable for all such Damages exceeding the Specific Deductible. The aggregate amount of Damages that may be recoverable by Acquiror Indemnified Parties or Transferor Indemnified Parties pursuant to Section 8.2(a)(ii) or Section 8.3(a), as applicable, shall not exceed Three Million Nine Hundred Thousand United States Dollars (\$3,900,000), except that, notwithstanding the foregoing, such amount recoverable shall not exceed Seven Million Eight Hundred Thousand United States Dollars (\$7,800,000) for breaches of the representations and warranties set forth in Sections 4.5 (Financial Representations). Acquiror agrees that, absent fraud, from and after the Closing, and except as set forth in Section 6.2 and Section 10.12, the indemnification provided in this Article VIII is the exclusive remedy for a breach by Transferor or the Owner of any representation, warranty, agreement or covenant contained in this Agreement. The limitations set forth in this Section 8.4 shall not apply to fraud of any Indemnifying Party.

8.5 Indemnification Procedures.

(a) Whenever any indemnification claim shall arise in favor of a Person entitled to indemnification under this Article VIII (the “Indemnified Party”), including the assertion of any claim or liability against such Indemnified Party by a third party in writing that would give rise to a claim under this Article VIII, the Indemnified Party shall notify the Person giving the indemnity (“Indemnifying Party”) in writing as soon as reasonably practicable but at least within thirty (30) days of (i) such Indemnified Party receiving actual knowledge of the facts constituting the basis for such indemnification claim, or, (ii) in the case of a third-party claim, receipt of a written third-party assertion of a claim or liability. Failure to send such written notice shall not release the Indemnifying Party from liability hereunder, unless such failure materially prejudices the Indemnifying Party’s defense of the claims that are the subject of the written notice.

(b) The Indemnifying Party shall have the right to defend a third-party claim and control the defense, settlement and prosecution of any litigation. Each Indemnified Party shall reasonably cooperate with the Indemnifying Party in any such litigation defense, settlement or prosecution, and the Indemnifying Party shall reimburse each Indemnified Party for the actual out-of-pocket expenses incurred by the Indemnified Party as a result of such cooperation. The Indemnified Parties shall have the right to approve defense counsel selected by the Indemnifying Party, which approval shall not be unreasonably withheld. The Indemnified Party shall be entitled to participate in the defense of such action, lawsuit, proceeding or claim, and employ separate counsel of its choice for such purpose, provided, however, that payment of the fees and expenses of such separate counsel shall be the responsibility of the Indemnified Party. If the Indemnifying Party, within ten (10) days after notice of such claim, fails to defend such claim, the Indemnified Party will (upon further notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such claim on behalf of, at the sole cost and expense of, and for the account and risk of the Indemnifying Party without impairing its right to

indemnification hereunder. Anything in this Section 8.5 notwithstanding, (i) if there is a reasonable probability that a claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right, at its own cost and expense, to defend, compromise and settle such claim without impairing its right to indemnification hereunder, and (ii) the Indemnifying Party shall not, without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld, settle or compromise any claim or consent to the entry of any judgment that (a) provides for relief other than the payment of monetary damages, (b) does not include as an unconditional term thereof the giving by the claimant to the Indemnified Party a release from all liability in respect to such claim, or (c) contains an admission of liability or violation of Law. All Parties agree to cooperate fully as necessary in the defense of such matters.

8.6 Disregarding Materiality Exceptions. For the sole purpose of calculating the dollar amount of Damages to which an Indemnified Party is entitled under this Article VIII (and not for purposes of determining whether or not an indemnity obligation exists under Section 8.2, Section 8.3 and Section 8.4 of this Agreement), the terms “material,” “materiality,” and other qualifiers, modifiers or limitations shall be disregarded.

8.7 Other Adjustments.

(a) In addition to, and not in limitation of, the foregoing, beginning on the last day of the month immediately following the month of the Closing Date and thereafter on or before the last day of each of the next eleven (11) calendar months, in the event any Merchant Chargeback Losses for which the Company or Acquiror are responsible under Section 8.3(c) or for which the Transferor Parties are responsible under Section 8.2(e) (as applicable, the “Incurring Party”), such Incurring Party shall prepare and deliver to the non-Incurring Party a statement (the “Merchant Chargeback Losses Statement”) setting forth (i) the calculation of Merchant Chargeback Losses incurred during the prior calendar month; and (ii) any resulting indemnification due to the non-Incurring Party, under this Article VIII (a “Chargeback Adjustment Amount”).

(b) The non-Incurring Party shall have fifteen (15) days after the delivery of the Merchant Chargeback Losses Statement during which to notify the Incurring Party in writing of any dispute with any item contained in the Merchant Chargeback Losses Statement, which notice (the “Merchant Chargeback Losses Statement Notice of Disagreement”) shall set forth in reasonable detail the basis for such dispute. During such fifteen (15) day period, the Incurring Party shall provide the non-Incurring Party and its agents with access upon prior written notice at reasonable times to the books, records and personnel of Incurring Party for purposes of reviewing the Merchant Chargeback Losses Statement, provided that such access does not unreasonably interfere with the personnel of Incurring Party in completing their responsibilities. If the non-Incurring Party fails to notify Incurring Party of any such dispute within such fifteen (15) day period, the Merchant Chargeback Losses Statement shall be the final Merchant Chargeback Losses Statement for such period. In the event that the non-Incurring Party provides the Merchant Chargeback Losses Statement Notice of Disagreement, Incurring Party, the non-Incurring Party and their respective agents shall cooperate in good faith to resolve such dispute as promptly as possible.

(c) If Incurring Party, the non-Incurring Party and their respective agents are unable to resolve any such dispute within ten (10) days after the non-Incurring Party's delivery of the Merchant Chargeback Losses Statement Notice of Disagreement, such dispute shall be submitted to the to the Arbitrator. The Arbitrator shall make its determination regarding the disputed items as promptly as practicable, and such determination shall be the final Merchant Chargeback Losses Statement for such period. The Arbitrator shall determine whether and to what extent, if any, the Merchant Chargeback Losses Statement requires adjustment with respect to the matters specified in the Merchant Chargeback Losses Statement Notice of Disagreement. Any expenses relating to the engagement of the Arbitrator shall be borne by the Party whose calculation of the Chargeback Adjustment Amount is further from the applicable amount as finally determined by the Arbitrator. The Arbitrator shall be instructed to use every reasonable effort to perform its services within fifteen (15) days of the Arbitrator's engagement and, in any case, as soon as practicable after submission thereof. The Merchant Chargeback Losses Statement, as modified by resolution of any disputes by Incurring Party and the non-Incurring or by the Arbitrator, shall be final and binding on the Parties. The Parties shall make available to the Arbitrator, as applicable, such books, records and other information as the Arbitrator may reasonably request to determine the Merchant Chargeback Losses Statement.

(d) If the Merchant Chargeback Losses Statement for any period, as finally determined pursuant to this Section 8.7, reflects a Chargeback Adjustment Amount, not later than five (5) Business Days after the date the Merchant Chargeback Losses Statement is finally determined for any given period, the non-Incurring Party shall have the obligation to pay to Incurring Party the Chargeback Adjustment Amount in cash or other immediately available funds. For the avoidance of doubt, if there is no dispute with any item contained in the Merchant Chargeback Losses Statement, then the non-Incurring Party shall pay to Incurring Party the Chargeback Adjustment Amount in cash or other immediately available funds within fifteen (15) calendar days of receipt of the Merchant Chargeback Losses Statement.

**ARTICLE IX
NOTICES**

All notices and other communications hereunder shall be in writing and shall be given to the Parties via facsimile, hand delivery, or nationally recognized and reputable overnight delivery service, addressed to the Parties as follows:

Acquiror: i3 Verticals, LLC
40 Burton Hills Boulevard
Suite No. 415
Nashville, Tennessee 37215
Attention: Greg Daily

with copies to: Frost Brown Todd LLC
150 Third Avenue South
Suite No. 1900
Nashville, Tennessee 37201
Attention: Howard W. Herndon

Facsimile: 615-251-5551
Email: HHerndon@FBTlaw.com

Transferor Parties: FPI Holdings, Inc.
300 N. Lee Street, Suite 500
Alexandria, VA 22314
Attention: Craig Shapero

with copies to: Liles Parker PLLC
2121 Wisconsin Ave. N.W., Suite 200
Washington, DC 20007
Attention: Andrew C. Lynch
Email: ALynch@lilesparker.com

Each such notice and other communication shall be deemed, for all purposes of this Agreement, to have been given and received (i) if given by email, when the email is transmitted to the Party's email address specified above and confirmation of complete receipt is received by the transmitting Party during normal business hours on any Business Day or on the next Business Day if not confirmed during normal business hours; (ii) if by hand, when delivered; (iii) if given by nationally recognized and reputable overnight delivery service, the Business Day on which the records of such delivery service show that such notice was delivered to the Party. Any Party from time to time may change its address or facsimile number for the purpose of receipt of notices to that Party by giving a similar notice specifying a new address or facsimile number to the other notice Parties listed above in accordance with the provisions of this Article IX.

ARTICLE X

MISCELLANEOUS

10.1 Fees and Expenses. Except as otherwise expressly provided in this Agreement, each Party will pay its own costs and expenses incurred in connection with the negotiation, preparation and performance of this Agreement and the other Transaction Documents, including the fees and expenses of its counsel, accountants, brokers and financial advisors whether or not such transactions are consummated.

10.2 Public Announcement. No Party shall, prior to or after the Closing, without the approval of the other Parties, issue any press release or other public announcement concerning this Agreement or the Contemplated Transactions. Notwithstanding the foregoing, nothing contained in this Section 10.2 is deemed to prohibit, limit or restrict communications by either Party with Governmental Authorities, Acquiror's affiliates or lenders or Transferor Parties' affiliates, customers and suppliers or any party to obtain the Required Consents regarding the Contemplated Transactions.

10.3 Entire Agreement. This Agreement (together with the Schedules and the other Transaction Documents) contains the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior oral discussions and written

agreements with respect thereto (including any term sheet or similar agreement or document relating to the Contemplated Transactions). There are no restrictions, agreements, promises, warranties, covenants or undertakings other than those expressly set forth herein and in the other Transaction Documents.

10.4 Amendment and Waiver. This Agreement may be modified, supplemented or amended only by a written instrument duly executed by each of the Parties. Any term or condition of this Agreement may be waived at any time by the Party entitled to the benefit thereof. Any such waiver must be in writing and must be duly executed by such Party. All rights and remedies of the Parties to this Agreement are cumulative and not alternative. No failure or delay by any Party in exercising any right, power or privilege under this Agreement or the other Transaction Documents will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach, provision or requirement on any other occasion.

10.5 Counterparts; Electronic Signatures. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures on this Agreement by facsimile or other electronic imaging technology shall be deemed to be original signatures for all purposes.

10.6 Governing Law; Construction. This Agreement shall be governed by and interpreted, construed and enforced in accordance with the Laws of the State of Delaware applicable to a contract executed and performed in such state, excluding any conflicts of law, rule or principle that would refer the governance, interpretation, construction or enforcement of this Agreement to the Laws of another jurisdiction, and such application of Delaware law shall not be vitiated by any allegations of fraud. In as much as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, the Parties agree that no provisions of this Agreement or any related document shall be construed for or against or interpreted to the advantage or disadvantage of any Party hereto by any court or other Governmental Authority by reason of any Party's having or being deemed to have structured or drafted such provision, each Party having participated equally in the structuring and drafting hereof.

10.7 Venue; Waiver of Jury Trial. To the fullest extent permitted by applicable Law, each Party hereto (a) agrees that any claim, action or Proceeding by such Party seeking any relief whatsoever arising out of, or in connection with, this Agreement or the Contemplated Transactions shall be brought only in (1) any State or Federal courts located in Davidson County, Tennessee, if such action is initiated by any Transferor Party or any Transferor Indemnified Party, or (2) any State or Federal courts located in Fairfax County, Virginia, if such action is initiated by Acquiror or any Acquiror Indemnified Party, and not in any other State or Federal court in the United States of America or any court in any other country, (b) agrees to submit to the exclusive jurisdiction of such courts for purposes of all legal Proceedings arising out of, or in connection with, this Agreement or the Contemplated Transactions, (c) waives and agrees not to

assert any objection that it may now or hereafter have to the laying of the venue of any such Proceeding brought in such a court or any claim that any such Proceeding brought in such a court has been brought in an inconvenient forum, and (d) agrees that a final judgment in any such action or Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law. Notwithstanding anything to the contrary contained in this Section 10.7, matters addressed in Section 8.7(c) shall be controlled by its arbitration procedures. **EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY, FROM WHATEVER SOURCE ARISING, IN CONNECTION WITH ANY LITIGATION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

10.8 Binding Effect; No Assignment; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, including successors by merger or otherwise. Neither this Agreement nor any right hereunder or part hereof may be assigned by any Party hereto without the prior written consent of the other Parties, except that Acquiror may assign this agreement and its rights hereunder to an affiliate of Acquiror or to a person or entity that acquires or otherwise succeeds to the Company's Business (whether by sale of assets, equity, merger, or otherwise). The terms and provisions of this Agreement are intended solely for the benefit of Transferor Parties, Acquiror and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

10.9 Severability; Invalid Provisions. It is the intention of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the Laws and public policies of each state and jurisdiction in which such enforcement is sought, and that the unenforceability (or the modification to conform with such Laws or public policies) of any provision hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, (a) such provisions will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms and effect to such illegal, invalid or unenforceable provision as may be possible (or, in the alternative, should any provision contained in this Agreement be reformed or rewritten by any Governmental Authority, such provision as so reformed shall be fully binding on the Parties as if originally a part hereof).

10.10 Interpretation. In this Agreement, unless the context otherwise requires:

(a) subject to the provisions of Section 10.8, references to any Party to this Agreement shall include references to its respective successors and permitted assigns;

(b) the terms “hereof,” “herein,” “hereby,” and derivative or similar words will refer to this entire Agreement;

(c) the gender of all words herein shall include the masculine, feminine and neuter, and the case of all words herein shall include the singular and plural;

(d) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the Parties from time to time;

(e) the descriptive headings and numbers of the Articles, Sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement;

(f) the word “including” shall mean including without limitation; and

(g) all schedules and exhibits referred to in or attached to this Agreement are integral parts of this Agreement as if fully set forth herein, and all statements appearing therein shall be deemed to be disclosed only in connection with the specific representation to which they are explicitly referenced and not in any event for all and general purposes under the Agreement.

10.11 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

10.12 Specific Performance; Injunctive Relief. Each Party shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and the obligations of the other Parties pursuant to this Agreement and the Transaction Documents not only by an action or actions for Damages, but also by an action or actions for specific performance, injunctive relief and/or other equitable relief, without posting any bond or other undertaking. The Parties acknowledge and agree that any breach or threatened breach of any post-Closing covenant by any Party will likely result in some irreparable injury.

10.13 Collateral Security. Acquiror may, without the written consent of the other Parties, assign its rights under this Agreement and the other Transaction Documents for collateral security purposes to any lender providing financing to Acquiror or any of their affiliates and any such lender may exercise all of the rights and remedies of Acquiror hereunder and thereunder.

[Signature page follows.]

ACQUIROR:

i3 VERTICALS, LLC

By: /s/ Clay Whitson

Name: Clay Whitson

Title: Secretary, CFO

TRANSFEROR:

FPI HOLDINGS, INC.

By: _____

Name: Craig Shapero

Title: President

OWNER:

CRAIG SHAPERO

IN WITNESS WHEREOF, the Parties have caused this Membership Interest Purchase and Contribution Agreement to be executed as of the date first above written.

ACQUIROR:

i3 VERTICALS, LLC

By: _____
Name: _____
Title: _____

TRANSFEROR:

FPI HOLDINGS, INC.

By: /s/ Craig Shapero _____
Name: Craig Shapero
Title: President

OWNER:

CRAIG SHAPERO
/s/ Craig Shapero _____

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**OF****i3 VERTICALS, INC.**

i3 Verticals, Inc., a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), hereby certifies as follows:

1. The original Certificate of Incorporation of the Corporation was filed with the Office of the Secretary of State of the State of Delaware on January 17, 2018 (the “**Original Certificate**”) under the same name.

2. The Corporation is filing this Amended and Restated Certificate of Incorporation of the Corporation (the “**Amended and Restated Certificate of Incorporation**”), which restates, integrates and further amends the Original Certificate, and which was duly adopted by all necessary action of the board of directors of the Corporation (the “**Board of Directors**”) and the stockholders of the Corporation in accordance with the provisions of Sections 242, 245 and 228 of the General Corporation Law of the State of Delaware (the “**DGCL**”).

3. The text of the Original Certificate is hereby amended and restated in its entirety by this Amended and Restated Certificate of Incorporation to read in full as follows:

ARTICLE I.

The name of the Corporation is i3 Verticals, Inc.

ARTICLE II.

The address of the Corporation’s registered office in the State of Delaware is 160 Greentree Drive, Suite 101, Dover, County of Kent, Delaware 19904. The name of its registered agent at such address is National Registered Agents, Inc.

ARTICLE III.

The nature of the business of the Corporation and the objects or purposes to be transacted, promoted or carried on by it is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV.

Section 4.1 Authorized Stock. The total number of shares of all classes of stock that the Corporation is authorized to issue is two hundred million (200,000,000), consisting of:

(a) One hundred fifty million (150,000,000) shares of Class A common stock, with a par value of \$0.0001 per share (the “**Class A Common Stock**”);

(b) Forty million (40,000,000) shares of Class B common stock, with a par value of \$0.0001 per share (the “**Class B Common Stock**” and together with the Class A Common Stock, the “**Common Stock**”); and

(c) Ten million (10,000,000) shares of preferred stock, with a par value of \$0.0001 per share (the “**Preferred Stock**”).

Section 4.2 **Preferred Stock.** The Board of Directors is authorized, subject to any limitations prescribed by law, to provide, out of the unissued shares of Preferred Stock, for the issuance of shares of Preferred Stock in one or more series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a “**Preferred Stock Designation**”), to establish from time to time the number of shares to be included in each such series and to fix the powers, designations, preferences and rights, and qualifications, limitations or restrictions thereof, including, without limitation, the authority to fix or alter the dividend rights, dividend rates, conversion rights, exchange rights, voting rights, rights and terms of redemption (including sinking and purchase fund provisions), the redemption price or prices, restrictions on the issuance of shares of such series, the dissolution preferences and the rights in respect to any distribution of assets of any wholly unissued series of Preferred Stock and the number of shares constituting any such series, and the designation thereof, or any of them and to increase or decrease the number of shares of any series so created (except where otherwise provided in the Preferred Stock Designation), subsequent to the issue of that series but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

Section 4.3 **Number of Authorized Shares.** The number of authorized shares of any of the Class A Common Stock, Class B Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of stock of the Corporation entitled to vote thereon, without a separate vote of any holders of the Class A Common Stock, Class B Common Stock or Preferred Stock, or of any series thereof, unless a separate vote of any such holders of Preferred Stock, or of any series thereof, is required pursuant to the terms of any Preferred Stock Designation, irrespective of the provisions of Section 242(b)(2) of the DGCL.

Section 4.4 **Common Stock.** The powers, preferences and rights of the Class A Common Stock and the Class B Common Stock, and the qualifications, limitations or restrictions thereof are as follows:

(a) **Voting Rights.** Except as otherwise required by law,

(i) Each share of Class A Common Stock shall entitle the record holder thereof as of the applicable record date to one (1) vote in person or by proxy on all matters submitted to a vote of the holders of Class A Common Stock, whether voting separately as a class or otherwise.

(ii) Each share of Class B Common Stock shall entitle the record holder thereof as of the applicable record date to one (1) vote in person or by proxy on all matters submitted to a vote of the holders of Class B Common Stock, whether voting separately as a class or otherwise.

(iii) Except as otherwise required in this Amended and Restated Certificate of Incorporation or by applicable law, the holders of shares of Common Stock shall vote together as a single class (or, if any holders of shares of Preferred Stock are entitled to vote together with the holders of Common Stock, as a single class with such holders of Preferred Stock) on all matters submitted to a vote of the holders of Common Stock of the Corporation.

(b) Dividends and Distributions. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock, dividends may be declared and paid on the Class A Common Stock to the extent not prohibited by law, at such times and in such amounts as the Board of Directors in its discretion shall determine. Dividends shall not be declared or paid on the Class B Common Stock, except that the Corporation may declare and pay a dividend to the holders of Class B Common Stock consisting of additional shares of Class B Common Stock (or rights to acquire Class B Common Stock) and cash payments in lieu of issuing fractional shares of Class B Common Stock.

(c) Liquidation Rights. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock, in the event of liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and after making provisions for preferential and other amounts, if any, to which the holders of Preferred Stock shall be entitled, the remaining assets and funds of the Corporation available for distribution shall be divided among and paid ratably to the holders of all outstanding shares of Class A Common Stock and Class B Common Stock in proportion to the number of shares held by each such stockholder; provided, that the holders of shares of Class B Common Stock shall be entitled to receive \$0.0001 per share, and upon receiving such amount, the holders of shares of Class B Common Stock, as such, shall not be entitled to receive any other assets or funds of the Corporation. A consolidation, reorganization or merger of the Corporation with any other Person or Persons (as defined below), or a sale of all or substantially all of the assets of the Corporation, shall not be considered to be a dissolution, liquidation or winding up of the Corporation within the meaning of this Section 4.4(c).

(d) Class B Common Stock.

(i) Shares of Class B Common Stock may be issued only to, and registered in the name of, the Existing Owners (as defined below), their respective successors and assigns as well as their respective transferees in accordance with Section 4.5 (including all subsequent successors, assigns and Permitted Transferees (as defined below)) (the Existing Owners together with such persons, collectively, the “**Permitted Class B Owners**”). As used in this Amended and Restated Certificate of Incorporation, “**Existing Owner**” means each of the holders of Common Units (as defined below) of i3 Verticals, LLC, or any successor entities thereto, as set forth on the records of i3 Verticals, LLC as of the effectiveness of the Amended and Restated Certificate of Incorporation, a copy of which shall be provided to any stockholder of the Corporation following a request therefor.

(ii) The Corporation shall, to the fullest extent permitted by law, undertake all necessary and appropriate action (including undertaking action within its power in its capacity as Manager (as defined in the LLC Agreement) of i3 Verticals, LLC) to ensure that the number of shares of Class B Common Stock issued by the Corporation at any time to any Permitted Class B Owner shall be equal to the aggregate number of Common Units (other than Common Units issuable upon the exercise of any options, warrants or rights) held of record by such Permitted Class B Owner in accordance with Article VI, as applicable. In furtherance of the foregoing, each Permitted Class B Owner shall have the right to acquire from the Corporation (for a purchase price equal to the aggregate par value thereof) a number of shares of Class B Common Stock equal to the number of Common Units then owned by such Permitted Class B Owner (excluding Common Units issuable upon the exercise of any options, warrants or rights). As used in this Amended and Restated Certificate of Incorporation, “**Common Unit**” means a membership interest in i3 Verticals, LLC, authorized and issued under the Limited Liability Company Agreement of i3 Verticals, LLC, dated as of the date hereof, as such agreement may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time (the “**LLC Agreement**”), and constituting a “**Common Unit**” as defined in such LLC Agreement.

(iii) From and after the filing of this Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (the “**Effective Time**”), additional shares of Class B Common Stock may be issued only to, and registered in the name of, the Permitted Class B Owners in accordance with Article VI and the aggregate number of shares of Class B Common Stock following any such issuance registered in the name of each such Permitted Class B Owner must be equal to the aggregate number of Common Units (other than Common Units issuable upon the exercise of any options, warrants or rights) held of record by such Permitted Class B Owner under the LLC Agreement as set forth in Section 4.4(d)(ii).

(iv) In the event that (1) the Corporation is a constituent entity to, or otherwise undergoes, a merger, consolidation or other business transaction in which shares of Common Stock are exchanged for or converted into other stock or securities, or the right to receive cash and/or any other property, other than a merger or consolidation that would result in the shares of Common Stock, Preferred Stock and/or any other class or classes of capital stock of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than fifty percent (50%) of the combined voting power of the shares of capital stock of such surviving or resulting entity outstanding immediately after such merger or consolidation in substantially the same proportion as the ownership of voting securities immediately prior to such event, or (2) there is any tender or exchange offer by any third party to acquire shares of Class B Common Stock and holders of shares of Class B Common Stock tender or exchange any such shares of Class B Common Stock, then, in each case, immediately before the consummation of any such action or transaction, the Corporation shall redeem, to the fullest extent permitted by law, the Class B Common Stock for a per share cash amount equal to the par value of a share of Class B Common Stock.

Section 4.5 Transfer of Class B Common Stock.

(a) A holder of Class B Common Stock may surrender shares of Class B Common Stock to the Corporation for no consideration at any time. Following the surrender of any shares of Class B Common Stock to the Corporation, the Corporation will take all actions necessary to retire such shares and such shares shall not be re-issued by the Corporation (other than to a Permitted Class B Owner).

(b) Except as set forth in Section 4.5(a), a holder of Class B Common Stock may transfer or assign shares of Class B Common Stock (or any legal or beneficial interest in such shares) to any transferee or assignee only to the extent permitted by the LLC Agreement (a "**Permitted Transfer**" and a holder of Class B Common Stock pursuant to a Permitted Transfer, a "**Permitted Transferee**") and only if such holder also simultaneously transfers an equal number of such holder's Common Units to such transferee in compliance with the LLC Agreement. The transfer restrictions described in this Section 4.5(b) are referred to as the "**Restrictions**".

(c) Any purported transfer of shares of Class B Common Stock in violation of the Restrictions shall be null and void. If, notwithstanding the Restrictions, a Person shall, voluntarily or involuntarily, purportedly become or attempt to become, the purported owner ("**Purported Owner**") of shares of Class B Common Stock in violation of the Restrictions, then the Purported Owner shall not obtain any rights in and to such shares of Class B Common Stock (the "**Restricted Shares**"), and the purported transfer of the Restricted Shares to the Purported Owner shall not be recognized by the Corporation, the Corporation's transfer agent (the "**Transfer Agent**") or the Secretary of the Corporation, as determined by the Board of Directors and each Restricted Share shall, to the fullest extent permitted by law, automatically, without any further action on the part of the Corporation, the holder thereof, or any other party, lose all voting rights as set forth herein and become a non-voting share.

(d) Notwithstanding the foregoing Restrictions, in the event that any outstanding share of Class B Common Stock shall cease to be held by a holder of Common Units, such share shall automatically and without further action on the part of the Corporation or any holder of Class B Common Stock be transferred to the Corporation for no consideration, and the Corporation will take all actions necessary to retire such share and such share shall not be re-issued by the Corporation (other than to a Permitted Class B Owner). Notwithstanding the foregoing Restrictions, in the event that any holder of the Class B Common Stock no longer holds an interest in the Common Units, such shares of Class B Common Stock shall automatically and without further action on the part of the Corporation or any holder of Class B Common Stock be transferred to the Corporation for no consideration, and the Corporation will take all actions necessary to retire such shares and such shares shall not be re-issued by the Corporation (other than to a Permitted Class B Owner).

(e) Upon a determination by the Board of Directors that a Person has attempted or may attempt to transfer or to acquire Restricted Shares in violation of the Restrictions, the Board of Directors may take such action as it deems advisable to refuse to give effect to such transfer or acquisition on the books and records of the Corporation, including without limitation to cause the Transfer Agent or the Secretary of the Corporation, as applicable, to not record the Purported Owner

as the record owner of the Restricted Shares, and to institute proceedings to enjoin or rescind any such transfer or acquisition.

(f) The Board of Directors may, to the extent permitted by law, from time to time establish, modify, amend or rescind, by bylaw or otherwise, regulations and procedures not inconsistent with the provisions of this Section 4.5 for determining whether any transfer or acquisition of shares of Class B Common Stock would violate the Restrictions and for the orderly application, administration and implementation of the provisions of this Section 4.5. Any such procedures and regulations shall be kept on file with the Secretary of the Corporation and with its Transfer Agent and shall be made available for inspection by any prospective transferee and, upon written request, shall be mailed to holders of shares of Class B Common Stock.

(g) The Board of Directors shall have all powers necessary to implement the Restrictions, including without limitation the power to waive such Restrictions or prohibit the transfer of any shares of Class B Common Stock on the books and records of the Corporation in violation thereof.

Section 4.6 Certificates. All certificates or book entries representing shares of Class B Common Stock shall bear a legend substantially in the following form (or in such other form as the Corporation may determine):

THE SECURITIES REPRESENTED BY THIS [CERTIFICATE][BOOK ENTRY] ARE SUBJECT TO THE RESTRICTIONS (INCLUDING RESTRICTIONS ON TRANSFER) SET FORTH IN THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF THE CORPORATION (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE CORPORATION AND SHALL BE PROVIDED FREE OF CHARGE TO ANY STOCKHOLDER MAKING A REQUEST THEREFOR).

Section 4.7 Fractions. The Common Stock may be issued and transferred in fractions of a share which shall entitle the holder to exercise voting rights and to have the benefit of all other rights of holders of Common Stock. Subject to the Restrictions, holders of shares of Common Stock shall be entitled to transfer fractions thereof and the Corporation shall, and shall cause the Transfer Agent to, facilitate any such transfers, including by issuing certificates or making book entries representing any such fractional shares. For all purposes of this Amended and Restated Certificate of Incorporation, all references to Common Stock or any share thereof (whether in the singular or plural) shall be deemed to include references to any fraction of a share of Common Stock.

Section 4.8 Amendment. Except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) or pursuant to the DGCL.

ARTICLE V.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares or other securities at least as many shares or other securities equal to the sum of (i) the number of Common Units held by the holders of Common Units (other than the Corporation and any direct or indirect majority-owned subsidiary of the Corporation) plus (ii) the number of Common Units issuable by i3 Verticals, LLC in connection with the exercise or conversion of any equity securities (including without limitation warrants, options and rights) issued by i3 Verticals, LLC that are convertible or exercisable or exchangeable for Common Units.

ARTICLE VI.

Section 6.1 Common Units and Common Stock Ratio. The Corporation shall, to the fullest extent permitted by law, undertake all actions, including, without limitation, a reclassification, dividend, division, subdivision, combination or recapitalization, with respect to:

(a) the shares of Class A Common Stock necessary to maintain at all times a one-to-one ratio between the number of Common Units owned by the Corporation and the number of outstanding shares of Class A Common Stock, disregarding, for purposes of maintaining the one-to-one ratio, (i) shares of Class A Common Stock issuable pursuant to awards granted under any stock incentive plan adopted by the Corporation from time to time that have not vested thereunder, (ii) treasury stock, or (iii) Preferred Stock or other debt or equity securities (including without limitation warrants, options and rights) issued by the Corporation that are convertible or exercisable or exchangeable for Class A Common Stock (except to the extent such securities have been converted, exercised or exchanged for Class A Common Stock and the net proceeds from such other securities, including without limitation any exercise or purchase price payable upon conversion, exercise or exchange thereof, has been contributed by the Corporation to the equity capital of i3 Verticals, LLC).

(b) the shares of Class B Common Stock necessary to maintain at all times a one-to-one ratio between the number of Common Units (other than Common Units issuable upon the exercise of any options, warrants or rights) owned by all Permitted Class B Owners and the number of outstanding shares of Class B Common Stock owned by all Permitted Class B Owners.

Section 6.2 Common Units and Common Stock Ratio upon a Stock Split. The Corporation shall not undertake or authorize any subdivision (by any stock split, stock dividend, reclassification, recapitalization or similar event) or combination (by reverse stock split, reclassification, recapitalization or similar event) of (i) the Class A Common Stock that is not accompanied by an identical subdivision or combination of the Common Units to maintain at all times a one-to-one ratio between the number of Common Units owned by the Corporation and the number of outstanding shares of Class A Common Stock, unless such action is necessary to maintain at all times a one-to-one ratio between the number of Common Units owned by the Corporation and the number of outstanding shares of Class A Common Stock; or (ii) the Class B Common Stock that is not accompanied by an identical subdivision or combination of the Common Units to maintain at all times, subject to the provisions of this Amended and Restated Certificate of Incorporation, a one-to-one ratio between the number of Common Units (other than Common Units issuable upon

the exercise of any options, warrants or rights) owned by all Permitted Class B Owners and the number of outstanding shares of Class B Common Stock owned by all Permitted Class B Owners, unless, such action is necessary to maintain at all times a one-to-one ratio between the number of Common Units owned by all Permitted Class B Owners and the number of outstanding shares of Class B Common Stock owned by all Permitted Class B Owners.

Section 6.3 Common Units and Class A Common Stock Ratio upon a Sale or Repurchase. The Corporation shall not issue, transfer or deliver from treasury stock or repurchase shares of Class A Common Stock unless in connection with any such issuance, transfer, delivery or repurchase the Corporation takes or authorizes all requisite action such that, after giving effect to all such issuances, transfers, deliveries or repurchases, the number of Common Units owned by the Corporation will equal on a one-for-one basis the number of outstanding shares of Class A Common Stock, disregarding, for purposes of maintaining the one-to-one ratio, (i) shares of Class A Common Stock issuable pursuant to awards granted under any stock incentive plan adopted by the Corporation from time to time that have not vested thereunder, (ii) treasury stock or (iii) Preferred Stock or other debt or equity securities (including without limitation warrants, options and rights) issued by the Corporation that are convertible or exercisable or exchangeable for Class A Common Stock (except to the extent such securities have been converted, exercised or exchanged for Class A Common Stock and the net proceeds from such other securities, including without limitation any exercise or purchase price payable upon conversion, exercise or exchange thereof, has been contributed by the Corporation to the equity capital of i3 Verticals, LLC). The Corporation shall not issue, transfer or deliver from treasury stock or repurchase or redeem shares of Preferred Stock unless in connection with any such issuance, transfer, delivery, repurchase or redemption the Corporation takes all requisite action such that, after giving effect to all such issuances, transfers, repurchases or redemptions, the Corporation holds (in the case of any issuance, transfer or delivery) or ceases to hold (in the case of any repurchase or redemption) equity interests in i3 Verticals, LLC which (in the good faith determination by the Board of Directors) are in the aggregate substantially equivalent in all respects to the outstanding Preferred Stock so issued, transferred, delivered, repurchased or redeemed.

Section 6.4 Common Units and Class A Common Stock Ratio upon a Merger. Unless otherwise consented to in writing by a majority of the Permitted Class B Owners and the holders of a majority of the voting power of the outstanding shares of Class A Common Stock voting as a separate class, the Corporation shall not consolidate, merge or combine, or consummate any other transaction, and shall take all actions within its power to prohibit i3 Verticals, LLC from entering into any consolidation, merger, combination or other transaction (in each case, other than an action or transaction for which an adjustment is provided in one of the preceding paragraphs of this Article VI or in Article IV) in which Common Units or shares of Class A Common Stock are exchanged for or converted into other stock or securities, or the right to receive cash and/or any other property (a "**Transaction**"), unless in connection with any such Transaction each share of Class A Common Stock and each Common Unit that is redeemable by the holder thereof pursuant to the terms of the LLC Agreement for, at the option of the Corporation, a share of Class A Common Stock or a cash payment, respectively, shall be entitled to be exchanged for or converted into (without duplication of any corresponding share of Class A Common Stock which the Corporation may elect to issue upon a redemption of such Common Unit by the holder thereof) the same kind and amount of stock

or securities, cash and/or any other property, as the case may be, into which or for which each Common Unit and each share of Class A Common Stock is exchanged or converted (such stock or securities, cash and/or property shall be referred to herein as the “**Consideration**”), to maintain at all times a one-to-one ratio between (x) the Consideration issuable in such Transaction in exchange for or conversion of one share of Class A Common Stock and (y) the Consideration issuable in such Transaction in exchange for or conversion of one Common Unit.

ARTICLE VII.

The Board of Directors is expressly authorized to adopt, amend and repeal the bylaws of the Corporation (the “**Bylaws**”).

ARTICLE VIII.

Section 8.1 Ballot. Elections of the directors comprising the Board of Directors (each such director, in such capacity, a “**Director**”) need not be by written ballot unless the Bylaws shall so provide.

Section 8.2 Number and Terms of the Board of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of Directors shall consist of between three and fifteen (15) Directors and be fixed from time to time exclusively by resolutions adopted by the Board of Directors. Each Director will be elected for a term expiring at the next annual meeting following such Director’s election.

Section 8.3 Newly Created Directorships and Vacancies. Except as otherwise required by law and subject to the separate 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 8.4 Quorum and Vote Required for Action. At any meeting 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 as otherwise required by law, 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 8.5 Notice. Advance notice of stockholder nominations for election of Directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the Bylaws.

ARTICLE IX.

Special meetings of the stockholders of the Corporation may be called at any time only by or at the direction of the chairman of the Board of Directors, the chief executive officer or by the affirmative vote of a majority of the Board of Directors. Any action required or permitted to be taken by stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders and may not be effected by written consent in lieu of a meeting.

ARTICLE X.

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; provided that any amendment to this Amended and Restated Certificate of Incorporation following the Effective Time that gives holders of the Class B Common Stock (i) any rights to receive dividends or any other kind of distribution, (ii) any right to convert into or be exchanged for Class A Common Stock other than on a one-to-one basis or (iii) any other economic rights shall be approved by the affirmative vote of the holders of a majority of the voting power of all of the outstanding voting stock of the Corporation. If any provision or provisions of this Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any Person or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any sentence of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other Persons and circumstances shall not in any way be affected or impaired thereby.

ARTICLE XI.

To the fullest extent permitted by the laws of the State of Delaware, no Director shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to, or modification or repeal of, this Article XI shall adversely affect any right or protection of a Director or of any officer, employee or agent of the Corporation existing hereunder with respect to any act or omission occurring prior to such amendment, modification or repeal.

ARTICLE XII.

Section 12.1 Corporate Opportunity. To the fullest extent permitted by the laws of the State of Delaware and in accordance with Section 122(17) of the DGCL, (a) the Corporation hereby renounces all interest and expectancy that it otherwise would be entitled to have in, and all rights to be offered an opportunity to participate in, any business opportunity that from time to time may be presented to (i) any Director, (ii) any stockholder, officer or agent of the Corporation, or (iii) any Affiliate of any Person identified in the preceding clause (i) or (ii) and any investment fund managed by any of the foregoing, but in each case excluding any such Person in its capacity as an employee

or executive officer of the Corporation or its subsidiaries; (b) no stockholder and no Director, in each case, that is not an employee or executive officer of the Corporation or its subsidiaries, will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which the Corporation or its subsidiaries from time to time is engaged or proposes to engage or (ii) otherwise competing, directly or indirectly, with the Corporation, its Affiliates or any of its subsidiaries; and (c) if any stockholder or any Director, in each case, that is not an employee or executive officer of the Corporation or its subsidiaries, acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity both for such stockholder or such Director or any of their respective Affiliates, on the one hand, and for the Corporation or its subsidiaries, on the other hand, such stockholder or Director shall have no duty to communicate or offer such transaction or business opportunity to the Corporation or its subsidiaries and such stockholder or Director may take any and all such transactions or opportunities for itself or offer such transactions or opportunities to any other Person. The preceding sentences of this Article XII shall not apply to any potential transaction or business opportunity that is expressly offered to a Director, executive officer or employee of the Corporation or its subsidiaries, solely in his or her capacity as a Director, executive officer or employee of the Corporation or its subsidiaries.

Section 12.2 Corporate Opportunity. To the fullest extent permitted by the laws of the State of Delaware, no potential transaction or business opportunity may be deemed to be a corporate opportunity of the Corporation or its subsidiaries unless (a) the Corporation or its subsidiaries would be permitted to undertake such transaction or opportunity in accordance with this Amended and Restated Certificate of Incorporation, (b) the Corporation or its subsidiaries at such time have sufficient financial resources to undertake such transaction or opportunity, (c) the Corporation or its subsidiaries have an interest or expectancy in such transaction or opportunity and (d) such transaction or opportunity would be in the same or similar line of business in which the Corporation or its subsidiaries are then engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business.

Section 12.3 Deemed Notice. Any person or entity purchasing or otherwise acquiring any interest in any shares of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article XII.

Section 12.4 Liability. No stockholder and no Director will be liable to the Corporation or its subsidiaries or stockholders for breach of any duty (contractual or otherwise) solely by reason of any activities or omissions of the types expressly permitted by this Article XII.

ARTICLE XIII.

Section 13.1 Section 203 of the DGCL. The Corporation expressly elects not to be governed by Section 203 of the DGCL and the restrictions and limitations set forth therein.

Section 13.2 Interested Stockholder Transactions.

(a) Notwithstanding any other provision in this Amended and Restated Certificate of Incorporation to the contrary, the Corporation shall not engage in any Business

Combination (as defined below) with any Interested Stockholder (as defined below) for a period of three years following the time that such stockholder became an Interested Stockholder, unless:

(i) prior to such time the Board of Directors approved either the Business Combination or the transaction which resulted in such stockholder becoming an Interested Stockholder;

(ii) upon consummation of the transaction which resulted in such stockholder becoming an Interested Stockholder, such stockholder owned at least eighty-five percent (85%) of the Voting Stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the Voting Stock outstanding (but not the outstanding Voting Stock owned by such stockholder) those shares owned (1) by Persons (as defined below) who are directors and also officers of the Corporation and (2) employee stock plans of the Corporation in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

(iii) at or subsequent to such time the Business Combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding Voting Stock which is not owned by such stockholder.

(b) The restrictions contained in this Section 13.2 shall not apply if:

(i) a stockholder becomes an Interested Stockholder inadvertently and (1) as soon as practicable divests itself of ownership of sufficient shares so that the stockholder ceases to be an Interested Stockholder; and (2) would not, at any time within the three-year period immediately prior to a Business Combination between the Corporation and such stockholder, have been an Interested Stockholder but for the inadvertent acquisition of ownership; or

(ii) the Business Combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (1) constitutes one of the transactions described in the second sentence of this subparagraph (b)(ii) of Section 13.2; (2) is with or by a Person who either was not an Interested Stockholder during the previous three years or who became an Interested Stockholder with the approval of the Board of Directors; and (3) is approved or not opposed by a majority of the directors then in office (but not less than one) who were directors prior to any Person becoming an Interested Stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors. The proposed transactions referred to in the preceding sentence are limited to (x) a merger or consolidation of the Corporation (except for a merger in respect of which, pursuant to Section 251(f) of the DGCL, no vote of the stockholders of the Corporation is required); (y) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation (other than to any direct or indirect wholly-owned subsidiary or to the Corporation) having an aggregate market value equal to fifty percent (50%) or more of

either that aggregate market value of all of the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding Stock (as defined below) of the Corporation; or (z) a proposed tender or exchange offer for fifty percent (50%) or more of the outstanding Voting Stock of the Corporation. The Corporation shall give not less than 20 days' notice to all Interested Stockholders prior to the consummation of any of the transactions described in clause (x) or (y) of the second sentence of this subparagraph (b)(ii) of Section 13.2.

(c) As used in this Section 13.2 only, and unless otherwise provided by the express terms of this Section 13.2, the following terms shall have the meanings ascribed to them as set forth in this paragraph (c):

(i) "**Affiliate**" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another Person;

(ii) "**Associate**", when used to indicate a relationship with any Person, means: (1) any corporation, partnership, unincorporated association or other entity of which such Person is a director, officer or partner or is, directly or indirectly, the owner of twenty percent (20%) or more of any class of Voting Stock; (2) any trust or other estate in which such Person has at least a twenty percent (20%) beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (3) any relative or spouse of such Person, or any relative of such spouse, who has the same residence as such Person;

(iii) "**Business Combination**" means:

(A) any merger or consolidation of the Corporation (other than a merger effected pursuant to Section 253 or Section 267 of the DGCL) or any direct or indirect majority-owned subsidiary of the Corporation with (1) the Interested Stockholder, or (2) with any Person if the merger or consolidation is caused by the Interested Stockholder and as a result of such merger or consolidation paragraph (a) of this Section 13.2 is not applicable to the surviving entity;

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the Interested Stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to ten percent (10%) or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding Stock of the Corporation;

(C) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any Stock of the Corporation or of such subsidiary to the Interested Stockholder, except: (1) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into Stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the Interested Stockholder became such; (2) pursuant to a merger under Section 251(g), 253 or 267 of the DGCL; (3) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into Stock of

the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of Stock of the Corporation subsequent to the time the Interested Stockholder became such; (4) pursuant to an exchange offer by the Corporation to purchase Stock made on the same terms to all holders of such Stock; or (5) any issuance or transfer of Stock by the Corporation; provided however, that in no case under items (3) through (5) of this subparagraph (c)(iii)(C) of Section 13.2 shall there be an increase in the Interested Stockholder's proportionate share of the Stock of any class or series of the Corporation or of the Voting Stock of the Corporation;

(D) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the Stock of any class or series, or securities convertible into the Stock of any class or series, of the Corporation or of any such subsidiary which is owned by the Interested Stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of Stock not caused, directly or indirectly, by the Interested Stockholder; or

(E) any receipt by the Interested Stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in subparagraphs(c)(iii)(A) through (D) of Section 13.2) provided by or through the Corporation or any direct or indirect majority-owned subsidiary of the Corporation.

(iv) "**Control**", including the terms "controlling", "controlled by" and "under common control with", means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of stock or other equity interests, by contract or otherwise. A Person who is the owner of twenty percent (20%) or more of the outstanding Voting Stock of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary; notwithstanding the foregoing, a presumption of control shall not apply where such Person holds Voting Stock, in good faith and not for the purpose of circumventing this Section 13.2, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity;

(v) "**Interested Stockholder**" means any Person (other than the Corporation and any direct or indirect majority-owned subsidiary of the Corporation) that (A) is the owner of fifteen percent (15%) or more of the outstanding Voting Stock of the Corporation, or (B) is an Affiliate or Associate of the Corporation and was the owner of fifteen percent (15%) or more of the outstanding Voting Stock of the Corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such Person is an Interested Stockholder, and the Affiliates and Associates of such Person. Notwithstanding anything in this Section 13.2 to the contrary, the term "Interested Stockholder" shall not include: (x) Greg Daily or any of his Affiliates or Associates or (y) any Person whose ownership of shares in excess of the fifteen percent (15%) limitation set forth herein is the result of action taken solely by the Corporation, provided that, for purposes of this clause (y), such Person shall be an Interested Stockholder if thereafter such Person acquires additional shares of Voting Stock of the Corporation,

except as a result of further action by the Corporation not caused, directly or indirectly, by such Person;

(vi) “**Owner**”, including the terms “own” and “owned”, when used with respect to any Stock, means a Person that individually or with or through any of its affiliates or associates beneficially owns such Stock, directly or indirectly; or has (A) the right to acquire such Stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the owner of Stock tendered pursuant to a tender or exchange offer made by such Person or any of such Person’s Affiliates or Associates until such tendered Stock is accepted for purchase or exchange; or (B) the right to vote such Stock pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the owner of any Stock because of such Person’s right to vote such Stock if the agreement, arrangement or understanding to vote such Stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more Persons; or has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in (B) of this paragraph (c)(vi) of Section 13.2), or disposing of such Stock with any other Person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such Stock; provided, that, for the purpose of determining whether a Person is an Interested Stockholder, the Voting Stock of the Corporation deemed to be outstanding shall include Stock deemed to be owned by the Person through application of this definition of “owned” but shall not include any other unissued Stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise;

(vii) “**Person**” means any individual, corporation, partnership, unincorporated association or other entity;

(viii) “**Stock**” means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest; and

(ix) “**Voting Stock**” means, with respect to any corporation, Stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity. Every reference to a percentage of Voting Stock shall refer to such percentage of the votes of or voting power conferred by such Voting Stock.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed on this [•].

i3 VERTICALS, INC.

By:

Name:

Title:

AMENDED AND RESTATED BYLAWS

OF

i3 VERTICALS, INC.

Dated as of [•]

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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 adopted by the Board of Directors as of [●] (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 [●] (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. 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 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 capital 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 the capital stock of the Corporation 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 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 represented by proxy and entitled to vote on the subject matter.

(b) Each Stockholder entitled to vote at a meeting of Stockholders or express consent to corporate action in writing without a meeting (if not prohibited by the Certificate of Incorporation) 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.

(c) Unless otherwise restricted by the Certificate of Incorporation, in order that the Corporation may determine the Stockholders entitled to express consent to corporate action in writing without a meeting, 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 not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date for determining Stockholders entitled to express consent to corporate action in writing without a meeting is fixed by the Board of Directors, (i) when no prior action of the Board of Directors is required by law or the Certificate of Incorporation, the record date for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation (or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of Stockholders are recorded) in accordance with applicable law, and (ii) if prior action by the Board of Directors is required by law or the Certificate of Incorporation, the record date for such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 1.10 **List of Stockholders Entitled to Vote.** The Corporation shall prepare, at least ten (10) days before every 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 at least ten (10) days prior to 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. If the meeting is to be held at a place, then a list of Stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any Stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any Stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. 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 proxy at any meeting 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 notice procedures 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. For purposes of the first annual meeting held following the closing of the Corporation's initial public offering, the anniversary date shall be deemed to be [●]. In no event shall an adjournment, 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 of the Corporation 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 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 Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and the rules and regulations promulgated thereunder, and (III) such person’s written consent to serving as a director of the Corporation if elected;

(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 whether the Stockholder or the beneficial owner, if any, intends or is part of a group which intends (x) to 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 or elect the nominee and/or (y) otherwise to solicit proxies or votes from Stockholders in support of such proposal or nomination, and (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.

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).

(iii) 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 notice procedures set forth in this Section 1.13. 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, 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.*

(i) 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 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, 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 in respect of such vote 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.

(ii) 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.

(iii) 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; 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.

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), 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, 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 under the Exchange Act) of the Corporation or, while a director or officer (as defined by Rule 16a-1 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.

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

i3
Verticals
 PO BOX 4304, Providence, RI 02946-3004
 MR. A. SAMPLE
 DESIGNATION (IF ANY)
 A00 1
 A00 2
 A00 3
 A00 4

Class A Common Stock
 PAR VALUE \$0.0001

Certificate Number
ZQ00000000



i3 VERTICALS, INC.
 INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

Class A Common Stock

Shares

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE & MRS. SAMPLE

is the owner of

*****ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO*****

FULLY-PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK OF

i3 Verticals, Inc. (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.


 Chief Financial Officer


 General Counsel and Secretary

DATED DD-MMM-YYYY

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
 TRANSFER AGENT AND REGISTRAR.

By _____ AUTHORIZED SIGNATURE

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP 46571Y 10 7

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT. AVAILABLE ONLINE AT www.computershare.com

CUSPIDENTIFIER XXXXXXXX XX X
Holder ID XXXXXXXXXXXXX
Insurance Value 1,000,000.00
Number of Shares 123456
DTC 12345678 123456789012345
Certificate Numbers

Certificate Numbers	Num/No.	Denom.	Total
12345678901234567890	1	1	1
12345678901234567890	2	2	2
12345678901234567890	3	3	3
12345678901234567890	4	4	4
12345678901234567890	5	5	5
12345678901234567890	6	6	6
Total Transaction	7		7

1234567

i3 VERTICALS, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:			
TEN COM - as tenants in common	UNIF GIFT MIN ACT Custodian
		(Cost)	(Minor)
TEN ENT - as tenants by the entireties		under Uniform Gifts to Minors Act
			(State)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT Custodian (until age)
		(Cost)	
	 Under Uniform Transfers to Minors Act
		(Minor)	(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ heroby sell, assign and transfer unto _____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____ Shares
of the Class A Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ Attorney
to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.

Dated: _____ 20_____

Signature: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTEE INSTITUTION (Bank, Stockbroker, Savings and Loan Association and Credit Union) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.



The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first-in, first-out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1534291

TAX RECEIVABLE AGREEMENT

by and among

i3 VERTICALS, INC.

i3 VERTICALS, LLC

the several MEMBERS (as defined herein) and

**OTHER MEMBERS OF i3 VERTICALS, LLC
FROM TIME TO TIME PARTY HERETO**

Dated as of [] [], 2018

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Exhibits

Exhibit A – Form of Joinder Agreement

TAX RECEIVABLE AGREEMENT

This TAX RECEIVABLE AGREEMENT, dated as of [_____] [__], 2018, is hereby entered into by and among i3 Verticals, Inc., a Delaware corporation (the "Corporation"), i3 Verticals, LLC, a Delaware limited liability company (the "LLC"), and each of the Members from time to time party hereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in Section 1.1.

RECITALS

WHEREAS, the LLC is treated as a partnership for U.S. federal income tax purposes;

WHEREAS, each of the members of the LLC other than the Corporation (such members who are parties hereto, and each other Person who becomes party hereto by satisfying the Joinder Requirement, the "Members") owns (or, in the case of such other Persons, will own) limited liability company interests in the LLC (the "Units");

WHEREAS, on the date hereof, the Corporation will become the managing member of the LLC;

WHEREAS, on the date hereof and exclusive of the Over-Allotment Option (as defined below), the Corporation issued [_____] shares of its Class A common stock, par value \$0.0001 per share (the "Class A Common Stock") to certain purchasers in an initial public offering of its Class A Common Stock (the "IPO");

WHEREAS, on the date hereof, the Corporation used a portion of the net proceeds from the IPO to purchase newly-issued Units directly from the LLC, which proceeds will be used by the LLC to repay certain indebtedness of the LLC;

WHEREAS, on and after the date hereof, the Corporation may issue additional Class A Common Stock in connection with the IPO as a result of the exercise by the underwriters of their over-allotment option (the "Over-Allotment Option") and, if the Over-Allotment Option is in fact exercised in whole or in part, any additional net proceeds received by the Corporation will be used by the Corporation to acquire additional newly-issued Units directly from the LLC, which proceeds will be used by the LLC to repay certain indebtedness of the LLC;

[WHEREAS, on the date hereof, the Corporation used a portion of the net proceeds from the IPO to purchase Units directly from certain Members of the LLC (the "Purchase");]

WHEREAS, on and after the date hereof, pursuant to the LLC Agreement, subject to certain restrictions, each Member has the right from time to time to require the LLC to redeem (a "Redemption") all or a portion of such Member's Units for cash or, at the LLC's election, Class A Common Stock; provided that, at the election of the Corporation in its sole discretion, the Corporation may effect a direct exchange (a "Direct Exchange") of such cash or shares of Class A Common Stock for such Units;

WHEREAS, the LLC will have in effect an election under Section 754 of the Code (as defined herein) for the Taxable Year (as defined herein) in which any Exchange (as defined below) occurs, which election should result in an adjustment to the Corporation's share of the tax basis of the assets owned by the LLC as of the date of the Exchange, with a consequent result on the taxable income subsequently derived therefrom; and

WHEREAS, the parties to this Agreement desire to provide for certain payments and make certain arrangements with respect to any tax benefits to be derived by the Corporation as the result of Exchanges and the receipt of payments under this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the terms set forth in this Article I shall have the following meanings.

“Actual Interest Amount” is defined in Section 3.1(b)(vii) of this Agreement.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

“Agreed Rate” means LIBOR plus 100 basis points.

“Agreement” is defined in the preamble.

“Amended Schedule” is defined in Section 2.4(b) of this Agreement.

“Assumed State and Local Tax Rate” means the tax rate equal to the sum of the products of (x) the Corporation’s income tax apportionment rate(s) for each state and local jurisdiction in which the Corporation files income or franchise tax returns for the relevant Taxable Year and (y) the highest corporate income and franchise tax rate(s) for each such state and local jurisdiction in which the Corporation files income tax returns for each relevant Taxable Year

“Attributable” is defined in Section 3.1(b)(i) of this Agreement.

“Basis Adjustment” means the increase or decrease to the tax basis of, or the Corporation’s share of, the tax basis of the Reference Assets (i) under Section 734(b), 743(b) and 754 of the Code and, in each case, the comparable sections of U.S. state and local tax law (in situations where, following an Exchange, the LLC remains in existence as an entity for tax purposes) and (ii) under Sections 732 and 1012 of the Code and, in each case, the comparable sections of U.S. state and local tax law (in situations where, as a result of one or more Exchanges, the LLC becomes an entity that is disregarded as separate from its owner for tax purposes), in each case, as a result of any Exchange and any payments made under this Agreement. Notwithstanding any other provision of this Agreement, the amount of any Basis Adjustment resulting from an Exchange of one or more Units shall be determined without regard to any Pre-Exchange Transfer of such Units and as if any such Pre-Exchange Transfer had not occurred.

“Basis Schedule” is defined in Section 2.2 of this Agreement.

“Board” means the Board of Directors of the Corporation.

“Business Day” means any day excluding Saturday, Sunday and any day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in New York are closed.

“Change of Control” means the occurrence of any of the following events:

- (1) any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, or any successor provisions thereto (the “Exchange Act”), but excluding any employee benefit plan of such person and its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan, and excluding the Permitted Transferees) becomes the “beneficial owner” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of shares of Class A Common Stock, Class B Common Stock, Preferred Stock and/or any other class or classes of capital stock of the Corporation (if any) representing in the aggregate more than fifty percent (50%) of the voting power of all of the outstanding shares of capital stock of the Corporation entitled to vote;
- (2) the shareholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Corporation of all or substantially all of the Corporation’s assets (including a sale of all or substantially all of the assets of the LLC);
- (3) there is consummated a merger or consolidation of the Corporation with any other corporation or entity, and, immediately after the consummation of such merger or consolidation, the voting securities of the Corporation immediately prior to such merger or consolidation do not continue to represent, or are not converted into, more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or
- (4) the Corporation ceases to be the sole managing member of the LLC.

Notwithstanding the foregoing, a “Change of Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Class A Common Stock and Class B Common Stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in and voting control over, and own substantially all of the shares of, an entity which owns all or substantially all of the assets of the Corporation immediately following such transaction or series of transactions.

“Class B Common Stock” means shares of Class B common stock, par value \$0.0001 per share, of the Corporation.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or other agreement.

“Corporation” is defined in the preamble to this Agreement.

“Covered Tax Benefit” is defined in Section 3.3(a) of this Agreement.

“Covered Taxes” means any and all U.S. federal, state, local and foreign taxes, assessments or similar charges that are based on or measured with respect to net income or profits and any interest related thereto.

“Cumulative Net Realized Tax Benefit” is defined in Section 3.1(b)(iii) of this Agreement.

“Default Rate” means the sum of (i) the highest rate applicable at the time under the Senior Secured Credit Facilities plus (ii) 200 basis points, it being understood that if there are no Senior Secured Credit Facilities then the Default Rate shall be LIBOR plus 500 basis points.

“Default Rate Interest” is defined in Section 3.1(b)(ix) of this Agreement.

“Determination” shall have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of U.S. state tax law, as applicable, or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for tax.

“Direct Exchange” is defined in the recitals to this agreement.

“Dispute” is defined in Section 7.8(a) of this Agreement.

“Early Termination Effective Date” means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

“Early Termination Notice” is defined in Section 4.2 of this Agreement.

“Early Termination Payment” is defined in Section 4.3(b) of this Agreement.

“Early Termination Rate” means LIBOR plus 200 basis points.

“Early Termination Reference Date” is defined in Section 4.2 of this Agreement.

“Early Termination Schedule” is defined in Section 4.2 of this Agreement.

“Exchange” means any Direct Exchange, any Redemption and the Purchase.

“Exchange Date” means the date of any Exchange.

“Exchanged Units” means any Units acquired by the Corporation from the LLC as a result of a Redemption or an Exchanging Member as a result of a Direct Exchange or a Purchase.

“Exchanging Member” means a Member that Exchanges, or has Exchanged, some or all of its Units in connection with or after the IPO.

“Expert” is defined in Section 7.9 of this Agreement.

“Extension Rate Interest” is defined in Section 3.1(b)(viii) of this Agreement.

“Final Payment Date” means any date on which a payment is required to be made pursuant to this Agreement. For the avoidance of doubt, the Final Payment Date in respect of a Tax Benefit Payment is determined pursuant to Section 3.1(a) of this Agreement.

“Hypothetical Tax Liability” means, with respect to any Taxable Year, the hypothetical liability of the Corporation that would arise in respect of Covered Taxes, using the same methods, elections, conventions and similar practices used on the actual relevant Tax Returns of the Corporation but (i) calculating depreciation, amortization, or other similar deductions, or otherwise calculating any items of income, gain, or loss, using the Corporation’s share of the Non-Adjusted Tax Basis as reflected on the Basis Schedule, including amendments thereto for the Taxable Year and (ii) excluding any deduction attributable to Imputed Interest, Actual Interest Amounts or Default Rate Interest for the Taxable Year; *provided*, that for purposes determining the Hypothetical Tax Liability, the combined tax rate for U.S. state and local Covered Taxes (but not, for the avoidance of doubt, federal Covered Taxes) shall be the Assumed State and Local Tax Rate. For the avoidance of doubt, (i) the Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any tax item attributable to Imputed Interest, Actual Interest, Default Rate Interest or a Basis Adjustment (or portions thereof); and (ii) the calculation of the Hypothetical Tax Liability shall take into account the federal benefit received by the Corporation with respect to state and local jurisdiction income taxes (with such benefit taking into account the Corporation’s marginal U.S. federal income tax rate for the relevant Taxable Year, the Assumed State and Local Tax Rate, and the deductibility, if any, of state and local jurisdiction income taxes).

“Imputed Interest” is defined in Section 3.1(b)(vi) of this Agreement.

“Independent Directors” means the members of the Board who are “independent” under the standards set forth in Rule 10A-3 promulgated under the Exchange Act and the corresponding rules of the applicable exchange on which the Class A Common Stock is traded or quoted.

“IPO” is defined in the recitals to this Agreement.

“IRS” means the U.S. Internal Revenue Service.

“Joinder” means a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement.

“Joinder Requirement” is defined in Section 7.6(a) of this Agreement.

“LIBOR” means during any period, the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Corporation as an authorized information vendor for the purpose of displaying rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market (a “Alternate Source”), at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of such period as the London interbank offered rate for U.S. dollars having a borrowing date and a maturity comparable to such period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any LIBOR Alternate Source, a comparable replacement rate determined by the Corporation at such time, which determination shall be conclusive absent manifest error; provided, that at no time shall LIBOR be less than 0%.

“LLC” is defined in the recitals to this Agreement.

“LLC Agreement” means that certain Limited Liability Company Agreement of the LLC, dated as of the date hereof.

“Market Value” means the Common Unit Redemption Price, as defined in the LLC Agreement, determined as of an Early Termination Date.

“Members” is defined in the recitals to this Agreement.

“Net Tax Benefit” is defined in Section 3.1(b)(ii) of this Agreement.

“Non-Adjusted Tax Basis” means, with respect to any Reference Asset at any time, the tax basis that such asset would have had at such time if no Basis Adjustments had been made.

“Objection Notice” is defined in Section 2.4(a)(i) of this Agreement.

“Over-Allotment Option” is defined in the recitals to this Agreement.

“Parties” means the parties named on the signature pages to this Agreement and each additional party that satisfies the Joinder Requirement, in each case with their respective successors and assigns.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

“Permitted Transfer” means the transfer of Units by a holder of Units to any transferee as permitted by the LLC Agreement.

“Permitted Transferee” means a holder of Units pursuant to a Permitted Transfer.

“Pre-Exchange Transfer” means any transfer of one or more Units (including upon the death of a Member) (i) that occurs after the IPO but prior to an Exchange of such Units and (ii) to which Section 743(b) of the Code applies.

“Realized Tax Benefit” is defined in Section 3.1(b)(iv) of this Agreement.

“Realized Tax Detriment” is defined in Section 3.1(b)(v) of this Agreement.

“Reconciliation Dispute” is defined in Section 7.9 of this Agreement.

“Reconciliation Procedures” is defined in Section 2.4(a) of this Agreement.

“Redemption” has the meaning in the recitals to this Agreement.

“Reference Asset” means any tangible or intangible asset of the LLC or any of its successors or assigns, and whether held directly by the LLC or indirectly by the LLC through any entity in which the LLC now holds or may subsequently hold an ownership interest (but only if such entity is treated as a partnership or disregarded entity for purposes of the applicable tax), at the time of an Exchange. A Reference Asset also includes any asset the tax basis of which is determined, in whole or in part, by reference to the tax basis of an asset that is described in the preceding sentence, including “substituted basis property” within the meaning of Section 7701(a)(42) of the Code.

“Schedule” means any of the following: (i) a Basis Schedule, (ii) a Tax Benefit Schedule, or (iii) the Early Termination Schedule, and, in each case, any amendments thereto.

“Senior Obligations” is defined in Section 5.1 of this Agreement.

“Senior Secured Credit Facilities” means the indebtedness described in that certain Credit Agreement entered into on October 30, 2017, as amended from time to time, or any replacement or refinancing thereof.

“Subsidiary” means, with respect to any Person and as of the date of any determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls, more than 50% of the voting power or other similar interests, or the sole general partner interest, or managing member or similar interest, of such Person.

“Subsidiary Stock” means any stock or other equity interest in any Subsidiary of the Corporation that is treated as a corporation for U.S. federal income tax purposes.

“Supermajority Member Approval” means written approval by Members whose rights under this Agreement are attributable to at least seventy percent (70%) of the Units outstanding (and not held by the Corporation) immediately after the IPO (as appropriately adjusted for any subsequent changes to the number of outstanding Units). For purposes of this definition, a Member’s rights under this Agreement shall be attributed to Units as of the time of a determination of Supermajority Member Approval. For the avoidance of doubt, (i) an Exchanged Unit shall be attributed only to the Member entitled to receive Tax Benefit Payments with respect to such Exchanged Unit (i.e., the Exchangor or the assignee of its rights hereunder) and (ii) an outstanding Unit that has not yet been Exchanged shall be attributed only to the Member entitled to receive Tax Benefit Payments upon the Exchange of such Unit (i.e., the member of the LLC or the assignee of its rights hereunder).

“Tax Benefit Payment” is defined in Section 3.1(b) of this Agreement.

“Tax Benefit Schedule” is defined in Section 2.3(a) of this Agreement.

“Tax Return” means any return, declaration, report or similar statement required to be filed with respect to taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated tax.

“Taxable Year” means a taxable year of the Corporation as defined in Section 441(b) of the Code or comparable section of U.S. state or local tax law, as applicable (and, therefore, for the avoidance of doubt, may include a period of less than 12 months for which a Tax Return is made), ending on or after the closing date of the IPO.

“Taxing Authority” means any national, federal, state, county, municipal, or local government, or any subdivision, agency, commission or authority thereof, or any quasi-governmental body, or any other authority of any kind, exercising regulatory or other authority in relation to tax matters.

“Termination Objection Notice” is defined in Section 4.2 of this Agreement.

“Treasury Regulations” means the final, temporary, and (to the extent they can be relied upon) proposed regulations under the Code, as promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

“U.S.” means the United States of America.

“Units” is defined in the recitals to this Agreement.

“Valuation Assumptions” means, as of an Early Termination Effective Date, the assumptions that:

(1) in each Taxable Year ending on or after such Early Termination Effective Date, the Corporation will have taxable income sufficient to fully use the deductions arising from the Basis Adjustments and the Imputed Interest during such Taxable Year or future Taxable Years (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from future Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions) in which such deductions would become available;

(2) the U.S. federal income tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Effective Date, except to the extent any change to such tax rates for such Taxable Year have already been enacted into law and the combined U.S. state and local income tax rates (but not, for the avoidance of doubt, federal income tax rates) for each such Taxable Year shall be the Assumed State and Local Tax Rate for the Taxable Year that includes the Early Termination Effective Date; and, for the avoidance of doubt, the applicable calculations shall take into account the federal benefit received by the Corporation with respect to state and local jurisdiction income taxes

(3) any loss carryovers or carrybacks generated by any Basis Adjustment or Imputed Interest (including such Basis Adjustment and Imputed Interest generated as a result of payments under this Agreement) and available as of the Early Termination Effective Date will be used by the Corporation on a pro rata basis from the date of the Early Termination Effective Date through the scheduled expiration date of such loss carryovers or carrybacks;

(4) any non-amortizable assets (other than Subsidiary Stock) will be disposed of on the earlier of the fifteenth anniversary of (i) the applicable Basis Adjustment and (ii) the Early Termination Effective Date;

(5) any Subsidiary Stock will be deemed never to be disposed of except if Subsidiary Stock is directly disposed of in the Change of Control;

(6) if, on the Early Termination Effective Date, any Member has Units that have not been Exchanged, then such Units shall be deemed to be Exchanged for the Market Value that would be received by such Member if such Units had been Exchanged on the Early Termination Effective Date, and such Member shall be deemed to receive the amount of cash such Member would have been entitled to pursuant to Section 4.3(a) had such Units actually been Exchanged on the Early Termination Effective Date;

(7) any payment obligations pursuant to this Agreement will be satisfied on the date that any Tax Return to which such payment obligation relates is required to be filed excluding any extensions.

**ARTICLE II.
DETERMINATION OF REALIZED TAX BENEFIT**

Section 2.1 Basis Adjustments; the LLC 754 Election.

(a) Basis Adjustments. The Parties acknowledge and agree that (A) the Purchase shall and each Direct Exchange shall give rise to Basis Adjustments and (B) each Redemption using cash or Class A Common Stock contributed to the LLC by the Corporation shall be treated as a direct purchase of Units by the Corporation from the applicable Member pursuant to Section 707(a)(2)(B) of the Code that shall give rise to Basis Adjustments. In connection with the Purchase, a Direct Exchange or a Redemption, the Parties acknowledge and agree that pursuant to applicable law the Corporation's share of the basis in the Reference Assets shall be increased by the excess, if any, of (A) the sum of (x) the fair market value of Class A Common Stock or the cash transferred to a Member pursuant to an Exchange as payment for the Units, (y) the amount of payments made pursuant to this Agreement with respect to such Exchange and (z) the amount of liabilities allocated to the Units acquired pursuant to the Exchange, over (B) the Corporation's proportionate share of the basis of the Reference Assets immediately after the Exchange attributable to the Units exchanged, determined as if each member of the LLC Group remains in existence as an entity for tax purposes and no member of the LLC Group made the election provided by Section 754 of the Code.

For the avoidance of doubt, payments made under this Agreement shall not be treated as resulting in a Basis Adjustment to the extent that such payments are treated as Imputed Interest or are Actual Interest Amounts or Default Rate Interest.

(b) Section 754 Election. In its capacity as the sole managing member of the LLC, the Corporation will ensure that, on and after the date hereof and continuing throughout the term of this Agreement, the LLC and each of its direct and indirect Subsidiaries that is treated as a partnership for U.S. federal income tax purposes will have in effect an election under Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law).

Section 2.2 Basis Schedules. Within ninety (90) calendar days after the filing of the U.S. federal income Tax Return of the Corporation for each relevant Taxable Year, the Corporation shall deliver to the LLC and each Exchanging Member a schedule (the "Basis Schedule") that shows, in reasonable detail as necessary in order to understand the calculations performed under this Agreement: (a) the Basis Adjustments with respect to the Reference Assets as a result of the relevant Exchanges effected in such Taxable Year and (b) the period (or periods) over which each Basis Adjustment is amortizable and/or depreciable. The Basis Schedule will become final and binding on the Parties pursuant to the procedures set forth in Section 2.4(a) and may be amended by the Parties pursuant to the procedures set forth in Section 2.4(b).

Section 2.3 Tax Benefit Schedules.

(a) Tax Benefit Schedule. Within ninety (90) calendar days after the filing of the U.S. federal income Tax Return of the Corporation for any Taxable Year in which there is a Realized Tax Benefit or Realized Tax Detriment, the Corporation shall provide to the LLC and each Exchanging Member a schedule showing, in reasonable detail, the calculation of the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year (a "Tax Benefit Schedule"). The Tax Benefit Schedule will become final and binding on the Parties pursuant to the procedures set forth in Section 2.4(a), and may be amended by the Parties pursuant to the procedures set forth in Section 2.4(b).

(b) Applicable Principles. Subject to the provisions of this Agreement, the Realized Tax Benefit or Realized Tax Detriment for each Taxable Year is intended to measure the decrease or increase in the actual liability of the Corporation for Covered Taxes for such Taxable Year attributable to the Basis Adjustments, Imputed Interest, Actual Interest Amounts, and Default Rate Interest as determined using a “with and without” methodology described in Section 2.4(a). Carryovers or carrybacks of any Tax item attributable to any Basis Adjustment, Imputed Interest, Actual Interest Amounts, and Default Rate Interest shall be considered to be subject to the rules of the Code and the Treasury Regulations or the appropriate provisions of U.S. state or local tax law, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. If a carryover or carryback of any Tax item includes a portion that is attributable to a Basis Adjustment, Imputed Interest, Actual Interest Amounts, and Default Rate Interest (a “TRA Portion”) and another portion that is not (a “Non-TRA Portion”), such portions shall be considered to be used in accordance with the “with and without” methodology so that: (i) the amount of any Non-TRA Portion is deemed utilized first, followed by the amount of any TRA Portion (with the TRA Portion being applied on a proportionate basis consistent with the provisions of Section 3.3(a)); and (ii) in the case of a carryback of a Non-TRA Portion, such carryback shall not affect the original “with and without” calculation made in the prior Taxable Year. The Parties agree that (i) all Tax Benefit Payments (other than Imputed Interest, Actual Interest Amounts and Default Rate Interest) attributable to an Exchange will to the extent permitted by applicable law (A) be treated as subsequent upward purchase price adjustments that give rise to further Basis Adjustments for the Corporation and (B) have the effect of creating additional Basis Adjustments for the Corporation in the year of payment, and (ii) as a result, such additional Basis Adjustments will be incorporated into the current Taxable Year continuing until any incremental current Taxable Year benefits equal an immaterial amount.

Section 2.4 Procedures; Amendments.

(a) Procedures. Each time the Corporation delivers an applicable Schedule to the LLC and an Exchanging Member under this Agreement, including any Amended Schedule delivered pursuant to Section 2.4(b), but excluding any Early Termination Schedule or amended Early Termination Schedule delivered pursuant to the procedures set forth in Section 4.2, the Corporation shall also: (x) deliver supporting schedules and work papers, as reasonably determined by the Corporation or as reasonably requested by an Exchanging Member, that provide a reasonable level of detail regarding the data and calculations that were relevant for purposes of preparing the Schedule; and (y) allow the Exchanging Members and their advisors to have reasonable access to the appropriate representatives, as determined by the Corporation or as reasonably requested by the Exchanging Members at the Corporation in connection with a review of such Schedule. Without limiting the generality of the preceding sentence, the Corporation shall ensure that any Tax Benefit Schedule that is delivered to the LLC or the Exchanging Members along with any supporting schedules and work papers, provides a reasonably detailed presentation of the calculation of the actual liability of the Corporation for Covered Taxes (the “with” calculation) and the Hypothetical Tax Liability of the Corporation (the “without” calculation), and identifies any material assumptions or operating procedures or principles that were used for purposes of such calculations. An applicable Schedule or amendment thereto shall become final and binding on the Parties thirty (30) calendar days from the date on which any Exchanging Member first received the applicable Schedule or amendment thereto unless:

(i) an Exchanging Member, within thirty (30) calendar days after receiving the applicable Schedule or amendment thereto, provides the LLC and the Corporation with written notice of a material objection to such Schedule that is made in good faith and that sets forth in reasonable detail the Exchanging Member’s material objection (an “Objection Notice”) or

(ii) each of the Exchanging Members provides a written waiver of its right to deliver an Objection Notice within the time period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date the waiver from each Exchanging Member is received by the LLC or the Corporation.

In the event an Exchanging Member timely delivers an Objection Notice pursuant to clause (i) above, and if such Exchanging Member, the LLC and the Corporation, for any reason, are unable to successfully resolve the issues raised in the Objection Notice within thirty (30) calendar days after receipt by the Corporation of the Objection Notice, the Corporation, the LLC and the Exchanging Members shall employ the reconciliation procedures as described in Section 7.9 of this Agreement (the “Reconciliation Procedures”). In the event the resolution of the issues raised in an Objection Notice similarly impact Exchanging Members who did not timely deliver an Objection Notice, the Schedule as it applies to such other Exchanging Members shall be appropriately adjusted.

(b) Amended Schedule. The applicable Schedule for any Taxable Year may be amended from time to time by the Corporation: (i) in connection with a Determination affecting such Schedule; (ii) to correct inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was originally provided to the LLC or the Exchanging Members; (iii) to comply with an Expert’s determination under the Reconciliation Procedures applicable to this Agreement; (iv) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to a carryback or carryforward of a loss or other Tax item to such Taxable Year; (v) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year; or (vi) to adjust a Basis Schedule to take into account any Tax Benefit Payments made pursuant to this Agreement (any such Schedule, an “Amended Schedule”).

ARTICLE III. TAX BENEFIT PAYMENTS

Section 3.1 Timing and Amount of Tax Benefit Payments.

(a) Timing of Payments. Subject to Sections 3.2 and 3.3, within three (3) Business Days following the date on which each Tax Benefit Schedule that is required to be delivered by the Corporation to the LLC and the Exchanging Members pursuant to Section 2.3(a) of this Agreement becomes final in accordance with Section 2.4(a) of this Agreement, the LLC shall pay to each relevant Member the Tax Benefit Payment as determined pursuant to Section 3.1(b); provided, that if the Corporation effected a Direct Exchange with an Exchanging Member with respect to any Exchanged Units or any Purchase, any payments to which such Exchanging Member is entitled under this Agreement shall be made directly by the Corporation, and the LLC shall have no liability with respect thereto. Each such Tax Benefit Payment shall be made by wire transfer of immediately available funds to the bank account previously designated by such Members. For the avoidance of doubt, neither the Members nor the LLC shall be required under any circumstances to return any portion of any Tax Benefit Payment previously paid by the LLC or the Corporation (including any portion of any Early Termination Payment).

(b) Amount of Payments. For purposes of this Agreement, a “Tax Benefit Payment” with respect to any Member means an amount, not less than zero, equal to the sum of: (x) the portion of the Net Tax Benefit that is Attributable to such Member (including Imputed Interest calculated in respect of such amount); and (y) the Actual Interest Amount with respect to the Net Tax Benefit described in (x).

(i) Attributable. A Net Tax Benefit is “Attributable” to a Member to the extent that it is derived from any Basis Adjustment, Imputed Interest, or Actual Interest Amount that is attributable to an Exchange undertaken by or with respect to such Member.

(ii) Net Tax Benefit. The “Net Tax Benefit” for a Taxable Year equals the amount of the excess, if any, of (x) 85% of the Cumulative Net Realized Tax Benefit as of the end of such Taxable Year over (y) the aggregate amount of all Tax Benefit Payments previously made under this Section 3.1. For the avoidance of doubt, if the Cumulative Net Realized Tax Benefit as of the end of any Taxable Year is less than the aggregate amount of all Tax Benefit Payments previously made, no Member shall be required to return any portion of any Tax Benefit Payment previously made by the Corporation or the LLC to such Member (and the LLC shall have no such liability to the Corporation).

(iii) Cumulative Net Realized Tax Benefit. The “Cumulative Net Realized Tax Benefit” for a Taxable Year equals the cumulative amount of Realized Tax Benefits for all Taxable Years of the Corporation, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments for the same period. The Realized Tax Benefit and Realized Tax Detriment for each Taxable Year shall be determined based on the most recent Tax Benefit Schedule or Amended Schedule, if any, in existence at the time of such determination.

(iv) Realized Tax Benefit. The “Realized Tax Benefit” for a Taxable Year equals the excess, if any, of the Hypothetical Tax Liability over the actual liability of the Corporation for Covered Taxes; *provided*, that for purposes of determining the Hypothetical Tax Liability and actual liability of the Corporation for Covered Taxes, the Corporation shall use the Assumed State and Local Tax Rate for purposes of determining such liabilities for all state and local Covered Taxes. For the avoidance of doubt, the calculation of the Hypothetical Tax Liability and the actual liability of the Corporation for Covered Taxes shall take into account the federal benefit received by the Corporation with respect to state and local jurisdiction income taxes (with such benefit taking into account the Corporation’s marginal U.S. federal income tax rate for the relevant Taxable Year, the Assumed State and Local Tax Rate, and the deductibility, if any, of state and local jurisdiction income taxes). If all or a portion of the actual liability for such Covered Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

(v) Realized Tax Detriment. The “Realized Tax Detriment” for a Taxable Year equals the excess, if any, of the actual liability of the Corporation for Covered Taxes over the Hypothetical Tax Liability for such Taxable Year; *provided*, that for purposes of determining the Hypothetical Tax Liability and actual liability of the Corporation for Covered Taxes, the Corporation shall use the Assumed State and Local Tax Rate for purposes of determining such liabilities for all state and local Covered Taxes. For the avoidance of doubt, the calculation of the Hypothetical Tax Liability and the actual liability of the Corporation for Covered Taxes shall take into account the federal benefit received by the Corporation with respect to state and local jurisdiction income taxes (with such benefit taking into account the Corporation’s marginal U.S.

federal income tax rate for the relevant Taxable Year, the Assumed State and Local Tax Rate, and the deductibility, if any, of state and local jurisdiction income taxes). If all or a portion of the actual liability for such Covered Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment unless and until there has been a Determination.

(vi) Imputed Interest. The parties acknowledge that the principles of Sections 1272, 1274, or 483 of the Code, as applicable, and the principles of any similar provision of U.S. state and local law, will, as applicable, apply to cause a portion of any Net Tax Benefit payable by the Corporation or the LLC to a Member under this Agreement to be treated as imputed interest ("Imputed Interest"). For the avoidance of doubt, the deduction for the amount of Imputed Interest as determined with respect to any Net Tax Benefit payable to a Member shall be excluded in determining the Hypothetical Tax Liability of the Corporation for purposes of calculating Realized Tax Benefits and Realized Tax Detriments pursuant to this Agreement.

(vii) Actual Interest Amount. The "Actual Interest Amount" calculated in respect of the Net Tax Benefit for a Taxable Year will equal the amount of any Extension Rate Interest. For the avoidance of doubt, any deduction for any Actual Interest Amount as determined with respect to any Net Tax Benefit payable by the Corporation or the LLC to a Member shall be excluded in determining the Hypothetical Tax Liability of the Corporation for purposes of calculating Realized Tax Benefits and Realized Tax Detriments pursuant to this Agreement.

(viii) Extension Rate Interest. The amount of "Extension Rate Interest" calculated in respect of the Net Tax Benefit (including previously accrued Imputed Interest) for a Taxable Year will equal interest calculated at the Agreed Rate from the due date (without extensions) for filing the U.S. federal income Tax Return of the Corporation for such Taxable Year until the date on which the Corporation or the LLC makes a timely Tax Benefit Payment to the Member on or before the Final Payment Date as determined pursuant to Section 3.1(a).

(ix) Default Rate Interest. In the event that the Corporation or the LLC does not make timely payment of all or any portion of a Tax Benefit Payment to a Member on or before the Final Payment Date as determined pursuant to Section 3.1(a), the amount of "Default Rate Interest" calculated in respect of the Net Tax Benefit (including previously accrued Imputed Interest and Extension Rate Interest) for a Taxable Year will equal interest calculated at the Default Rate from the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a) until the date on which the LLC or the Corporation makes such Tax Benefit Payment to such Member. For the avoidance of doubt, any deduction for any Default Rate Interest with respect to any Net Tax Benefit payable by the Corporation or the LLC to a Member shall be excluded in determining the Hypothetical Tax Liability of the Corporation for purposes of calculating Realized Tax Benefits and Realized Tax Detriments pursuant to this Agreement.

(x) The Corporation, the LLC and the Members hereby acknowledge and agree that, as of the date of this Agreement and as of the date of any future Exchange that may be subject to this Agreement, the aggregate value of the Tax Benefit Payments cannot be reasonably ascertained for U.S. federal income or other applicable tax purposes.

(c) Interest. The provisions of Section 3.1(b) are intended to operate so that interest will effectively accrue in respect of the Net Tax Benefit for any Taxable Year as follows:

- (i) first, at the applicable rate used to determine the amount of Imputed Interest under the Code (from the relevant Exchange Date until the due date (without extensions) for filing the U.S. federal income Tax Return of the Corporation for such Taxable Year and, if required under applicable law, through the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a));
- (ii) second, at the Agreed Rate in respect of any Extension Rate Interest (from the due date (without extensions) for filing the U.S. federal income Tax Return of the Corporation for such Taxable Year until the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a)); and
- (iii) third, at the Default Rate in respect of any Default Rate Interest (from the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a) until the date on which the Corporation or the LLC makes the relevant Tax Benefit Payment to a Member).

Section 3.2 No Duplicative Payments. It is intended that the provisions of this Agreement will not result in the duplicative payment of any amount (including interest) that may be required under this Agreement, and the provisions of this Agreement shall be consistently interpreted and applied in accordance with that intent. For purposes of this Agreement, and also for the avoidance of doubt, no Tax Benefit Payment shall be required to be calculated or made in respect of any estimated tax payments, including, without limitation, any estimated U.S. federal income tax payments.

Section 3.3 Pro-Ration of Payments as Between the Members.

(a) Insufficient Taxable Income. Notwithstanding anything in Section 3.1(b) to the contrary, if the aggregate potential depreciation, amortization or other similar deductions in respect of the Basis Adjustments, Imputed Interest, Actual Interest Amounts, and Default Rate Interest for purposes of determining the Corporation's liability for Covered Taxes (the "Covered Tax Benefit") is limited in a particular Taxable Year because the Corporation does not have sufficient actual taxable income, then the available Covered Tax Benefit for the Corporation shall be allocated among the Members in proportion to the respective Tax Benefit Payment that would have been payable if the Corporation had in fact had sufficient taxable income so that there had been no such limitation. As an illustration of the intended operation of this Section 3.3(a), if the Corporation had \$200 of aggregate potential Covered Tax Benefits in a particular Taxable Year (with \$50 of such Covered Tax Benefits being attributable to Member 1 and \$150 of such Covered Tax Benefits being attributable to Member 2), such that Member 1 would have potentially been entitled to a Tax Benefit Payment of \$42.50 and Member 2 would have been entitled to a Tax Benefit Payment of \$127.50 if the Corporation had \$200 of actual taxable income, and if at the same time the Corporation only had \$100 of actual taxable income in such Taxable Year, then \$25 of the aggregate \$100 actual Covered Tax Benefit for the Corporation for such Taxable Year would be allocated to Member 1 and \$75 of the aggregate \$100 actual Covered Tax benefit for the Corporation would be allocated to Member 2, such that Member 1 would receive a Tax Benefit Payment of \$21.25 and Member 2 would receive a Tax Benefit Payment of \$63.75.

(b) Late Payments. If for any reason the Corporation or the LLC is not able to timely and fully satisfy its payment obligations under this Agreement in respect of a particular Taxable Year, then Default Rate Interest will begin to accrue pursuant to Section 5.2 and the Corporation and other Parties agree that (i) the Corporation or the LLC shall pay the Tax Benefit Payments due in respect of such

Taxable Year to each Member pro rata in proportion to the amount of such Tax Benefit Payments, without favoring one obligation over the other, and (ii) no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments to all Members in respect of all prior Taxable Years have been made in full.

ARTICLE IV. TERMINATION

Section 4.1 Early Termination of Agreement; Breach of Agreement.

(a) Corporation's Early Termination Right. With the written approval of a majority of the Independent Directors, the Corporation may completely terminate this Agreement, as and to the extent provided herein, with respect to all amounts payable to the Members pursuant to this Agreement by paying to the LLC or the Members, as the case may be, the Early Termination Payment; provided, that the LLC shall immediately pay any Early Termination Payment it receives pursuant to this Article IV to the Members; and *provided further*, that Early Termination Payments may be made pursuant to this Section 4.1(a) only if made with respect to all Members that are entitled to such a payment simultaneously; and *provided further*, that the Corporation may withdraw any notice to execute its termination rights under this Section 4.1(a) prior to the time at which any Early Termination Payment has been paid. Upon the Corporation's payment of the Early Termination Payment (and, if applicable, the LLC's payment of the Early Termination Payment to the Members), neither the Corporation nor the LLC shall have any further payment obligations under this Agreement, other than with respect to any: (i) prior Tax Benefit Payments that are due and payable under this Agreement but that still remain unpaid as of the date of the Early Termination Notice; and (ii) current Tax Benefit Payment due for the Taxable Year ending on or including the date of the Early Termination Notice (except to the extent that the amount described in clause (ii) is included in the calculation of the Early Termination Payment). If an Exchange subsequently occurs with respect to Units for which the Corporation has exercised its termination rights under this Section 4.1(a), neither the Corporation nor the LLC shall have any obligations under this Agreement with respect to such Exchange.

(b) Acceleration Upon Change of Control. In the event of a Change of Control, all obligations hereunder shall be accelerated and such obligations shall be calculated pursuant to this Article IV as if an Early Termination Notice had been delivered on the closing date of the Change of Control and utilizing the Valuation Assumptions by substituting the phrase "the closing date of a Change of Control" in each place where the phrase "Early Termination Effective Date" appears. Such obligations shall include, but not be limited to, (1) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the closing date of the Change of Control, (2) any Tax Benefit Payments agreed to by the Corporation, the LLC and the Members as due and payable but unpaid as of the Early Termination Notice and (3) any Tax Benefit Payments due for any Taxable Year ending prior to, with or including the closing date of a Change of Control (except to the extent that any amounts described in clauses (2) or (3) are included in the Early Termination Payment). For the avoidance of doubt, Sections 4.2 and 4.3 shall apply to a Change of Control, *mutadis mutandi*.

(c) Acceleration Upon Breach of Agreement. In the event that the Corporation or the LLC fails to make any payment pursuant to this Agreement when due (after a reasonable opportunity to cure), or in the event of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then all obligations hereunder shall be accelerated and become immediately due and payable upon notice of acceleration from a Member (provided that in the case of any proceeding under the Bankruptcy Code or other insolvency statute, such acceleration shall be automatic without any such

notice), and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such notice of acceleration (or, in the case of any proceeding under the Bankruptcy Code or other insolvency statute, on the date of such breach) and shall include, but not be limited to: (i) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of such acceleration; (ii) any prior Tax Benefit Payments that are due and payable under this Agreement but that still remain unpaid as of the date of such acceleration; and (iii) any current Tax Benefit Payment due for the Taxable Year ending with or including the date of such acceleration (except to the extent included in the Early Termination Payment). Notwithstanding the foregoing, in the event that the Corporation or the LLC breaches this Agreement and such breach is not a material breach of a material obligation, a Member (or the LLC, if applicable) shall still be entitled to enforce all of its rights otherwise available under this Agreement, excluding, for the avoidance of doubt, seeking an acceleration of amounts payable under this Agreement. For purposes of this Section 4.1(c), and subject to the following sentence, the Parties agree that the failure to make any payment due pursuant to this Agreement within sixty (60) days of the relevant Final Payment Date shall be deemed to be a material breach of a material obligation under this Agreement for all purposes of this Agreement, and that it will not be considered to be a material breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within sixty (60) days of the relevant Final Payment Date. Notwithstanding anything in this Agreement to the contrary, it shall not be a material breach of a material obligation of this Agreement if the Corporation or the LLC fails to make any Tax Benefit Payment within sixty (60) days of the relevant Final Payment Date to the extent that the Corporation or the LLC has insufficient funds or cannot make such payment as a result of obligations imposed in connection with the Senior Obligations or under applicable law, and cannot obtain sufficient funds to make such payments by taking commercially reasonable actions; *provided* that the interest provisions of Section 5.2 shall apply to such late payment (unless the Corporation does not have sufficient funds to make such payment as a result of limitations imposed by any Senior Obligations, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate); and *further provided* that such payment obligation shall nonetheless accrue for the benefit of the Members or the LLC and the Corporation shall make such payment at the first opportunity that it has sufficient funds and is otherwise able to make such payment.

Section 4.2 Early Termination Notice. If the Corporation chooses to exercise its right of early termination under Section 4.1 above, the Corporation shall deliver to the LLC and the Members a notice of the Corporation's decision to exercise such right (an "Early Termination Notice") and a schedule (the "Early Termination Schedule") showing in reasonable detail the calculation of the Early Termination Payment. The Corporation shall also (x) deliver to the Members supporting schedules and work papers, as determined by the Corporation or as reasonably requested by a Member, that provide a reasonable level of detail regarding the data and calculations that were relevant for purposes of preparing the Early Termination Schedule; and (y) allow the Members and their advisors to have reasonable access to the appropriate representatives, as determined by the Corporation or as reasonably requested by a Member, at the Corporation in connection with a review of such Early Termination Schedule. The Early Termination Schedule shall become final and binding on each Party thirty (30) calendar days from the first date on which the Members received such Early Termination Schedule unless:

- (i) a Member within thirty (30) calendar days after receiving the Early Termination Schedule, provides the LLC and the Corporation with notice of a material objection to such Early Termination Schedule made in good faith and setting forth in reasonable detail the Member's material objection (a "Termination Objection Notice"); or
- (ii) each Member provides a written waiver of such right of a Termination Objection Notice within the period described in clause (i) above, in which case such Early Termination

Schedule becomes binding on the date the waiver from all Members is received by the LLC or the Corporation.

In the event that a Member timely delivers a Termination Objection Notice pursuant to clause (i) above, and if such Member, the LLC and the Corporation, for any reason, are unable to successfully resolve the issues raised in the Termination Objection Notice within thirty (30) calendar days after receipt by the Corporation of the Termination Objection Notice, the Corporation and such Member shall employ the Reconciliation Procedures. The date on which the Early Termination Schedule becomes final in accordance with this Section 4.2 shall be the “Early Termination Reference Date.” The Early Termination Schedule shall be amended consistent with the resolution of the issues set forth in the Termination Objection Notice with respect to any Member whose Early Termination Payments would be adjusted as a result of the application of such resolution to such other Member’s Early Termination Payments.

Section 4.3 Payment Upon Early Termination.

(a) Timing of Payment. Within three (3) Business Days after the Early Termination Reference Date, the Corporation shall pay to the LLC and each Member an aggregate amount equal to the Early Termination Payment for such Member (for the avoidance of doubt, the sum of the payments made to a Member directly and to the LLC attributable to such Member shall not exceed the Early Termination Payment owed with respect to such Member, and LLC shall immediately pay any Early Termination Payment it receives pursuant to this Article IV to the Members); *provided*, that at the election of the LLC, the Corporation shall make the entire Early Termination Payment owed to a Member directly to such Member. Such Early Termination Payment shall be made by the Corporation by wire transfer of immediately available funds to a bank account or accounts designated by the Members, the LLC or as otherwise agreed by the Corporation, the LLC and the Members.

(b) Amount of Payment. The “Early Termination Payment” payable to a Member pursuant to Section 4.3(a) shall equal the present value, discounted at the Early Termination Rate as determined as of the Early Termination Reference Date, of all Tax Benefit Payments that would be required to be paid pursuant to this Agreement to such Member, whether payable with respect to Units that were Exchanged prior to the Early Termination Effective Date or on or after the Early Termination Effective Date, beginning from the Early Termination Effective Date and using the Valuation Assumptions.

**ARTICLE V.
SUBORDINATION AND LATE PAYMENTS**

Section 5.1 Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment or Early Termination Payment required to be made by the LLC to the Members, or by the Corporation to the LLC or the Members under this Agreement shall rank subordinate and junior in right of payment to any principal, interest, or other amounts due and payable in respect of any obligations owed in respect of secured or unsecured indebtedness for borrowed money of the Corporation and its Subsidiaries (“Senior Obligations”) and shall rank *pari passu* in right of payment with all current or future unsecured obligations of the Corporation and its Subsidiaries that are not Senior Obligations. To the extent that any payment under this Agreement is not permitted to be made at the time payment is due as a result of this Section 5.1 and the terms of the agreements governing Senior Obligations, such payment obligation nevertheless shall accrue for the benefit of the Members (or the LLC, if applicable) and the Corporation or the LLC shall make such payments at the first opportunity that such payments are permitted to be made in accordance with the terms of the Senior Obligations.

Section 5.2 Late Payments by the Corporation. Except as otherwise provided in this Agreement, the amount of all or any portion of any Tax Benefit Payment or Early Termination Payment not made to the Members when due under the terms of this Agreement, whether as a result of Section 5.1 and the terms of the Senior Obligations or otherwise, shall be payable together with any interest thereon, computed at the Default Rate and commencing from the Final Payment Date on which such Tax Benefit Payment or Early Termination Payment was first due and payable to the date of actual payment.

**ARTICLE VI.
TAX MATTERS; CONSISTENCY; COOPERATION**

Section 6.1 Participation in the Corporation's and the LLC's Tax Matters. Except as otherwise provided herein, the Corporation shall have full responsibility for, and sole discretion over, all tax matters concerning the Corporation and the LLC, including without limitation the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to taxes. Notwithstanding the foregoing, the Corporation shall notify the Members with respect to, the portion of any tax audit of the Corporation or the LLC, or any of the LLC's Subsidiaries, but only to the extent the outcome of which is reasonably expected to materially and adversely affect the Tax Benefit Payments payable to such Members under this Agreement.

Section 6.2 Consistency. Except as otherwise required by law, all calculations and determinations made hereunder, including, without limitation, any Basis Adjustments, the Schedules and the determination of any Realized Tax Benefits or Realized Tax Detriments, shall be made in accordance with the elections, methodologies or positions taken by the Corporation and the LLC on their respective Tax Returns. Each Member shall prepare its Tax Returns in a manner that is consistent with the terms of this Agreement, and any related calculations or determinations that are made hereunder, including, without limitation, the terms of Section 2.1 of this Agreement and the Schedules provided to the Members under this Agreement.

Section 6.3 Cooperation.

(a) Each Member shall (i) furnish to the LLC or the Corporation in a timely manner such information, documents and other materials as the LLC or the Corporation may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any audit, examination or controversy with any Taxing Authority, (ii) make itself available to the LLC or the Corporation and its representatives to provide explanations of documents and materials and such other information as the LLC or the Corporation or its representatives may reasonably request in connection with any of the matters described in clause (i) above, and (iii) reasonably cooperate in connection with any such matter.

(b) The LLC or the Corporation, as applicable, shall reimburse the Members for any reasonable and documented out-of-pocket costs and expenses incurred pursuant to Section 6.3(a).

**ARTICLE VII.
MISCELLANEOUS**

Section 7.1 Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by electronic mail (delivery receipt requested) or by certified or registered mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be as specified in a notice given in accordance with

this Section 7.1). All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

If to the LLC, to:

i3 Verticals, LLC
40 Burton Hills Boulevard, Suite 415
Nashville, Tennessee 37215
Attn: Paul Maple, General Counsel
E-mail: pmaple@i3verticals.com

with a copy (which shall not constitute notice to the LLC) to:

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201
Attn: J. Page Davidson and Jay H. Knight
E-mail: pdavidson@bassberry.com; jknight@bassberry.com

If to the Corporation, to:

i3 Verticals, Inc.
40 Burton Hills Boulevard, Suite 415
Nashville, Tennessee 37215
Attn: Paul Maple, General Counsel
E-mail: pmaple@i3verticals.com

with a copy (which shall not constitute notice to the Corporation) to:

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201
Attn: J. Page Davidson and Jay H. Knight
E-mail: pdavidson@bassberry.com; jknight@bassberry.com

Any Party may change its address or e-mail address by giving each of the other Parties written notice thereof in the manner set forth above.

Section 7.2 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.3 Entire Agreement; No Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure

solely to the benefit of each Party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware, without regard to the conflicts of laws principles thereof that would mandate the application of the laws of another jurisdiction.

Section 7.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.6 Assignments; Amendments; Successors; No Waiver.

(a) Assignment. No Member may assign, sell, pledge, or otherwise alienate or transfer any interest in this Agreement, including the right to receive any Tax Benefit Payments under this Agreement, to any Person (other than a Permitted Transferee) without (i) the prior written consent of the LLC and the Corporation (such consent not to be unreasonably withheld, conditioned or delayed) and (ii) such Person (including a Permitted Transferee) executing and delivering a Joinder agreeing to succeed to the applicable portion of such Member's interest in this Agreement and to become a Party for all purposes of this Agreement (the "Joinder Requirement"). For the avoidance of doubt, if a Member transfers Units in accordance with the terms of the LLC Agreement but does not assign to the transferee of such Units its rights under this Agreement with respect to such transferred Units, such Member shall continue to be entitled to receive the Tax Benefit Payments arising in respect of a subsequent Exchange of such Units (and any such transferred Units shall be separately identified, so as to facilitate the determination of Tax Benefit Payments hereunder). Neither the Corporation nor the LLC may assign any of its rights or obligations under this Agreement to any Person (other than any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation) without Supermajority Member Approval (and any purported assignment without such consent shall be null and void); provided, that in the event the Corporation acquires any Exchanged Units from a Member pursuant to a Direct Exchange or Purchase, any obligations of the LLC to the Exchanging Member pursuant to this Agreement with respect to both the Exchanged Units and any other Units retained by such Member shall be deemed fully assigned to the Corporation at the time of the Purchase or Direct Exchange and the LLC shall have no further liability under this Agreement to such Member with respect thereto.

(b) Amendments. No provision of this Agreement may be amended unless such amendment is approved in writing by each of the Corporation, the LLC and the Members who would be entitled to receive more than fifty percent (50%) of the aggregate amount of the Early Termination Payments payable to all Members hereunder if the Corporation had exercised its right of early termination on the date of the most recent Exchange prior to such amendment (excluding, for purposes of this sentence, all payments made to any Member pursuant to this Agreement since the date of such most recent Exchange); provided, however, that no such amendment shall be effective if such amendment would have a disproportionate effect on the payments certain Members will or may receive under this Agreement unless

all such disproportionately affected Members consent in writing to such amendment. No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

(c) Successors. Except as provided in Section 7.6(a), all of the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporation and the LLC shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of such Party, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that such Party would be required to perform if no such succession had taken place.

(d) Waiver. No failure by any Party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement, or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or any other covenant, duty, agreement, or condition.

Section 7.7 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.8 Resolution of Disputes.

(a) Except for Reconciliation Disputes subject to Section 7.9, any and all disputes which cannot be settled amicably, including any ancillary claims of any Party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) (each a "Dispute") shall be finally resolved by confidential arbitration in accordance with the International Institute for Conflict Prevention and Resolution Rules for Non-administered Arbitration (the "Rules") by three arbitrators, of which the Corporation (or the LLC, if the dispute is with the LLC, and all references to the Corporation in this Section 7.8 shall include the LLC in the case of such a dispute) shall appoint one arbitrator and the Members party to such Dispute shall appoint one arbitrator in accordance with the "screened" appointment procedure provided in Rule 5.4. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 *et seq.*, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of the arbitration shall be Nashville, Tennessee.

(b) Notwithstanding the provisions of paragraph (a), any Party may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling another Party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each Party (i) expressly consents to the application of paragraph (c) of this Section 7.8 to any such action or proceeding, and (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate. For the avoidance of doubt, this Section 7.8 shall not apply to Reconciliation Disputes to be settled in accordance with the procedures set forth in Section 7.9.

(c) Each Party irrevocably consents to service of process by means of notice in the manner provided for in Section 7.1. Nothing in this Agreement shall affect the right of any Party to serve process in any other manner permitted by law.

(d) WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

(e) In the event the parties are unable to agree whether a dispute between them is a Reconciliation Dispute subject to the dispute resolution procedure set forth in Section 7.9 or a Dispute subject to the dispute resolution procedure set forth in this Section 7.8, such disagreement shall be decided and resolved in accordance with the procedure set forth in this Section 7.8.

Section 7.9 Reconciliation. In the event that the Corporation (or the LLC, if the disagreement is with the LLC alone or in conjunction with the Corporation, in which case all references to the Corporation in this Section 7.8 shall include the LLC with respect to such a dispute) and any Member are unable to resolve a disagreement with respect to a Schedule (other than an Early Termination Schedule) prepared in accordance with the procedures set forth in Section 2.4, or with respect to an Early Termination Schedule prepared in accordance with the procedures set forth in Section 4.2, within the relevant time period designated in this Agreement (a "Reconciliation Dispute"), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the "Expert") in the particular area of disagreement mutually acceptable to both parties. The Expert shall be a partner or principal in a nationally recognized accounting firm, and unless the Corporation and such Member agree otherwise, the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporation or such Member or other actual or potential conflict of interest. The Expert shall resolve any matter relating to the Basis Schedule or an amendment thereto or the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen (15) calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, the undisputed amount shall be paid on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporation, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert (including any professional fees charged by such Expert) or amending any Tax Return shall be borne by the Corporation except as provided in the next sentence. The Corporation and the Members shall bear their own costs and expenses of such proceeding, unless (i) the Expert adopts the Member's position, in which case the Corporation shall reimburse the Member for any reasonable and documented out-of-pocket costs and expenses in such proceeding (including for the avoidance of doubt any costs and expenses incurred by the Member relating to the engagement of the Expert or amending any applicable Tax Return), or (ii) the Expert adopts the Corporation's position, in which case the Member shall reimburse the Corporation for any reasonable and documented out-of-pocket costs and expenses in such proceeding (including for the avoidance of doubt costs and expenses incurred by the Corporation relating to the engagement of the Expert or amending any applicable Tax Return). The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.9 shall be final, binding and non-appealable on the Corporation and the Members and may be entered and enforced in any court having competent jurisdiction.

Section 7.10 Withholding. The Corporation and its Affiliates and representatives shall be entitled to deduct and withhold from any payment that is payable to any Member pursuant to this

Agreement such amounts as the Corporation or such Affiliate is required to deduct and withhold with respect to the making of such payment under the Code or any provision of U.S. state, local or foreign tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid by the Corporation or its Affiliate to the relevant Member. Each Member shall promptly provide the Corporation or its Affiliate with any applicable tax forms and certifications reasonably requested by the Corporation or the Affiliate in connection with determining whether any such deductions and withholdings are required under the Code or any provision of U.S. state, local or foreign tax law.

Section 7.11 Admission of the Corporation into a Consolidated Group; Transfers of Corporate Assets.

(a) If the Corporation is or becomes a member of an affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Section 1501 or other applicable Sections of the Code governing affiliated or consolidated groups, or any corresponding provisions of U.S. state or local law, then: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Tax Benefit Payments, Early Termination Payments, and other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If the Corporation, its successor in interest or any member of a group described in Section 7.11(a) transfers one or more assets to a corporation (or a Person classified as a corporation for U.S. income tax purposes) with which such entity does not file a consolidated Tax Return pursuant to Section 1501 of the Code, such entity, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment due hereunder, shall be treated as having disposed of such asset in a fully taxable transaction on the date of such transfer. The consideration deemed to be received by such entity shall be equal to the fair market value of the contributed asset by the Corporation in good faith or, if requested by an Exchanging Member, a valuation expert selected by the Corporation. For purposes of this Section 7.11, a transfer of a partnership interest shall be treated as a transfer of the transferring partner's share of each of the assets and liabilities of that partnership. Notwithstanding anything to the contrary set forth herein, if the Corporation, its successor in interest or any member of a group described in Section 7.11(a), transfers its assets pursuant to a transaction that qualifies as a "reorganization" (within the meaning of Section 368(a) of the Code) in which such entity does not survive or pursuant to any other transaction to which Section 381(a) of the Code applies (other than any such reorganization or any such other transaction, in each case, pursuant to which such entity transfers assets to a corporation with which the Corporation, its successor in interest or any member of the group described in Section 7.11(a) (other than any such member being transferred in such reorganization or other transaction) does not file a consolidated Tax Return pursuant to Section 1501 of the Code), the transfer will not cause such entity to be treated as having transferred any assets to a corporation (or a Person classified as a corporation for U.S. income tax purposes) pursuant to this Section 7.11(b).

Section 7.12 Confidentiality. Each Member and its assignees acknowledges and agrees that the information of the Corporation and its Affiliates is confidential and, except in the course of performing any duties as necessary for the Corporation and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such Person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters, acquired pursuant to this Agreement, of the Corporation and its Affiliates and successors, learned by any Member heretofore or hereafter. This Section 7.12 shall not apply to (i) any information that has been made publicly available by the Corporation or any of its Affiliates, becomes public knowledge (except as a result of an act of any Member in violation of this Agreement) or is generally known to the business community, (ii) the disclosure of information to the

extent necessary for a Member to prosecute or defend claims arising under or relating to this Agreement, and (iii) the disclosure of information to the extent necessary for a Member to prepare and file its Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such Tax Returns. If a Member or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12, the Corporation shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporation or any of its Subsidiaries and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.13 Change in Law. Notwithstanding anything herein to the contrary, if, as a result of or, in connection with an actual or proposed change in law, a Member reasonably believes that the existence of this Agreement could cause income (other than income arising from receipt of a payment under this Agreement) recognized by such Member (or direct or indirect equity holders in such Member) in connection with any Exchange to be treated as ordinary income rather than capital gain (or otherwise taxed at ordinary income rates) for U.S. federal income tax purposes or would have other material adverse tax consequences to such Member or any direct or indirect owner of such Member, then at the written election of such Member in its sole discretion (in an instrument signed by such Member and delivered to the LLC and the Corporation) and to the extent specified therein by such Member, this Agreement shall cease to have further effect and shall not apply to an Exchange with respect to such Member occurring after a date specified by such Member, or may be amended by in a manner reasonably determined by such Member, provided that such amendment shall not result in an increase in any payments owed by the Corporation or the LLC under this Agreement at any time as compared to the amounts and times of payments that would have been due in the absence of such amendment.

Section 7.14 Interest Rate Limitation. Notwithstanding anything to the contrary contained herein, the interest paid or agreed to be paid hereunder with respect to amounts due to any Member hereunder shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If any Member shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the Tax Benefit Payment or Early Termination Payment, as applicable (but in each case exclusive of any component thereof comprising interest) or, if it exceeds such unpaid non-interest amount, refunded to the Corporation. In determining whether the interest contracted for, charged, or received by any Member exceeds the Maximum Rate, such Member may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the payment obligations owed by the Corporation to such Member hereunder. Notwithstanding the foregoing, it is the intention of the Parties to conform strictly to any applicable usury laws.

Section 7.15 Independent Nature of Rights and Obligations. The rights and obligations of each Member hereunder are several and not joint with the rights and obligations of any other Person. A Member shall not be responsible in any way for the performance of the obligations of any other Person hereunder, nor shall a Member have the right to enforce the rights or obligations of any other Person hereunder (other than the Corporation). Except as otherwise provided by Section 7.6(a), the obligations of a Member hereunder are solely for the benefit of, and shall be enforceable solely by, the LLC and the Corporation. Nothing contained herein or in any other agreement or document delivered at any closing,

and no action taken by any Member pursuant hereto or thereto, shall be deemed to constitute the Members acting as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Members are in any way acting in concert or as a group with respect to such rights or obligations or the transactions contemplated hereby, and the Corporation acknowledges that the Members are not acting in concert or as a group and will not assert any such claim with respect to such rights or obligations or the transactions contemplated hereby.

Section 7.16 LLC Agreement. This Agreement shall be treated as part of the LLC Agreement as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations.

Section 7.17 Rules of Construction. Unless otherwise specified herein:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) For purposes of interpretation of this Agreement:

(i) The words “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision thereof.

(ii) References in this Agreement to a Schedule, Article, Section, clause or sub-clause refer to the appropriate Schedule to, or Article, Section, clause or subclause in, this Agreement.

(iii) References in this Agreement to dollars or “\$” refer to the lawful currency of the United States of America.

(iv) The term “including” is by way of example and not limitation.

(v) The term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(d) Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

(e) Unless otherwise expressly provided herein, (i) references to organization documents (including the LLC Agreement), agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are permitted hereby; and (ii) references to any law (including the Code and the Treasury Regulations) shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such law.

[Signature Page Follows This Page]

CORPORATION:

i3 VERTICALS, INC.

By: _____
Name: _____
Title: _____

THE LLC:

i3 VERTICALS, LLC.

By: _____
Name: _____
Title: _____

MEMBERS:

[_____]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

MANAGEMENT REPRESENTATIVE:

Name: _____

Exhibit A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of _____, 20__ (this "Joinder"), is delivered pursuant to that certain Tax Receivable Agreement, dated as of [.] (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Tax Receivable Agreement") by and among i3 Verticals, Inc., a Delaware corporation (the "Corporation"), i3 Verticals, LLC, a Delaware limited liability company ("the LLC"), and each of the Members from time to time party thereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Tax Receivable Agreement.

1. Joinder to the Tax Receivable Agreement. Upon the execution of this Joinder by the undersigned and delivery hereof to the Corporation, the undersigned hereby is and hereafter will be a Member under the Tax Receivable Agreement and a Party thereto, with all the rights, privileges and responsibilities of a Member thereunder. The undersigned hereby agrees that it shall comply with and be fully bound by the terms of the Tax Receivable Agreement as if it had been a signatory thereto as of the date thereof.
2. Incorporation by Reference. All terms and conditions of the Tax Receivable Agreement are hereby incorporated by reference in this Joinder as if set forth herein in full.
3. Address. All notices under the Tax Receivable Agreement to the undersigned shall be direct to:
 [Name]
 [Address]
 [City, State, Zip Code]
 Attn:
 E-mail:

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Joinder as of the day and year first above written.

[NAME OF NEW PARTY]

By: _____
Name: _____
Title: _____

Acknowledged and agreed
as of the date first set forth above:

i3 VERTICALS, INC.

By: _____
Name: _____
Title: _____

i3 VERTICALS, LLC

By: _____
Name: _____
Title: _____

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this “Agreement”) is made as of [•], 2018 by and among i3 Verticals, Inc., a Delaware corporation (the “Corporation”), and each Person that holds Common Units (defined below) that has signed this Agreement (such Persons, collectively, the “Members”).

RECITALS

WHEREAS, the Corporation is contemplating an offer and sale of its shares of Class A common stock, par value \$0.0001 per share (the “Class A Common Stock”), to the public in an underwritten initial public offering (the “IPO”);

WHEREAS, the Corporation desires to use a portion of the net proceeds from the IPO to purchase Common Units (as defined below) of i3 Verticals, LLC, a Delaware limited liability company (the “Company”), and the Company desires to issue its Common Units to the Corporation in exchange for such portion of the net proceeds from the IPO;

WHEREAS, immediately prior to the consummation of the issuance of Common Units by the Company to the Corporation in connection with the IPO, the Members, together with certain other members of the Company and the Corporation, are the sole members of the Company;

WHEREAS, immediately prior to or simultaneous with the purchase by the Corporation of the Common Units in connection with the IPO, the Corporation, the Company and the Members will enter into that certain Fourth Amended and Restated Limited Liability Company Agreement of the Company, which will be further amended immediately prior to the IPO in connection with a plan of reorganization (“Plan of Reorganization”) by and among the Company, the Corporation and i3 Merger Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Corporation (such agreement, as it may be amended, restated, supplemented or otherwise modified from time to time, the “LLC Agreement”);

WHEREAS, in connection with the Plan of Reorganization and the IPO, (i) the Corporation will become the sole managing member of the Company, (ii) each Member will become a non-managing member of the Company but retain their ownership interest in the Company in the form of Common Units, and (iii) in consideration of the Corporation acquiring the Common Units and becoming the manager of the Company, among other things, the Company has provided the members of the Company with a redemption right pursuant to which the Members may be able to require redemption of their Common Units and the Corporation may, at the Corporation’s option, redeem or exchange their Common Units for Class A Common Stock or in cash on the terms set forth in the LLC Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

“Agreement” has the meaning set forth in the preamble.

“Business Day” means any day other than a Saturday or a Sunday or a day on which banks located in New York City, New York generally are authorized or required by law to close.

“Class A Common Stock” has the meaning set forth in the recitals.

“Common Units” has the meaning set forth in the recitals.

“Company” has the meaning set forth in the recitals.

“Corporation” has the meaning set forth in the preamble.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

“FAP” shall mean collectively First Avenue Partners II, L.P., First Avenue – ETC Partners, L.P., and Front Street Equities, LLC.

“Holder” shall mean any Member holding Registrable Securities and any Person holding Registrable Securities to whom the rights under this Agreement have been transferred in accordance with Section 1.11 below.

“Initiating Holders” shall mean any Holder or Holders of at least forty percent (40%) of the Preferred Units of the Company as of immediately prior to the effectiveness of that certain Fourth Amended and Restated Limited Liability Company Agreement of the Company pursuant to the Plan of Reorganization.

“IPO” has the meaning set forth in the recitals.

“LLC Agreement” has the meaning set forth in the recitals.

“Permitted Transferee” means “Permitted Transferee” as defined in the LLC Agreement.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Preferred Units” means the Company’s Class A Units as defined in the Company’s Third Amended and Restated Limited Liability Company Agreement as in effective immediately prior to the Plan of Reorganization.

“Registrable Securities” shall mean (i) Class A Common Stock (A) issued by the Corporation in a Share Settlement in connection with (x) the redemption by the Company of Common Units owned by any Member or (y) at the election of the Company, in a direct exchange for Common Units owned by any Member, in each case in accordance with the terms of the LLC Agreement, (B) otherwise held by FAP from time to time, or (ii) equity issued in respect of the Class A Common Stock referred to in (i) as a result of a split, dividend, recapitalization or the like, and in the case of (i) and (ii) Class A Common Stock which has not been sold to the public or pursuant to Rule 144 under the Securities Act and excluding in all cases, however, any Registrable Securities transferred by any Person in a transaction in which the rights under Section 1.11 below are not assigned in accordance with the LLC Agreement and Section 1.11 of this Agreement.

The terms “register,” “registered” and “registration” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

“Registration Expenses” shall mean all expenses, except as included in Selling Expenses or as otherwise stated below, incurred by the Corporation in complying with Section 1.2, Section 1.3 and Section 1.4 including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Corporation, blue sky fees and expenses, the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Corporation which shall be paid in any event by the Corporation) and the reasonable fees and disbursements of one special counsel for all Holders in the event of each registration provided for in Section 1.2, Section 1.3 and Section 1.4.

“Securities Act” means the U.S. Securities Act of 1933, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

“Selling Expenses” shall mean all underwriting discounts, selling commissions and transfer taxes applicable to the securities registered by the Holders.

“Share Settlement” means “Share Settlement” as defined in the LLC Agreement.

Section 1.2 Requested Registration.

(a) Request for Registration. Subject to the provisions of Section 1.2(b) below, if at any time after six (6) months after the effective date of the first registration statement for a public offering of securities of the Corporation, the Corporation shall receive from Initiating Holders a written request that the Corporation effect any registration with respect to any of their Registrable Securities in which the anticipated aggregate price to the public is at least \$15,000,000 the Corporation will:

- (i) Within ten (10) days after the date such report is given, give written notice of the proposed registration to all other Holders; and

(ii) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, effect such registration (including, without limitation, appropriate qualification under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act and any other governmental requirements or regulations) as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any Holder or Holders joining in such request as are specified in a written request received by the Corporation within twenty (20) days after receipt of such written notice from the Corporation; provided, however, that the Corporation shall not be obligated to take any action to effect any such registration, qualification or compliance pursuant to this Section 1.2:

(A) Within ninety (90) days of the effective date of any registration statement pertaining to securities of the Corporation (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), provided that the Corporation is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

(B) After the Corporation has effected two (2) such registrations pursuant to this Section 1.2, and such registrations have been declared effective under the Securities Act; provided, however, that a registration pursuant to this Section 1.2 shall not be considered a registration for purposes of this Section 1.2, (i) unless and until such registration shall have become effective and (x) in the case of a registration on Form S-1 (or any successor form), until 180 days after the effective date thereof, and (y) in the case of a registration on Form S-3, until all Registrable Securities included in such registration shall have been actually sold, (ii) if the Holders withdraw their request at any time because such Holders (A) reasonably believed that the registration statement contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein (in light of the circumstances under which they were made) not misleading, (B) notified the Corporation of such fact and requested that the Corporation correct such alleged misstatement or omission, and (C) the Corporation has refused to correct such alleged misstatement or omission, or (iii) at least 50% of the Registrable Securities requested to be registered by the Holders are not included in a registration pursuant to this Section 1.2; or

(C) If the Corporation shall furnish to such Initiating Holders a certificate, signed by the President and Chief Executive Officer of the Corporation, stating that in the good faith judgment of the Corporation's Board of Directors it would be materially detrimental to the Corporation and its owners for a registration statement to be filed in the near future because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar significant transaction involving the Corporation, (ii) require premature disclosure of material information that the Corporation has a bona fide business purpose for preserving as confidential, or (iii) render the Corporation unable to comply with requirements under the Securities Act or Exchange Act, then in each such case the Corporation's obligation to register, qualify or comply under this Section 1.2 shall be deferred for a period not to exceed ninety (90) days from

the date of receipt of the written request from the Initiating Holders; provided, however, that the Corporation may not utilize this right more than once in any twelve (12) month period.

Subject to the foregoing clauses (A) through (C), the Corporation shall file a registration statement covering the Registrable Securities so requested to be registered as soon as practicable after receipt of the request or requests of the Initiating Holders.

(b) Underwriting. In the event that a registration pursuant to this Section 1.2 is for a registered public offering involving an underwriting, the Corporation shall so advise the Holders as part of the notice given pursuant to Section 1.2(a)(i). In such event, the right of any Holder to participate in such registration shall be conditioned upon such Holder's participation in the underwriting arrangements required by this Section 1.2(b), and the inclusion of such Holder's Registrable Securities in the underwriting to the extent requested shall be limited to the extent provided herein.

The Corporation shall (together with all Holders proposing to distribute their securities through such underwriting) enter into an underwriting agreement in customary form with the managing underwriter approved by the Corporation's Board of Directors. Notwithstanding any other provision of this Section 1.2, if the managing underwriter determines, and provides written notice, that marketing factors require limitation of the number of shares to be underwritten, the managing underwriter may limit the Registrable Securities to be included in such registration. The Corporation shall so advise all Holders distributing their securities through such underwriting and the number of shares of securities that may be included in the registration and underwriting (other than on behalf of the Corporation) shall be allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities owned by such Holders or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Corporation or the managing underwriter may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

Section 1.3 Corporation Registration.

(a) Notice of Registration. If at any time or from time to time the Corporation shall determine to register any of its securities, either for its own account or the account of a security holder or holders, other than (i) the initial public offering of such securities, unless consented to by the Corporation's Board of Directors, (ii) a registration relating solely to employee benefit plans, (iii) a registration relating solely to a SEC Rule 145 transaction, (iv) a registration on any registration form that does not permit secondary sales or does not include substantially the same information as would be required to be included in a registration statement covering the sale of Registrable Securities or (v) a registration undertaken in connection with a reorganization of the Corporation, the Corporation will:

- (i) promptly give to each Holder written notice thereof; and

(ii) include in such registration (and any related qualification under blue sky laws or other compliance requirements), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made within twenty (20) days after receipt of such written notice from the Corporation, by any Holder.

(b) Underwriting. If the registration of which the Corporation gives notice is for a registered public offering involving an underwriting, the Corporation shall so advise the Holders as a part of the written notice given pursuant to Section 1.3(a) above. In such event, the right of any Holder to participate in such registration shall be conditioned upon such Holder's participation in such underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Corporation and any other holders distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by the Corporation and approved by the Corporation's Board of Directors. Notwithstanding any other provision of this Section 1.3, if the managing underwriter determines, and provides written notice, that marketing factors require limitation of the number of shares to be underwritten, the managing underwriter may limit the Registrable Securities to be included in such registration. The Corporation shall so advise all Holders and other holders distributing their securities through such underwriting and the number of shares of securities that may be included in the registration and underwriting (other than on behalf of the Corporation) shall be allocated among all Holders and such other holders (provided that such other holders have contractual rights to participate in such registration which are not subordinate to the Holders) in proportion, as nearly as practicable, to the respective amounts of Registrable Securities or other securities owned by such Holders and such other holders, or in such other proportion as shall mutually be agreed to by the selling Holders only; provided, however, that the number of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities (other than securities to be sold by the Corporation) are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Corporation may round the number of shares allocated to any Holder or holder to the nearest one hundred (100) shares.

Section 1.4 Registration on Form S-3.

(a) If Holders of at least twenty-five percent (25%) of the Registrable Securities request that the Corporation file a registration statement on Form S-3 (or any successor form to Form S-3) for a public offering of (i) the Registrable Securities, and (ii) any securities of the Corporation other than Registrable Securities to be sold by shareholders in such public offering, the anticipated aggregate price to the public of (i) and (ii) is at least \$15,000,000, and the Corporation is a registrant entitled to use Form S-3 to register the Registrable Securities for such an offering, the Corporation shall, as soon as practicable and in any event within forty-five (45) days after the date such request is given by the Holders, cause such Registrable Securities to be registered for the offering on such form and to cause such Registrable Securities to be qualified in such jurisdictions as the Holders may reasonably request. The substantive provisions of Section 1.2(b) shall be applicable to each registration initiated under this Section 1.4.

(b) Notwithstanding the foregoing, the Corporation shall not be obligated to take any action pursuant to this Section 1.4 (i) if the Holders of the Registrable Securities request that the Corporation file more than two registration statements on Form S-3 during any twelve-month period, and (ii) if the Corporation shall furnish to such Holders a certificate, signed by the President and Chief Executive Officer of the Corporation, stating that in the good faith judgment of the Corporation's Board of Directors it would be materially detrimental to the Corporation and its owners for a registration statement to be filed in the near future because such action would (x) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Corporation, (y) require premature disclosure of material information that the Corporation has a bona fide business purpose for preserving as confidential, or (z) render the Corporation unable to comply with requirements under the Securities Act or Exchange Act, in each such case the Corporation's obligation to register, qualify or comply under this Section 1.4 shall be deferred for a period not to exceed ninety (90) days from the date of receipt of the written request from the Holder or Holders; provided, however, that the Corporation may not utilize this right more than once in any twelve (12) month period.

Section 1.5 Limitation on Subsequent Registration Rights. From and after the date hereof, without the written approval of the Holders of a majority of the Registrable Securities, the Corporation shall not enter into any agreement granting any holder or prospective holder of any securities of the Corporation registration rights equal to or superior to those of the Holders. Nothing in this Section 1.5 shall be deemed to restrict the Corporation's right to grant registration rights to other purchasers of the Corporation's securities that are inferior to, and in no way interfere with, those registration rights granted to the Holders.

Section 1.6 Expenses of Registration. Except as otherwise provided herein, all Registration Expenses incurred in connection with all registrations pursuant to Section 1.2, Section 1.3 and Section 1.4 shall be borne by the Corporation. Unless otherwise stated, all Selling Expenses relating to securities registered on behalf of the Holders shall be borne by the Holders of such securities pro rata on the basis of the number of Registrable Securities registered on their behalf.

Section 1.7 Registration Procedures. In the case of each registration, qualification or compliance effected by the Corporation pursuant to this Agreement, the Corporation will keep each Holder advised in writing as to the initiation of each registration and as to the completion thereof. At its expense, the Corporation shall:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for the earlier of one hundred eighty (180) days or until the distribution described in the registration statement has been completed; provided, however, that (i) such 180-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of securities of the Corporation; and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such 180-day period shall be extended, if necessary, to keep the registration statement effective until all

such Registrable Securities are sold, provided that Rule 415, or any successor rule under the Securities Act, permits an offering on a continuous or delayed basis, and provided further that applicable rules under the Securities Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment which (A) includes any prospectus required by Section 10(a)(3) of the Securities Act or (B) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (A) and (B) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the Exchange Act in the registration statement.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders, as expeditiously as reasonable, such numbers of copies of the registration statement, each amendment and supplement thereto, the prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Corporation shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Corporation is already subject to service in such jurisdiction and except as may be required by the Securities Act.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement and any other agreements, in usual and customary form, with the underwriters of such offering and take all such actions requested to expedite or facilitate the disposition of shares. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder covered by such registration statement at any time when (1) a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, (2) when the registration statement, the prospectus or any prospectus supplement or post-effective amendment has been filed, and with respect to the registration statement or any post-effective amendment, when the same has become effective, and (3) the Corporation receives any material comments from the SEC with respect to a registration statement or any request by the SEC for amendments or supplements to the registration statement or the prospectus or for additional information.

(g) Cause all such Registrable Securities to be listed, prior to the date of the first sale of such Registrable Securities pursuant to such registration, on each securities exchange or national market system on which similar securities issued by the Corporation are then listed and, if not so listed, to be listed on a securities exchange or national market system.

(h) Provide a transfer agent and registrar for all such Registrable Securities and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration statement.

(i) Promptly make available for inspection on a confidential basis by any participating Holder, any underwriter participating in any disposition pursuant to such registration statement, and the counsel, accountant or other agent retained by any such underwriter or selected by the participating Holders (whose expenses are being paid pursuant to Section 1.6 hereof), all financial and other records, pertinent corporate documents and properties of the Corporation, and cause the Corporation's officers, directors, employees, independent accountants and other advisors to supply on a confidential basis all information reasonably requested by any such participating Holder, underwriter or attorney in connection with such registration statement.

(j) Permit any participating Holder that, in its reasonable judgment, might be deemed to be an underwriter or a controlling Person of the Corporation within the meaning of Section 15 of the Securities Act, to participate in the preparation of such registration or comparable statement and to permit the insertion therein of material, furnished to the Corporation in writing, which in the reasonable judgment of such participating Holder and its counsel should be included, provided that such material shall be furnished under such circumstances as shall cause it to be subject to the indemnification provisions provided pursuant to Section 1.8 hereof.

(k) In the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Registrable Securities included in such registration statement for sale in any jurisdiction, the Corporation will use its best efforts promptly to obtain the withdrawal of such order.

(l) Cooperate with the participating Holders and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing Registrable Securities to be sold under such registration, and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or such participating Holders may request.

(m) Furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Agreement, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Corporation for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of

Registrable Securities, and (ii) a letter, dated such date, from the independent certified public accountants of the Corporation, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

(n) Otherwise comply with all applicable rules and regulations of the SEC, and make generally available to its security holders (as contemplated by Section 11(a) under the Securities Act) an earnings statement satisfying the provisions of Rule 158 under the Securities Act as soon as reasonably practicable after the end of the twelve month period beginning with the first month of the Corporation's first fiscal quarter commencing after the effective date of the registration statement, which statement shall cover said twelve month period.

Section 1.8 Indemnification.

(a) To the extent permitted by law, the Corporation will indemnify and hold harmless each Holder, each of its officers, directors, members, shareholders and partners, and each Person controlling such Person within the meaning of Section 15 of the Securities Act, with respect to which registration, qualification or compliance has been effected pursuant to this Agreement, and each underwriter, if any, and each Person who controls any underwriter within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages or liabilities (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other document, or any amendment or supplement thereto, incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, or any violation (or alleged violation) by the Corporation of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law applicable to the Corporation in connection with any such registration, qualification or compliance, and the Corporation will reimburse each such Holder, each of its officers, directors, members, shareholders and partners, and each Person controlling such Person, each such underwriter and each Person who controls any such underwriter, as incurred, for any legal and any other expenses reasonably incurred in connection with investigating, preparing or defending any such claim, loss, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 1.8(a) shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Corporation (which consent shall not be unreasonably withheld), nor shall the Corporation be liable to any such Holder in any such case to the extent that any such claim, loss, damage, liability or action arises out of or is based on (i) any untrue statement or omission (or alleged untrue statement or omission) made in reliance upon and in conformity with written information furnished to the Corporation or any underwriter by such Holder, underwriter, controlling Person or other aforementioned Person and stated to be specifically for use therein or the preparation thereby or (ii) use or delivery by such Holder or controlling Person of such Holder of a prospectus other than the most current prospectus made available to such Holder or controlling Person of such Holder by the Corporation.

(b) To the extent permitted by law, each Holder, severally and not jointly, will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Corporation, each of its directors and officers, each underwriter, if any, of the Corporation's securities covered by such a registration statement, each Person who controls the Corporation or such underwriter within the meaning of Section 15 of the Securities Act, and each other such Holder, each of its officers, directors, members, shareholders and partners and each Person controlling such other Holder within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages and liabilities (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other document, or any amendment or supplement thereto, incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) use or delivery by such Holder of a prospectus other than the most current prospectus made available to such Holder by the Corporation, and will reimburse the Corporation, such Holder, each of its directors, officers, partners, and each Person controlling such Holder or the Corporation, each such underwriter and each Person who controls any such underwriter for any legal and any other expenses reasonably incurred in connection with investigating, preparing or defending any such claim, loss, damage, liability or action, in the case of clause (i) above to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular, other document, amendment or supplement in reliance upon and in conformity with written information furnished to the Corporation by such Holder and stated to be specifically for use therein or the preparation thereby; provided, however, that indemnity agreement contained in this Section 1.8(b) shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld), nor shall the Holders be liable to the Corporation in any such case to the extent that any such claim, loss, damage, liability or action arises out of or is based on (i) any untrue statement or omission (or alleged untrue statement or omission), made in reliance upon and in conformity with written information furnished to the Holders by the Corporation, any of its officers, directors and partners, controlling Person of the Corporation, underwriter or controlling Person of such underwriter and stated to be specifically for use therein or the preparation thereby or (ii) use or delivery by the Corporation, controlling Person or underwriter of a prospectus other than the most current prospectus. Notwithstanding anything to the contrary contained in this subsection (b), the liability of each Holder under this subsection (b) shall be limited to an amount equal to the aggregate net proceeds received by such Holder from the shares sold by such Holder in the offering in question, unless such liability arises out of, or is based on willful misconduct by, such Holder.

(c) Each party entitled to indemnification under this Section 1.8 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified

Party (whose approval shall not be withheld unreasonably), and the Indemnified Party may participate in such defense at such party's expense; provided, however, that the Indemnified Party shall have the right to retain its own counsel, with fees and expenses to be paid by the Indemnifying Party, if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would not be appropriate due to actual or potential differing interests between such Indemnified Party and any other party represented by such counsel in such proceeding; provided, further, that the failure of any Indemnified Party to give notice as provided herein shall relieve the Indemnifying Party of its obligations under this Section 1.8 to the extent (but only to the extent) that the failure to give such notice is materially prejudicial to an Indemnifying Party's ability to defend such action; and provided, further, that the Indemnifying Party shall not assume the defense for matters as to which there is a conflict of interest or material separate and different defenses. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

(d) If the indemnification provided for in this Section 1.8 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage or expense referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other hand in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Section 1.8(d), when combined with the amounts paid or payable by such Holder pursuant to Section 1.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct by such Holder.

(e) The obligations of the Corporation and Holders under this Section 1.8 shall survive the completion of any offering of Registrable Securities pursuant to a registration statement under this Agreement, and otherwise shall survive termination of this Agreement.

Section 1.9 Information by Holder. The Holders of securities included in any registration shall furnish to the Corporation such information regarding such Holders, the Registrable Securities

held by them and the distribution proposed by such Holders as the Corporation may reasonably request in writing and only as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

Section 1.10 Rule 144 Reporting. With a view to making available the benefits of SEC Rule 144 and any other rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration, after such time as a public market exists for the securities of the Corporation, or pursuant to a registration on Form S-3, the Corporation agrees to use its best efforts to:

(a) Make and keep available adequate current public information, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date that the Corporation becomes subject to the reporting requirements of the Securities Act or the Exchange Act;

(b) File with the SEC in a timely manner all reports and other documents required of the Corporation under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements);

(c) Take such action, including the voluntary registration of its common stock under Section 12 of the Exchange Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the first registration statement filed by the Corporation for the offering of its securities to the general public is declared effective;

(d) So long as a Holder owns any Registrable Securities, furnish to the Holder forthwith upon request (i) to the extent accurate, a written statement by the Corporation as to its compliance with the reporting requirements of said Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Corporation for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Corporation so qualifies), (ii) a copy of the most recent annual or quarterly report of the Corporation, and (iii) such other reports and documents of the Corporation and other information in the possession of or reasonably obtainable by the Corporation as the Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing the Holder to sell any such securities without registration (or any time after the Corporation has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Corporation so qualifies to use such form).

Section 1.11 Transfer of Registration Rights. Subject to compliance with the transfer restrictions set forth in the LLC Agreement, the rights to cause the Corporation to register securities granted to the Holders under Section 1.2, Section 1.3 and Section 1.4 may be assigned to a Permitted Transferee or any other transferee or assignee reasonably acceptable to the Corporation in connection with any transfer or assignment of Registrable Securities by the Holder provided that the transferor provides the Corporation with written notice of the proposed transfer, and the transferee agrees in writing to be bound by the provisions of this Agreement.

Section 1.12 Termination. No Holder shall be entitled to exercise any right provided for in this Agreement after the earlier of (i) the date that all of the Registrable Securities requested to be registered by such Holder could be sold in any ninety (90) day period pursuant to Rule 144, or (ii) as to any Holder, all of the Registrable Securities held by such Holder have been sold pursuant to registration under the Securities Act or an exemption therefrom.

Section 1.13 Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may be amended, modified, terminated or waived only with the prior written consent of the Corporation and Holders holding a majority of the Registrable Securities. The failure or delay of any Person to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such Person thereafter to enforce each and every provision of this Agreement in accordance with its terms. A consent to, or waiver of, any breach or default by any Person in the performance by that Person of his, her or its obligations under this Agreement shall not be deemed to be a consent to, or waiver of, any other breach or default in the performance by that Person of the same or any other obligations of that Person under this Agreement.

Section 1.14 Remedies. The parties to this Agreement shall be entitled to enforce their rights under this Agreement specifically (without posting a bond or other security), to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that a breach of this Agreement would cause irreparable harm and money damages would not be an adequate remedy for any such breach and that, in addition to any other rights and remedies existing hereunder, any party shall be entitled to specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

Section 1.15 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited, invalid, illegal or unenforceable in any respect under any applicable law or regulation in any jurisdiction, such prohibition, invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement in such jurisdiction or in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such prohibited, invalid, illegal or unenforceable provision had never been contained herein.

Section 1.16 Entire Agreement. Except as otherwise provided herein, this Agreement contains the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way.

Section 1.17 Successors and Assigns. This Agreement shall bind and inure to the benefit and be enforceable by the Corporation and its successors and assigns and the Holders and their respective successors and assigns (whether so expressed or not). In addition, whether or not any

express assignment has been made, the provisions of this Agreement which are for the benefit of Holders are also for the benefit of, and enforceable by, any subsequent or successor Holder.

Section 1.18 Notices. Any notice, demand or other communication to be given under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) when delivered personally to the recipient, (ii) when sent by confirmed electronic mail if sent during normal business hours of the recipient but; if not, then on the next Business Day, (iii) one Business Day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (iv) three Business Days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications shall be sent to the Corporation at the address specified below and to any Member or to any other party subject to this Agreement at such address as indicated on the Schedule of Holders, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Any party may change such party's address for receipt of notice by providing prior written notice of the change to the sending party as provided herein. The Corporation's address is:

i3 Verticals, Inc.
40 Burton Hills Blvd., Suite 415
Nashville, TN 37215
Attn: Paul Maple, General Counsel
Electronic Mail: pmaple@i3verticals.com

With a copy to:

Bass, Berry & Sims PLC
150 Third Avenue S., Suite 2800
Nashville, TN 37201
Attn: J. Page Davidson and Jay H. Knight
Electronic Mail: pdavidson@bassberry.com; jknight@bassberry.com

or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party.

Section 1.19 Business Days. If any time period for giving notice or taking action hereunder expires on a day that is not a Business Day, the time period shall automatically be extended to the immediately following Business Day.

Section 1.20 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware without regard to its conflicts of law rules.

Section 1.21 Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of the word "including" in this Agreement shall be by way of example rather than by limitation.

Section 1.22 No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

Section 1.23 Counterparts. This Agreement may be executed in multiple counterparts, any one of which need not contain the signature of more than one party, but all such counterparts taken together shall constitute one and the same agreement.

Section 1.24 Electronic Delivery. This Agreement, the agreements referred to herein, each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent executed and delivered by means of a photographic, photostatic, facsimile or similar reproduction of such signed writing using a facsimile machine or electronic mail shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

Section 1.25 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Holder shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and the transactions contemplated hereby.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

i3 VERTICALS, INC.

By: _____
Name: Gregory Daily
Title: Chief Executive Officer

[Member]

By: [•]

By: _____

Name: _____

Title: _____

FIRST AMENDED AND RESTATED LOAN AGREEMENT

Lenders:

CCSD II, L.P.
Claritas Capital Specialty Debt Fund, L.P.
Harbert Mezzanine Partners III, L.P.

Collateral Agent:

Claritas Capital Specialty Debt Fund, L.P.

Borrowers:

i3 VERTICALS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
CP-TOPS, LLC
CP-USDC, LLC
CP-PS, LLC
CP-APS, LLC
CP-DBS, LLC
i3-RS, LLC

Dated as of January 9, 2015

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THE INDEBTEDNESS EVIDENCED BY THIS INSTRUMENT OR AGREEMENT IS SUBORDINATED IN RIGHT OF PAYMENT TO CERTAIN INDEBTEDNESS TO VARIOUS LENDERS, FOR WHICH FIRST BANK IS ACTING AS ADMINISTRATIVE AGENT, AND THE LIENS ON AND SECURITY INTERESTS IN COLLATERAL SECURING THIS INSTRUMENT OR AGREEMENT ARE SUBORDINATED IN RIGHTS OF PRIORITY TO LIENS ON AND SECURITY INTERESTS IN COLLATERAL SECURING SUCH INDEBTEDNESS, IN EACH CASE PURSUANT TO, AND TO THE EXTENT PROVIDED IN, THE AMENDED AND RESTATED INTERCREDITOR AND SUBORDINATION AGREEMENT ("INTERCREDITOR AGREEMENT") DATED AS OF THE DATE HEREOF, EXECUTED BY AND BETWEEN FIRST BANK AND CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P, CCSD II, L.P., AND HARBERT MEZZANINE PARTNERS III, L.P, AS LENDERS AND CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. AS COLLATERAL AGENT, AS SUCH INTERCREDITOR AGREEMENT MAY BE AMENDED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME. PAYMENTS MAY BE MADE UNDER THIS INSTRUMENT OR AGREEMENT ONLY TO THE EXTENT EXPRESSLY PERMITTED UNDER SUCH INTERCREDITOR AGREEMENT. IN CASE OF A CONFLICT BETWEEN THE TERMS OF THIS INSTRUMENT OR AGREEMENT AND THE INTERCREDITOR AGREEMENT, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN. THIS LEGEND SHALL BE PLACED ON ANY NOTE OR OTHER INSTRUMENT OR AGREEMENT GIVEN AT ANY TIME IN SUBSTITUTION FOR OR REPLACEMENT HEREOF.

FIRST AMENDED AND RESTATED LOAN AGREEMENT

This First Amended and Restated Loan Agreement (this "Agreement") is entered into as of January 9, 2015, by i3 VERTICALS, LLC ("i3 VERTICALS"), a Delaware limited liability company formerly known as Charge Payment, LLC, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, CP-TOPS, LLC ("CP-TOPS"), a Delaware limited liability company, CP-USDC, LLC ("CP-USDC"), a Delaware limited liability company, CP-PS, LLC ("CP-PS"), a Delaware limited liability company, CP-APS, LLC ("CP-APS"), a Delaware limited liability company, CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company; and i3-RS, LLC ("i3-RS"), a Delaware limited liability company (i3 Verticals, CP-TOPS, CP-USDC, CP-PS, CP-APS, and CP-DBS are the "Existing Borrowers," and the Existing Borrowers, i3 Management, and i3-RS are each a "Borrower" and collectively "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD In"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. ("Harbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in this Agreement ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers are parties to that Loan Agreement dated as of August 14, 2013, as amended by that First Amendment to Loan Agreement

dated as of December 31, 2013, that Second Amendment to Loan Agreement and Omnibus Amendment to Loan Documents dated as of February 14, 2014, that Third Amendment to Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 9, 2014, and that Fourth Amendment to Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 23, 2014 (as amended, the "Original Loan Agreement"), pursuant to which, among other things, (i) Lenders extended to Existing Borrowers term loans in the aggregate original principal amount of \$10,500,000, and (ii) Collateral Agent has agreed to serve as "Collateral Agent" for Lenders as provided therein;

B. i3-Management and i3-RS have recently been formed as wholly-owned subsidiaries of i3 Verticals and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders, Collateral Agent, and Borrowers desire to amend and restate the Original Loan Agreement in full on the terms and conditions set forth in this Agreement.

AGREEMENT:

NOW, THEREFORE, as an inducement to cause Lenders to continue to extend the credit described in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Lenders, Collateral Agent, and Borrowers agree as follows:

ARTICLE 1. DEFINITIONS AND CONSTRUCTION

1.1 Primary Defined Terms. As used below in this Agreement, the following capitalized terms have the meanings set forth in this Section unless the context expressly requires otherwise:

"**Accountants**" means Lattimore, Black, Morgan & Cain, PC or another regional or national accounting firm approved by Lenders.

"**Accounting Change**" means a change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

"**Acquisition**" means (a) any Investment by any Borrower and any other Person organized in the United States (with substantially all of the assets of such Person and its Subsidiaries located in the United States), pursuant to which such Person shall become a Subsidiary of any Borrower or any of its Subsidiaries or shall be merged with any Borrower or any of its Subsidiaries or (b) any acquisition by any Borrower or any Subsidiaries thereof of the assets of any Person (other than a Subsidiary of any Borrower) that constitute all or substantially all of the assets of such Person or a division or business unit of such Person, whether through purchase, merger or other business combination or transaction (and substantially all of such assets, division or business unit are located in the United States). With respect to a determination of the amount of an Acquisition, such amount

shall include all consideration (including any deferred payments) set forth in the applicable agreements governing such Acquisition as well as the assumption of any Debt in connection therewith.

"Affiliate" means:

- (i) with respect to a specified Person,
 - (A) any other Person who directly or indirectly Controls, is directly or indirectly Controlled by, or is directly or indirectly under common Control with, the specified Person;
 - (B) any other Person who owns any material interest in, is owned as to any material interest by, or is under common ownership as to any material interest with, the specified Person (ownership of any Equity Interest in a Borrower, and of five percent (5%) or more of the voting Equity Interests of any other Person, shall be deemed "material" for this purpose);
 - (C) any other Person who serves as a director, manager, officer, partner, executor, trustee, or similar senior management capacity with the specified Person;
 - (D) any other Person with respect to which the specified Person serves as a director, manager, officer, partner, executor, trustee, or similar senior management capacity;
 - (E) if a Person who is an Affiliate under any of the foregoing requirements is a natural Person, each member of such individual's Immediate Family; and
 - (F) each Affiliate of each other Person deemed to be an Affiliate of the specified Person under any of the foregoing provisions;
- (ii) for purposes of this definition, the "Immediate Family" of an individual includes (A) the individual's spouse, (B) any other individual who resides with such individual, and (C) any other individual who is related to such individual or related to a Person described in the foregoing (A) or (B), in each case within the first degree; and
- (iii) notwithstanding the foregoing, Lenders shall not in any event be deemed Affiliates of Borrowers.

"Agreement" means this Loan Agreement.

"**Anticipated Additional Debt**" means Debt issued pursuant to the Master Note Purchase Agreement, which Debt also meets the following criteria:

- (i) if *pro forma* EBITDA immediately before issuing such additional Debt, giving effect for any completed acquisitions as if the Company had the benefit of a full year of operations, is \$15,000,000 or greater, then unsecured Debt issued by i3 Verticals after the Closing Date (i) in compliance with all securities Laws and other Laws, (ii) with no payments of principal due prior to the Term Loan Maturity Date, (iii) providing for interest at a rate not exceeding that accruing on the Term Loans plus 3%, and (iv) for which the incurrence of such Debt will not, giving it *pro forma* effect, cause Borrowers to breach any financial covenant or otherwise cause a Default or Event of Default, as demonstrated by a certificate of the Chief Financial Officer of i3 Verticals delivered to Lenders at least five (5) days prior to the issuance of such Debt; and
- (ii) if *pro forma* EBITDA immediately before issuing such additional debt, giving effect for any completed acquisitions as if the Company had the benefit of a full year of operations, is less than \$15,000,000, then unsecured Debt issued by i3 Verticals after the Closing Date (i) in compliance with all securities Laws and other Laws, (ii) with no payments of principal due prior to the Term Loan Maturity Date, (iii) providing for interest at a rate approved by the Required Lenders, in their reasonable discretion (but in no event at a rate in excess of that accruing on the Term Loans), and (iv) otherwise on terms and conditions approved by the Required Lenders, in their reasonable discretion (approvals under subsections (iii) and (v) shall not be unreasonably withheld, delayed, or conditioned).

"**APS Seller Note**" means that Subordinated Promissory Note dated as of May 9, 2014, made by CP-APS payable to the order of Advanced Payment Solutions, LLC, a Tennessee limited liability company, in the principal amount of \$1,000,000, which (i) may not be amended or modified (other than to extend the due date for payments thereunder) without the consent of Lenders, and (ii) shall be treated as Subordinated Seller Debt hereunder.

"**Beneficial Owner**" has the meaning provided in Rule 13d-3 under the Exchange Act.

"**Borrowers**" means the Borrowers named in the preamble of this Agreement and their respective successors and assigns (to the extent permitted under this Agreement).

"**Borrowers' Line of Business**" means the payments processing business and other activities and services directly or customarily incidental thereto.

"**Business Day**" means any day other than a Saturday, Sunday, or a weekday on which state or national banks located in Nashville, Tennessee, are authorized or required by law to be closed

for business (any reference to a number of days is a reference to calendar days unless Business Days is expressly used).

"**Capital Lease**" means a lease that would be characterized under GAAP as a financed purchase rather than as an operating lease.

"**Cash Equivalents**" means (i) certificates of time deposits of First Bank and repurchase agreements backed by United States government securities of First Bank, or (ii) any other products similar to those described in subparagraph (i) offered by First Bank from time to time.

"**CCSD I/CCSD II**" means CCSD I and CCSD II, taken collectively.

"**Change of Control**" means the occurrence, after the date of this Agreement, of (a) any Person or two or more Persons acting in concert acquiring beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act), directly or indirectly, of securities of any Borrower (or other securities convertible into such securities) representing more than fifty percent (50%) of the combined voting power of all securities thereof entitled to vote in the election of directors (disregarding for this determination any rights of designation conditioned upon any Person's holdings of a percentage of any Units issued by i3 Verticals), or (ii) any event by which a majority of the members of the Board of Directors of i3 Verticals are no longer freely elected or freely designated by Persons who were members of i3 Verticals or holders of warrants in i3 Verticals as of the Closing Date.

"**Claims**" means all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, and expenses of any kind, including the reasonable fees and expenses of counsel incurred in addressing any of the foregoing.

"**Closing**" means the satisfaction or waiver of all conditions to, and the funding of, the Term Loans.

"**Closing Date**" means August 14, 2013.

"**Collateral**" means all Property now or hereafter securing the Obligations.

"**Collateral Agent**" means CCSD I, in its capacity as Collateral Agent for Lenders, its lawful successors, and any successor Collateral Agent appointed as provided in this Agreement.

"**Constituent Documents**" means the certificate of incorporation, charter, certificate of formation, articles of formation, bylaws, operating agreement, voting agreements, and other documents and agreements by which a legal entity is formed, maintained, and governed.

"**Contingent Consideration**" means any earnout payment, contingent purchase price payment, or any similar contingent payment or obligation (including any such contingent obligations evidenced by a promissory note) due or owing under the terms of any purchase or acquisition agreement executed by any Borrower in connection with any Acquisition or Investment, including,

without limitation, (i) that Purchase Agreement dated as of May 9, 2014, between Advanced Payment Solutions, LLC, Jennifer Brinkman, Debbie Bowles, and CP-APS, (ii) that Purchase Agreement dated as of May 23, 2014, between Data Business Systems of Colorado, Inc., Hume Miller, and CP-DBS, (iii) that Purchase Agreement effective as of February 1, 2014, by and between Merchant Processing Solutions, LLC d/b/a Payment Systems and CP-PS, and (iv) that Asset Purchase Agreement dated as of December 31, 2014, between RentShare, Inc., certain "Owners" thereof, and i3-RS.

"Contract" means any agreement to which a Borrower is, at a relevant time, a party or by which a Borrower's properties are bound, including any management agreement, financing agreement, vendor agreement, customer agreement, indenture, mortgage, deed of trust, lease, sale agreement, or consulting agreement.

"Control" or **"Controlled"** means that a Person has the power to direct or cause the direction of the management and policies of another Person, whether this power exists as a matter of right, through economic compulsion, or otherwise.

"Control Agreement" means a control agreement acceptable to Collateral Agent among one or more Borrowers, a depository bank or securities intermediary, and Collateral Agent, establishing Collateral Agent's right to control one or more accounts pursuant to Article 8 or Article 9 of the UCC.

"Daily Loan" means the loan evidenced by that Third Amended and Restated 10% Subordinated Convertible Promissory Note dated as of the Restatement Closing Date, made by i3 Verticals payable to the order of Gregory S. Daily and Collie F. Daily in the principal amount of \$1,000,000.

"DBS Seller Note" means that Subordinated Promissory Note dated as of May 23, 2014, made by CP-DBS payable to the order of Data Business Systems of Colorado, Inc., a Colorado corporation, in the principal amount of \$500,000, which (i) may not be amended or modified (other than to extend the due date for payments thereunder) without the consent of Lenders, and (ii) shall be treated as Subordinated Seller Debt hereunder.

"Debt" means a Person's obligations for borrowed money, including (i) the Term Loans, (ii) the Senior Loan, (iii) any other obligations evidenced by bonds, debentures, notes, or other similar instruments, (iv) any obligations in respect of Capital Leases, (v) any outstanding face amounts of letters of credit and acceptance facilities, (vi) any payment obligations secured by any Encumbrance on any asset of a Person, whether or not the Person is also personally liable therefor, (vii) any payment obligations under Hedge Agreements, and (viii) although trade obligations incurred in the ordinary course of business are not Debt, any trade obligation which remains outstanding (even with the vendor's permission) 180 days after its original due date shall constitute Debt.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors,

moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that, but for the giving of any required notice and/or the passing of time, would be an Event of Default hereunder.

"Default Rate" means an interest rate of five percent (5.0%) per annum over the otherwise applicable rate of interest, computed on the basis of a 360-day year and actual days elapsed.

"Encumbrance" means any (i) lien securing an obligation, including the lien or security interest arising from a deed of trust, mortgage, security agreement, assignment as collateral, conditional sale, or Capital Lease and (ii) other interests and restrictions, including those arising under operating leases, options, voting agreements, use restrictions, zoning restrictions, restrictions arising under licenses, reservations, exceptions, encroachments, easements, rights-of-way, and covenants.

"Environmental Laws" means the Environmental Protection Act, the Resource Conservation and Recovery Act of 1976, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Hazardous Materials Transportation Act, and any other federal, state, or municipal law, rule, or regulation relating to air emissions, water discharge, noise emissions, solid or liquid waste disposal, hazardous or toxic waste or materials, or other environmental or health matters.

"Equipment" means "equipment" as defined in the UCC.

"Equity Interest" means any ownership interest in or right to Control any share, stock, membership interest, partnership interest, or other equity interest (regardless of how designated) of or in a corporation, limited liability company, partnership, or other Person, whether voting or nonvoting, and all options, warrants, and other rights to acquire any such an interest or right of control.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any Person, who for purposes of Title IV of ERISA, is a member of a Borrower's controlled group, or under common control with a Borrower, within the meaning of Section 414 of the IRC.

"ERISA Event" means (i) with respect to a Plan, the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC, (ii) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041 (e) of ERISA), (iii) with respect to a Plan, the cessation of operations at a facility in the circumstances described in Section 4068(f) of ERISA, (iv) the withdrawal by a Borrower or any ERISA Affiliate from a Multiple Employer Plan (as defined in ERISA) during a plan year for which it was a substantial employer, as defined in

4001(a)(2) of ERISA, (v) the failure by a Borrower or any ERISA Affiliate to make a material payment to a Plan required under Section 302(f)(1) of ERISA, (vi) the adoption of an amendment to a Plan requiring the provision of initial or additional security to such Plan, pursuant to Section 307 of ERISA, or (vii) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

"Event of Default" means the occurrence of any of the events specified in Section 9.1 as to which any requirement for notice or lapse of time has been satisfied.

"Exchange Act" means the Securities Exchange Act of 1934.

"Financial Statements" means the Financial Statements of Borrowers delivered to Lenders pursuant to Section 6.5 hereof.

"Fiscal Quarter" means any of the quarterly accounting periods of Borrowers, ending on each March 31, June 30, September 30, and December 31.

"Fiscal Year" means any of the annual accounting periods of Borrowers, ending on September 30 (Lender hereby acknowledges and consents to the change of Borrowers' Fiscal Year end from December 31, effective as of September 30, 2014).

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time applied on a consistent basis, except that for purposes of Article 8, GAAP shall be determined on the basis of such principles in effect on the date hereof. In the event that any Accounting Change shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrowers and the Lenders agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrowers' financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrowers and the Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

"Governing Body" means the board of directors, manager(s) or board of manager(s), trustee(s), or other board, group, or other Person with the power to manage the affairs of a legal entity.

"Governmental Authority" means any arbitration authority and any governmental or quasi-governmental entity or court, including any department, commission, board, bureau, agency, administration, service, or other instrumentality of any foreign or domestic government.

"Guaranty" means any agreement of surety, guaranty, or other form of assurance as to an obligation of another Person, whether given directly or indirectly, including any obligation (i) to purchase any obligation or Property securing an obligation, (ii) to maintain working capital, net worth, or solvency of another, (iii) to purchase Property, securities or services primarily for the purpose of assuring the seller's payment of an obligation, or (iv) to otherwise assure or hold harmless the owner of an obligation against loss in respect thereof.

"Hazardous Substances" means those substances included from time to time within the definition of hazardous substances, hazardous materials, toxic substances, or solid waste under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, the Hazardous Materials Transportation Act, the Clean Water Act, the Toxic Substances Control Act, and such other substances that are or become regulated under any applicable local, state, or federal law or regulation addressing environmental hazards.

"Hedge Agreement" means (i) any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement; (ii) any currency swap agreement, forward currency purchase agreement, or similar agreement designed to protect against fluctuations in currency exchange rates; and (iii) any forward commodity purchase agreement or similar agreement or arrangement designed to protect against fluctuations in raw materials or other commodity prices.

"Indemnitees" is defined in [Section 6.17](#).

"Insolvency Proceeding" means any case or proceeding commenced by or against any Person as a debtor under any Debtor Relief Law.

"Inventory" means "inventory" as defined in the UCC.

"Investment" means any Borrower's acquisition of any evidence of indebtedness or other securities (other than the acquisition of Cash Equivalents in the ordinary course of business) of, make any loan or advances to, guarantee any obligations of, or make any investment (other than the acquisition of Cash Equivalents in the ordinary course of business) in, any other Person or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person.

"IP" means patents, trademarks, copyrights, trade secrets, trade names, service names, service marks, Internet domain names, and any other intellectual property recognized under any Law, and all applications and licenses therefor.

"IPO" means an offering of equity securities for which a registration statement is filed under the Securities Act.

"IRe" means the Internal Revenue Code of 1986.

"Knowledge" means the actual knowledge or belief of any officer or member of the Governing Body of a Borrower.

"Law" means applicable constitutional provisions, statutes, codes, acts, ordinances, rules, regulations, orders, common law, principles of equity, and other legal requirements issued by or applied by Governmental Authorities.

"Lenders" means the Lenders named in the preamble hereof, their successors and permitted assigns.

"Liquidity" means cash, Cash Equivalents and availability under the Revolving Commitment (as defined in the Senior Loan Agreement).

"Loan Documents" means, collectively, this Agreement, the Term Loan Notes, the Warrants, and each other writing that evidences, secures, or otherwise relates to the Term Loans, whenever delivered.

"Master Note Purchase Agreement" means that Master Note Purchase Agreement among i3 Verticals and the several purchasers from time to time parties thereto, dated effective February 14, 2014 (as may be amended from time to time in accordance with its terms).

"Material Adverse Change" means any material and adverse change in the business, Properties, financial condition or operations of a Person or its subsidiaries (taken as a whole) or in the validity of any of the Loan Documents. To avoid doubt, (i) the use of a Material Adverse Change to accelerate the maturity of the Obligations is subject to TCA Section 47-1-309, which allows such use by a lender "only if that party in good faith believes that the prospect of payment or performance is impaired," and (ii) a termination of a Material Contract does not in itself mean that a Material Adverse Change has occurred.

"Material Adverse Effect" means any event or condition which, singly or in the aggregate with other events or conditions, would cause a Material Adverse Change.

"Material Contracts" is defined in [Section 5.36](#).

"Maximum Lawful Amount" is defined in [Section 11.1](#).

"Obligations" means all present and future obligations of Borrowers under the Loan Documents (i) to pay principal, interest, and expenses arising under the Loan Documents (including all interest and expenses that accrue after the commencement of any Insolvency Proceeding, whether or not allowed in such case or proceeding), (ii) to perform all indemnities and other monetary and non-monetary obligations arising under the Loan Documents, whether absolute or contingent, and (iii) to pay and perform all other debts and other obligations of a Borrower to Lenders and to Collateral Agent, whether arising by contract, tort, guaranty, or otherwise, whether or not the advances or events creating such debts or other obligations are presently foreseen.

"**Order**" means any money judgment, injunction, order, decree, or other such action of any Governmental Authority, whether or not final.

"**PBGC**" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"**Perfection Diligence Certificates**" means the Perfection Diligence Certificates delivered to Collateral Agent in connection with this Agreement.

"**Permits**" means all permits, licenses, authorizations, and other formal approvals issued by Governmental Authorities.

"**Permitted Acquisition**" means any Acquisition by the Borrower that occurs subject to the satisfaction of the following conditions:

- (i) before and after giving effect to such Acquisition, no Default or Event of Default has occurred and is continuing or would result therefrom, and all representations and warranties of each Borrower set forth in the Loan Documents shall be and remain true and correct in all material respects;
- (ii) before and after giving effect to such Acquisition, on a Pro Forma Basis, Borrowers are in compliance with each of the financial covenants set forth in Article 8, measuring and calculating the financial covenants set forth in Article 8 as of the last day of the most recently ended Fiscal Quarter for which financial statements are required to have been delivered pursuant to Section 6.5(a) or (c) as if such Acquisition had occurred, and any Debt incurred in connection therewith was incurred, on the first (1st) day of the relevant period for testing compliance, and Borrowers shall have delivered to Lenders a pro forma compliance certificate signed by a Responsible Officer certifying to the foregoing at least fifteen (15) days (or such shorter period as Lenders may permit) prior to the date of the consummation of such Acquisition;
- (iii) at least ten (10) days (or such shorter period as Lenders may permit) prior to the date of the consummation of such Acquisition, Borrowers shall have delivered to Lenders notice of such Acquisition, together with historical financial information and analysis with respect to the Person whose stock or assets are being acquired and copies of the acquisition agreement and related documents (including, to the extent required by the underlying acquisition agreement, financial information and analysis, environmental assessments and reports, opinions, certificates and lien searches) and information reasonably requested by any Lenders;
- (iv) such Acquisition is consensual and approved by the board of directors (or the equivalent thereof) of the Person whose stock or assets are being acquired;

- (v) the Person or assets being acquired is in the same type of business conducted by Borrowers on the date hereof or any business reasonably related thereto;
- (vi) such Acquisition is consummated in compliance with all Laws, and all consents and approvals from any Governmental Authority or other Person required in connection with such Acquisition and the pledge of assets to the Collateral Agent with respect to such Acquisition have been obtained;
- (vii) before and after giving effect to such Acquisition and any Debt incurred in connection therewith, each Borrower is Solvent;
- (viii) after giving effect to such Acquisition and any Debt incurred in connection therewith, Liquidity (that is either unencumbered or in accounts controlled by Collateral Agent) of Borrowers is at least \$2,500,000;
- (ix) the Acquisition is for a total purchase price (including management's best estimate at closing of the Acquisition of Contingent Consideration that will ultimately be paid in connection with such Acquisition) below \$10,000,000;
- (x) Borrowers shall execute and deliver to execute and deliver, at the closing of the Acquisition (or such longer period as Lenders may permit) all collateral documents and other related documents required under Section 6.20 and within the timeframe described in Section 6.20;
- (xi) Borrowers have delivered to the Lenders a certificate executed by a Responsible Officer certifying that each of the conditions set forth above has been satisfied; and
- (xii) any Acquisition (including management's best estimate at closing of the Acquisition of Contingent Consideration that will ultimately be paid in connection with such Acquisition) that exceeds a purchase price of \$3,500,000 will require third party due diligence acceptable to the Lenders.

"Permitted Disposition" means (i) the sale or other disposition for fair market value of obsolete or worn out property or other property not necessary for operations disposed of in the ordinary course of business, and (ii) the sale or other disposition of assets in the ordinary course of business, in each case made in the absence of an Event of Default and so long as the net proceeds from any asset sale or any series of related asset sales (other than sales of inventory in the ordinary course of business) in excess of \$250,000 shall be applied to the Term Loan (as defined in the Senior Loan Agreement).

"Permitted Encumbrances" means all of the following:

- (i) Encumbrances securing any of the Obligations;

- (ii) Encumbrances securing the Senior Loan;
- (iii) Encumbrances presently securing other Debt as described in Schedule 5.11;
- (iv) Encumbrances securing Purchase Money Security Interests permitted under Section 7.1;
- (v) Encumbrances securing Taxes not yet delinquent or, if reserve has been made therefor as required by GAAP, those which are due but are being contested in good faith by appropriate action promptly initiated and diligently conducted;
- (vi) mechanics', repairmen's, materialmen's, and other like liens arising from isolated transactions by operation of law in the ordinary course of business securing accounts that are not delinquent or that are being contested diligently and in good faith by appropriate proceedings and as to which Borrowers have set aside reserves on their books in accordance with GAAP or the payment of which obligations are otherwise secured in a manner satisfactory to the Required Lenders (to avoid doubt, landlord's liens are not Permitted Encumbrances and Lenders may require their waiver or subordination);
- (vii) zoning ordinances, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions, and other such Encumbrances on real property not securing monetary obligations and which are of a type customarily placed on real property and do not materially impair the value of the affected Property;
- (viii) Encumbrances arising in the ordinary course of business by virtue of any contractual, statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies covering deposit or securities accounts, but only to the extent securing administrative charges unless otherwise expressly permitted under the applicable Control Agreement;
- (ix) pledges or deposits under workers' compensation, unemployment laws, social security, or other similar statutory obligations made in the ordinary course of business and securing obligations that are not delinquent;
- (x) reasonable and necessary cash deposits made in the ordinary course of business to secure the performance of utility contracts and other such contracts for which pledges or deposits are customary; and
- (xi) Encumbrances granted to any settlement bank, sponsor bank and/or processor in funds, instruments or deposit accounts held by such entities, but only so

long as (i) such Encumbrances are granted in the ordinary course of business under the terms of a sponsorship or processing agreement to which any Borrower is a party and, (ii) such Encumbrances secure only ordinary course liabilities arising under any such sponsorship or processing agreement, and (iii) such Encumbrances do not extend to any Property of any Borrower other than that held by the other party to such sponsorship or processing agreement and the amount of such Encumbrances shall not exceed the amount owed by Borrowers under any such agreement.

"Permitted Equity" means Equity Interests issued by a Borrower after the Closing Date that are (i) approved by the Required Lenders, or (ii) are not approved by the Required Lenders, but which (A) do not impose upon a Borrower any obligation of redemption, payment of dividends, or like obligation, unless expressly subordinate to the full payment of the Obligations, and (B) to the extent required to be pledged pursuant to Section 6.4(c) hereof, are when issued made subject to a first priority perfected security interest in favor of Collateral Agent pursuant to documents approved by Collateral Agent in the instance.

"Permitted Tax Distribution" is defined in Section 7.3.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, trust, unincorporated organization, Governmental Authority, and any other form of legally recognized entity.

"Plan" means any employee benefit or other plan established or maintained, or to which contributions have been made, by a Borrower or any ERISA Affiliate of a Borrower and covered by Title IV of ERISA or to which Section 412 of the IRC applies.

"Pro Forma Basis" means, (i) with respect to any Person, business, property or asset acquired in a Permitted Acquisition or other Acquisition approved in writing by Lenders, the inclusion as "EBITDA" of the Acquisition EBITDA mutually agreed upon by Borrowers, Lenders, and the Senior Lender, for such Person, business, property or asset as if such Permitted Acquisition or Acquisition had been consummated on the first (1 st) day of the applicable period, based on historical results accounted for in accordance with GAAP, and (ii) with respect to any Person, business, property or asset sold, transferred or otherwise disposed of, the exclusion from "EBITDA" of the EBITDA for such Person, business, property or asset so disposed of during such period as if such disposition had been consummated on the first day of the applicable period, in accordance with GAAP.

"Proceeding" means any litigation, arbitration, administrative proceeding, tax audit, investigation, or other action, proceeding, or formal investigation undertaken by or through any court or other Governmental Authority.

"Property" or **"Properties"** means any interest in any kind of property, whether real, personal, or mixed, or tangible or intangible.

"**Pro Rata**" means an apportionment based upon the relative principal amounts of the Term Loans (being 50% Harbert, 25% CCSD I, and 25% CCSD II as of the Closing Date).

"**Pro Rata Share**" means a share determined on a Pro Rata basis.

"**Purchase Money Security Interests**" means Encumbrances securing purchase money obligations (including Capital Leases) made to acquire or construct Equipment, which Encumbrance (i) is perfected within twenty (20) days after acquisition thereof, (ii) does not secure a principal amount exceeding the purchase price of the Equipment, (iii) secures an obligation that is payable on an approximately level basis over a period that does not exceed the useful life of the asset, and (iv) only encumbers the asset so purchased.

"**Required Lenders**" means Lenders owning more than half of the total outstanding principal balance of the Term Loans.

"**Responsible Officer**" means either the president, vice president, chief financial officer, treasurer or secretary of Borrowers or such other representative of Borrowers as may be designated in writing by anyone of the foregoing.

"**Restatement Closing Date**" means the date of this Agreement.

"**SBA**" means the United States Small Business Administration.

"**SBIC Act**" means the Small Business Investment Act of 1958.

"**SEC**" means the United States Securities and Exchange Commission (or any other federal agency at that time administering the Securities Act and/or the Exchange Act).

"**Securities Act**" means the Securities Act of 1933.

"**Security Agreement**" means that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent, as amended, modified, or restated from time to time.

"**Seller Notes**" means collectively, the DBS Seller Note, the APS Seller Note, and any other note or purchase price obligation executed at any time by any Borrower in favor of any seller in connection with any Acquisition or Permitted Acquisition (other than a note evidencing Contingent Consideration).

"**Senior Lender**" means a lender who extends credit to Borrowers that is subject to a Senior Subordination Agreement, and its successors and permitted assigns and replacements.

"**Senior Loan**" means Debt held by Senior Lender and which is subject to and permitted under a Senior Subordination Agreement.

"Senior Loan Agreement" means that Amended and Restated Term Loan Agreement and Revolving Loan Agreement dated as of the date hereof among Borrowers, certain lenders signatory thereto, and First Bank, as Administrative Agent for such lenders (as may be amended from time to time in accordance with its terms and the Senior Subordination Agreement).

"Senior Subordination Agreement" means a subordination agreement with a Senior Lender in form and substance approved and executed by Collateral Agent and Lenders, pursuant to which Collateral Agent's and each Lender's rights are made subordinate to the rights of the Senior Lender in certain respects. Without limiting in any respect Collateral Agent's and each Lender's discretion in approving other terms and conditions of a Senior Subordination Agreement, Collateral Agent and Lenders shall be under no obligation to consider such an agreement if it (i) permits Senior Debt exceeding **110%** of the principal debt committed by the Senior Lender, (ii) imposes payment blockage or a remedies standstill without written notice to Lenders, (iii) imposes payment blockage for more than one hundred eighty (180) days on account of defaults other than monetary defaults, (iv) imposes a remedies standstill period that extends for more than one hundred eighty (180) days or that impairs Lenders' ability to charge the Default Rate or to obtain equitable relief for non-monetary breaches by Borrowers, (v) requires the release of Collateral Agent's security interest in consensual dispositions of Borrower's assets, (vi) permits the amendment of the senior loan documents without Collateral Agent's and each Lender's consent in any way that would make the documents less advantageous to Borrowers in any material respect, (vii) encumbers or restricts remedies regarding the key man life insurance on Greg Daily or the Equity Interests of i3 Verticals that are required to secure the Obligations, or (viii) materially impairs the ordinary rights that Collateral Agent and Lenders would have in a Borrower's bankruptcy case.

"Solvent" means, as to any Person, that as of the date of determination, (i) the fair value of the Property of such Person is greater than the total amount of liabilities of such Person, (ii) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its Debts as they become absolute and matured, and (iii) such Person does not intend to, or believe or reasonably should have believed that such Person will, incur liabilities beyond its ability to repay as they become due.

"Subordinated Seller Debt" means unsecured Debt that the Required Lenders may approve and that is held by a seller to a Borrower of assets or of Equity Interests in a Permitted Acquisition, which Debt is subject to a subordination agreement in form and substance approved and executed by Collateral Agent, and pursuant to which Collateral Agent's and each Lender's rights are made senior to the rights of the seller. Collateral Agent may require that such Debt is deeply subordinated and favorable to Collateral Agent and Lenders in all respects, including an unlimited payment blockage and standstill period as to all remedies during the continuation of an Event of Default.

"Subrogation Rights" means all rights of indemnity, exoneration, subrogation, contribution, and any other such rights that may apply among Borrowers respecting the Obligations.

"Subsidiary" means, with respect to any Person (the "parent"), any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of

which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power, or in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (ii) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"**Taxes**" means all taxes and other assessments and remittance obligations imposed by any Governmental Authority on a Borrower or on any of its Properties.

"**Term Loans**" is defined in [Section 2.1](#).

"**Term Loan Maturity Date**" is defined in [Section 2.8](#).

"**Term Loan Notes**" means those three Secured Term Loan Notes dated as of the Closing Date made by Borrowers payable to the order of the respective Lenders in the amount of their respective Term Loans.

"**UCC**" means the Uniform Commercial Code as adopted in the State of Tennessee.

"**USDC**" means U.S. Data Capture, Inc., a New York corporation.

"**USDC Partners**" means USDC Partners, LLC, a New York limited liability company.

"**Warrants**" means the Warrants issued to Lenders on the Closing Date Pro Rata, which provide for the rights to purchase in the aggregate up to 9.5% of i3 Verticals's fully-diluted common equity as of the Closing Date.

1.2 Additional Defined Terms. Certain defined terms are defined elsewhere in the body of this Agreement and the other Loan Documents. Additional definitions related primarily to financial covenants are set forth in [Article 8](#).

1.3 Computations; Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purposes of any Loan Document, such determination or computation shall be made in accordance with GAAP to the extent applicable and except as may be otherwise specified. If a change in GAAP after the Closing Date would require a change affecting the calculation of any requirement under this Agreement, then Lenders and Borrowers shall negotiate in good faith for the amendment of the affected requirements; provided, however, until and unless such an amendment is agreed upon, the requirements of this Agreement shall remain as written and compliance therewith shall be determined according to GAAP as in effect prior to the change.

1.4 Standards for Consent Whenever any Loan Document conditions any matter upon the approval, consent, specification of requirements by, or other such act of a Lender or Collateral Agent, such actions shall be deemed taken or withheld only as such Lender or Collateral Agent may elect in writing (whether or not the specific provision requires a writing) in its sole and absolute discretion, unless another standard is expressly stated.

1.5 References to Documents. Any reference in a Loan Document to another document shall include all schedules, exhibits, supplements, and addenda thereto (however denominated) and shall include such documents as they may be amended, modified, supplemented, or restated from time to time, unless (i) otherwise expressly specified, or (ii) such amendment, modification, supplementation, or restatement is prohibited by any Loan Document.

1.6 References to Laws. Unless otherwise specified, any reference in a Loan Document to a Law, means (i) such Law as in effect as of the Closing Date and as it may hereafter be amended and (ii) all future substitutions for such Law.

1.7 References to this Agreement. "Herein," "hereof" and words of similar import in the Loan Documents refer to the entire document in which they appear and not to any particular provision thereof, unless otherwise expressly stated. References to Articles, Sections, Exhibits, or Schedules are to those included in this Agreement unless otherwise specified.

1.8 Other Interpretive Conventions. Except where a Loan Document expressly provides otherwise, (i) the word "includes" and variants thereof mean "including, but not limited to", (ii) the disjunctive "or" includes the conjunctive ("and/or"), and (iii) the meanings given to terms defined herein shall be equally applicable to both the singular and plural forms thereof (without limitation, any requirement of "Borrowers" or "all Borrowers" shall apply to Borrowers both jointly and severally).

ARTICLE 2. TERM LOANS

2.1 Amount of Term Loans; Term Loan Notes. Lenders severally and not jointly agree to lend to Borrowers the aggregate sum of Ten Million Five Hundred Thousand and No/100 Dollars (\$10,500,000.00) (the "**Term Loans**"), on the terms and conditions set forth in this Agreement. The Term Loans shall be further evidenced by the Term Loan Notes. The Term Loans shall be allocated between Lenders as follows:

CCSD II	\$2,625,000
CCSD I	\$2,625,000
Harbert	\$5,250,000

2.2 Use of Proceeds. The proceeds of the Term Loans have been used to fund certain permitted acquisitions by the Borrowers, to pay transaction costs of such transactions and this Agreement, and to provide working capital to Borrowers.

2.3 Advances. The Term Loans shall be disbursed by Lenders Pro Rata in an advance made on the Closing Date in the amount of Nine Million and No/100 Dollars (\$9,000,000.00) (the "**Initial Advance**") and an advance made on a subsequent date on or before December 31, 2013, in the amount of One Million Five Hundred Thousand and No/100 (\$1,500,000.00) (the "**Second Advance**").

2.4 Accrual of Interest. Interest shall accrue on the outstanding principal balance of the Term Loans at the rate of twelve percent (12.0%) per annum (based upon a 360-day year and actual days elapsed); provided, however, upon the occurrence and during the continuation of an Event of Default, Interest shall accrue at the Default Rate.

2.5 Interim Payments of Interest. Interest on the Term Loans shall become due in arrears on the first day of each month, commencing September 1, 2013.

2.6 Voluntary Prepayments of Principal. Borrowers may voluntarily prepay principal of the Term Loans, in whole or in part, without premium or penalty; provided, however, that any prepayment must be made upon at least five (5) calendar days' prior written notice to Lenders.

2.7 Mandatory Prepayment of Principal. Borrowers shall cause the direct payment by the insurer to Collateral Agent of any proceeds of life insurance on Greg Daily that is assigned to Collateral Agent to secure the Obligations, and these proceeds shall be applied to expenses, then interest, and then principal included in the Obligations as a prepayment of the Obligations.

2.8 Final Payment of All Amounts. All remaining principal, interest, and other Obligations shall become due in full upon the first to occur of (i) an IPO, (ii) acceleration due to an Event of Default, or (iii) February 13, 2019 (the "**Term Loan Maturity Date**").

2.9 Late Fee. If any payment of principal, interest, fees, or expenses due to Lenders respecting the Term Loans is not paid within ten (10) days after it is due, a late fee of five percent (5%) of such amount shall accrue and be immediately due and payable. The delay of the accrual of this late fee does not evidence or imply any obligation upon Collateral Agent or Lenders to forbear in the exercise of remedies available upon an Event of Default.

2.10 Processing Fee. Borrowers shall pay to Lenders Pro Rata a processing fee in the total amount of One Hundred Eighty Thousand and No/100 Dollars (\$180,000.00) upon funding of the Initial Advance at the Closing and Thirty Thousand and No/100 Dollars (\$30,000.00) upon funding of the Second Advance.

2.11 Pro Rata Direct Payments. All Payments of principal and interest respecting the Term Loans shall be paid by Borrowers directly to the respective Lenders, Pro Rata.

2.12 Manner of Payment. All payments on the Term Loans shall be made by bank draft, unless the applicable Lender requires payment by wire or another commercially reasonable method.

2.13 Value of Warrants. Borrowers and Lenders agree that for tax and accounting purposes, reasonable values of the Warrants as of the Closing Date are as set forth below, and they will take accounting and tax positions consistent with these valuations.

<u>Warrant Issued to:</u>	<u>Value:</u>
CCSDI	\$0.00
CCSD II	\$0.00
Harbert	\$0.00

ARTICLE 3. RELATIONSHIP OF BORROWERS

Borrowers jointly and severally warrant and represent to Lenders and Collateral Agent, and agree with Lenders and Collateral Agent, as follows:

3.1 Joint and Several Liability. Borrowers are interdependent for their operational and financial needs, and they, Lenders, and Collateral Agent intend that each Borrower be jointly and severally liable for each monetary obligation, warranty, and covenant obligation arising under this Agreement. This Agreement is fair to all Borrowers, and the delivery of funds to a Borrower under this Agreement shall constitute valuable consideration and reasonably equivalent value to all Borrowers for the purpose of jointly and severally binding them and their assets to secure the Obligations. Lenders and Collateral Agent may enforce this Agreement against a Borrower without first making demand upon or instituting collection proceedings against any other Borrower.

3.2 Funding Requests and Administration. A Borrower may act on behalf of all Borrowers for the purpose of giving and receiving notices and otherwise acting in the administration of this Agreement. Any dealing of a Borrower with Lenders or Collateral Agent under this Agreement or any other Loan Document shall be deemed for the benefit of, and on behalf of, all Borrowers.

3.3 Unconditional Obligation. The unconditional liability of each Borrower for the entire amount of the Obligations shall not be impaired by any event whatsoever (other than the discharge of such Borrower by indefeasible payment in cash), including, without limitation, the merger, consolidation, dissolution, cessation of business, or liquidation of any other Borrower; the financial decline or bankruptcy of any other Borrower; the failure of any other party to guarantee the Obligations or to provide collateral therefor; Collateral Agent's or any Lender's compromise or settlement with or without release of any other Borrower, with or without reservation of rights; Collateral Agent's or any Lender's release of any collateral for the Obligations, with or without notice to a Borrower; Collateral Agent's or any Lender's forbearance in the exercise of any available remedies, including the failure to file suit against any other Borrower; Collateral Agent's or any Lender's failure to give a Borrower notice of default; the unenforceability of the Obligations against any other Borrower due to bankruptcy discharge, affirmative defense, counterclaim, or for any

other reason; Collateral Agent's or any Lender's acceleration of the Obligations; the extension, modification, or renewal of the Obligations; Collateral Agent's or any Lender's failure to undertake or exercise diligence in collection efforts against any party or Property; the termination of any relationship of a Borrower with any other Borrower, including, without limitation, any relationship of commerce or ownership; a Borrower's change of name or use of any name other than the name used to identify such Borrower in this Agreement; or a Borrower's use of the credit extended by Lenders for any purpose whatsoever.

3.4 Subrogation Rights. Borrowers' respective Subrogation Rights with respect to the Obligations are not impaired by this Agreement and are appropriately taken into account in determining that each Borrower is Solvent. Settlement responsibilities for the Obligations among Borrowers shall be allocated in the application of Subrogation Rights as to best uphold the validity of this Agreement and to give effect to Section 3.5; provided, however, each Borrower agrees not to make any claim against or seek any payment directly or indirectly from another Borrower with respect to any Subrogation Right until the Obligations have been indefeasibly paid in full.

3.5 Savings Provision. If, notwithstanding the contrary agreement and intention of the parties hereto, the liability of a Borrower hereunder for the entire amount of the Obligations shall be subject to avoidance, reduction, or limitation under any state or federal fraudulent conveyance law or other Law that may be determined to be applicable, the liability of such Borrower shall be limited to the maximum amount for which such Borrower may be liable without legal impairment.

3.6 Independent Existence. The joint and several liability of Borrowers for the Obligations does not impair their separate legal existence, and Borrowers warrant and represent that they do, and agree that they shall continue to, conduct their affairs so as to maintain their separate legal existence.

ARTICLE 4. CONDITIONS

4.1 Documentary Conditions to Initial Advance. As conditions to the funding of the Initial Advance, Lenders and Collateral Agent shall have received all of the documents required for delivery at the Closing in the Closing Agenda appended hereto as Exhibit 4.1, which documents shall be, in the discretion of Lenders, Collateral Agent, and their counsel, sufficient to:

- (i) establish the existence and authority of all Borrowers and other Persons executing Loan Documents;
- (ii) evidence the Obligations;
- (iii) secure the Obligations with the real and personal property Collateral provided by Borrowers, with the priority required in this Agreement;
- (iv) provide assurances to Lenders from landlords of Borrowers' locations (if not available at the Closing, such assurances shall be delivered within forty-five (45) days after the Closing);

- (v) provide Control Agreements with respect to Borrowers' deposit and securities accounts, approved by Lenders (if not available at the Closing, such documents shall be delivered within forty-five (45) days after the Closing);
- (vi) evidence that the required key man insurance on Greg Daily is in effect and pledged to secure the Obligations;
- (vii) secure the Obligations with the Equity Interests of i3 Verticals, with the priority required in this Agreement;
- (viii) evidence that all other required insurance is in effect;
- (ix) evidence the issuance of the Warrants;
- (x) evidence Borrowers' counsel's opinions as to customary matters;
- (xi) comply with all applicable SBA Laws;
- (xii) evidence the subordination of the Daily Loan; and
- (xiii) otherwise serve such purposes incidental to the Closing as Lenders or Collateral Agent may reasonably require.

4.2 Additional Conditions to Initial Advance. As conditions to the funding of the Initial Advance, the following additional conditions shall have been satisfied in a manner approved by Lenders and their counsel:

- (i) satisfactory completion of financial, accounting, tax, management, legal, environmental, insurance, industry, compliance, vendor, customer, and other due diligence by Lenders and their diligence consultants;
- (ii) Lenders' satisfaction that the combined EBITDA of Borrowers (including the historical EBITDA of USDC, adjusted as Lenders may require) will be at least \$2,100,000 at the Closing;
- (iii) Lenders' approval of the final sources and uses of funds, including transaction fees;
- (iv) Lenders' approval of employment agreements, non-compete agreements, non-solicitation agreements, and other such agreements with all key employees of Borrowers;
- (v) Lenders' approval of all Material Contracts;

- (vi) the approval of Lenders' Investment Committees shall have been obtained;
- (vii) there must be no Material Adverse Change respecting a Borrower since the date of their applicable Financial Statements;
- (viii) Borrowers' payment of all of Lenders' reasonable out-of-pocket diligence expenses and the fees and expenses of Lenders' counsel; and
- (ix) such other conditions as Lenders or Collateral Agent may reasonably require.

4.3 Documentary Conditions to Second Advance. As conditions to the funding of the Second Advance, Lenders and Collateral Agent shall have received:

- (i) all of the documents that were conditions to the Initial Advance and additional documents to in like manner evidence and secure the Obligations and Collateral Agent's security interests and liens securing the Obligations, taking into account the acquisition of assets of USDC Partners;
- (ii) copies of all documents evidencing the Acquisition of USDC Partners;
- (iii) a written request for advance at least ten (10) days prior to the date on which the closing of the Acquisition of USDC Partners, and the Second Advance, are to occur; and
- (iv) a closing certificate issued by Borrowers as of the date of the Second Advance, confirming (i) the accuracy of all representations and warranties made in this Agreement (updated to be effective as of the making of the Second Advance and giving effect to the Acquisition of USDC Partners) and (ii) the absence of any Default, any Event of Default, and any Material Adverse Change.

4.4 Additional Conditions to Second Advance. As conditions to the funding of the Second Advance, the following additional conditions shall have been satisfied in a manner approved by Lenders and their counsel:

- (i) Lenders' satisfaction that all conditions to the Initial Advance listed in Section 4.2 were satisfied and, to the extent applicable, remain so as of the making of the Second Advance (to avoid doubt, this does not require additional Investment Committee approval);
- (ii) Lenders' satisfaction that the combined EBITDA of Borrowers (including the historical EBITDA of USDC Partners, adjusted as Lenders may require) will be at least \$2,100,000 at the Closing;
- (iii) the absence of a Default or Event of Default; and

- (iv) the absence of a Material Adverse Change.

ARTICLE 5.
REPRESENTATIONS AND WARRANTIES

As an inducement to cause Lenders and Collateral Agent to enter into the Loan Documents, Borrowers jointly and severally represent and warrant to Collateral Agent and Lenders as follows as of the Restatement Closing Date:

5.1 Capacity. Each Borrower is an entity of the type denoted in the preamble of this Agreement and is duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its formation. Each Borrower is qualified to do business as a foreign entity in all jurisdictions that require such qualification. Each Borrower exists and operates in full accordance with its Constituent Documents. Each Borrower has the full power and authority to own its Properties and to carry on its business as now being conducted and as proposed to be conducted after the execution of this Agreement, and to execute, deliver, and perform under the Loan Documents.

5.2 Authorization. The execution, delivery, and performance of the Loan Documents by each Borrower have been duly authorized by all requisite action of its Governing Body, owners of its Equity Interests, and any other Persons required under its Constituent Documents.

5.3 Binding Obligations. The Loan Documents have been duly executed and delivered to Lenders and Collateral Agent and are the legal, valid, and binding obligations of each Borrower, enforceable in accordance with their respective terms, subject only to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws.

5.4 No Conflicting Law or Agreement. The execution, delivery, and performance of the Loan Documents by the respective Borrowers do not and will not (i) breach, cause a default under, conflict with, cause any Encumbrance to arise under, or cause any economic, governance, or management rights to change under, any provisions of the Constituent Documents of a Borrower, (ii) violate any Law to which a Borrower is subject or by which any of its Properties are bound, (iii) violate the terms of any Order applicable to a Borrower or any of its Properties, (iv) violate or impair any Permit necessary to a Borrower's operations, or (v) breach, cause a default under, conflict with, cause any Encumbrance to arise under, or cause any economic, governance, or management rights to arise or change under, any Contract.

5.5 No Consent Required. Except as listed in Schedule 5.5, the execution, delivery, and performance of the Loan Documents by Borrowers do not require the consent or approval of, or the giving of notice to, any Person except for (i) consents required under Borrowers' respective Constituent Documents, all of which consents have been finally obtained and remain in effect, and (ii) the filing of Loan Documents and the taking of other actions expressly provided for in the conditions to closing stated in this Agreement.

5.6 Pending Orders. Schedule 5.6 lists all Orders to which a Borrower is a party or by which a Borrower or its Properties are or would be otherwise affected. Borrowers are in full compliance with all such Orders.

5.7 Pending Proceedings. Schedule 5.7 lists all pending and threatened Proceedings to which a Borrower is (or if only threatened, would) be a party or by which a Borrower or its Properties are or would be otherwise affected.

5.8 Past Proceedings. Schedule 5.8 lists all Proceedings and Orders that are no longer pending or threatened but to which a Borrower has been a party or by which a Borrower or its Properties were otherwise affected, in each case since their formation.

5.9 Financial Statements. Except as listed in Schedule 5.9, (i) the financial statements of Borrowers have been prepared in accordance with GAAP (subject to year-end adjustments and footnotes) and present fairly in all material respects the financial condition of Borrowers as of the date stated therein, and (ii) no Material Adverse Change has occurred to any Borrower since the date of the most recent such financial statements.

5.10 Fiscal Year. Each Borrower's Fiscal Year ends on September 30 of each year.

5.11 Debt and Related Encumbrances. Schedule 5.11 is a list of all Debt of each Borrower other than the Term Loans and a description of collateral securing the Debt so listed.

5.12 Off-Balance Sheet Transactions. Except as listed in Schedule 5.12, no Borrower is a party to any sale-leaseback transaction, securitization, sale of accounts, financial accommodations with Affiliates, or any other transactions that could be construed as off-balance-sheet financing methods.

5.13 Taxes; Governmental Charges. Each Borrower has filed or caused to be filed all tax returns (including informational returns) required by Law. Each Borrower has paid, or made adequate provision for the payment of, all Taxes that are due or are alleged to be due by any Governmental Authority, except for such Taxes, if any, that (i) are being contested in good faith by appropriate proceedings, (ii) for which adequate reserves have been provided, and (iii) are described in Schedule 5.13. No extension of time for the assessment of Taxes or the filing of any return by a Borrower is in effect.

5.14 ERISA Plans. Schedule 5.14 lists all Plans which a Borrower has sponsored or to which it has made any contributions.

5.15 Title to Properties. Each Borrower has good and marketable title to its Properties, free and clear of all Encumbrances, except for Permitted Encumbrances.

5.16 Property in Borrowers' Possession. Borrowers are not in possession of a material amount of Property belonging to Persons other than Borrowers. Without limitation, Borrowers do not possess any Property held by them on consignment from other Persons.

5.17 Locations of Property. Except for immaterial amounts of Property temporarily in the possession of vendors for repairs and other incidental purposes in the ordinary course of business, all of Borrowers' Property is located at (i) Borrowers' locations listed in Schedule 5.17, and (ii) those additional locations described in Schedule 5.17.

5.18 Condition of Properties. Except as listed in Schedule 5.18, each Borrower's material Properties are in good condition, ordinary obsolescence and wear and tear excepted, and are sufficient for the operation of such Borrower's business.

5.19 Casualties and Extraordinary Events. Except as listed in Schedule 5.19, neither the business nor the Property of a Borrower is impaired or under threat of impairment in any way that could have a Material Adverse Effect as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, strike, or other labor disturbance, embargo, requisition, or taking of Property, cancellation of Contracts or Permits, concessions by any domestic or foreign government or any agency thereof, riot, activities of armed forces, acts of God or of any public enemy, or any other force majeure.

5.20 Condemnation. Except as listed in Schedule 5.20, no Property of a Borrower is subject to any condemnation or other such Proceeding or, to Borrowers' Knowledge, is subject to a threat thereof.

5.21 Intellectual Property. Schedule 5.21 lists all material IP necessary to the operation of Borrowers' business (other than licenses of off-the-shelf software) and sets forth the registration information for all IP that has been registered with any Governmental Entity. Each Borrower (i) owns or possesses adequate licenses or other rights to use all IP as to entitle it to conduct its business as presently conducted, without infringement upon the rights of any Person, is in compliance in all material respects with all IP rights granted by other Persons, (iii) has taken reasonable steps to protect its proprietary interests in its IP, and (iv) has no Knowledge of any infringement or any adverse claim affecting its use of any such IP.

5.22 Equity Interests. Except as listed in Schedule 5.22, no Borrower owns any Equity Interests.

5.23 Hedge Agreements. Except as listed in Schedule 5.23, no Borrower is a party to any Hedge Agreement.

5.24 Compliance With Laws. Except as listed in Schedule 5.24, no Borrower is in violation of any Law to which it or any of its Properties are subject in any respect that could have a Material Adverse Effect, and to Borrowers' Knowledge, there are no outstanding citations, notices, investigations, or orders of noncompliance issued to a Borrower relating to any Law.

5.25 Environmental Compliance. Except as listed in Schedule 5.25, (i) each Borrower has complied with, and its Properties are owned and operated in compliance with, all Environmental Laws, except as could not in the aggregate have a Material Adverse Effect, and (ii) there have been no citations or notices of non-compliance of Environmental Laws issued to a Borrower.

5.26 ERISA. Borrowers are in compliance in all material respects with ERISA and all other applicable laws governing any Plan to which it is a party. No reportable Event presently exists or is threatened.

5.27 Investment Company Act. No Borrower is an "investment company" under the Investment Company Act of 1940.

5.28 Personal Holding Company. No Borrower is a "personal holding company" as defined in Section 542 of the IRC.

5.29 Labor Matters. Except as set forth in Schedule 5.29, (i) no Borrower is subject to any collective bargaining agreement or any Order requiring it to recognize, deal with, or employ any Person, (ii) no demand for collective bargaining has been asserted against a Borrower by any union or organization, (iii) no Borrower has experienced any strike, labor dispute, slowdown, or work stoppage due to labor dispute, and (iv) to Borrowers' Knowledge, there is no such strike, dispute, slowdown, or work stoppage threatened against a Borrower.

5.30 Regulation U. No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying "margin stock" (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System). No proceeds of the Term Loans will be used to purchase or carry any such margin stock.

5.31 Affiliate Transactions. Except as listed in Schedule 5.31, no Borrower is or has been within the past three (3) years a party to any Contract with or for the benefit of any of its Affiliates, other than (i) obligations under its Constituent Documents, (ii) Contracts among Borrowers, and (iii) employment agreements otherwise disclosed pursuant to this Agreement.

5.32 Capitalization.

- (a) **Capitalization Table.** Schedule 5.32 describes (i) the Equity Interests of Borrowers and holders thereof, as outstanding and also on a fully-diluted basis (assuming conversion of all convertible securities and the exercise of all options, regardless of pricing or conditions), (ii) with respect to all outstanding warrants, options, and other such rights, the total number of shares or interests issuable upon exercise thereof, the exercise prices thereunder, and the expiration date thereof, and (iii) any obligation (contingent or otherwise) to repurchase, redeem, retire, or otherwise acquire any of its Equity Interests.

- (b) **Phantom Equity.** Schedule 5.32 also lists all of Borrowers' obligations to pay or otherwise compensate any employee or other Person based upon the enterprise value of Borrowers or occasioned by a sale of assets or equity of a Borrower under any phantom equity plan, employment agreement with a participation feature, or other such Contract.
- (c) **Validity of Equity Interests.** All of the outstanding Equity Interests of Borrowers are validly issued, fully paid, and nonassessable.

5.33 Permits. Schedule 5.33 lists all Permits that are necessary to Borrowers' operations, except for licenses that can be obtained upon the payment of a fee and completion of administrative applications without any inspection, regulatory approval, background check, or other substantive qualification. All listed Permits are validly outstanding; each Borrower is in material compliance with the requirements thereof; and Schedule 5.33 lists all citations and written allegations of violations of the listed Permits that have been received within the last three (3) years, together with a summary of the matter and its resolution.

5.34 Employment Agreements. Schedule 5.34 lists all Contracts pursuant to which a Borrower engages (i) any member of its Governing Body or any officer, or (ii) any other employee, consultant, or like Person, except for (A) obligations of indemnity and other general obligations arising under a Borrower's Constituent Documents, and (B) Contracts that are terminable at will by Borrower without payment of any severance fees, penalties, or other amounts except for ordinary compensation and benefits earned through the date of termination.

5.35 Management. Schedule 5.35 lists all officers of Borrowers and all members of Borrowers' Governing Bodies.

5.36 Material Contracts. Schedule 5.36 lists all of Borrowers' Contracts (except for employment Contracts disclosed pursuant to Section 5.34) that are (i) processing agreements with FDS Holdings, Inc., as successor to Paymentech, L.P. and Global Payments Direct, Inc. and all other such processing agreements, (ii) real estate leases or real estate licenses, (iii) with any vendor that represents more than fifteen percent (15%) of Borrowers' expenses during the most recent twelve (12) months, (iv) are with any customer that represents more than fifteen percent (15%) of Borrowers' sales during the most recent twelve (12) months, (v) are asset or stock purchase agreements executed by Borrower in connection with an Acquisition, including any Permitted Acquisition; or (vi) are otherwise Contracts which, if breached by the other party, could result in a Material Adverse Effect (all of the listed Contracts, together with the employment Contracts listed in Schedule 5.34, are referred to as the "**Material Contracts**"). Each Material Contract is in full force and effect, and no Borrower has Knowledge of any reason why such Contract will not remain in full force and effect, without breach, pursuant to the terms thereof.

5.37 Insurance. All insurance of which Borrowers are providing evidence at the Closing pursuant to Section 6.14 is in full force and effect with the coverage as represented to Lenders.

Except as listed in Schedule 5.37, Borrowers have no pending insurance claims under any present or former policy of insurance.

5.38 Non-Compete Agreements. Schedule 5.38 lists all Contracts (i) under which a Borrower is the beneficiary of a covenant not to compete or a covenant not to solicit given by any Person, and (ii) under which a Borrower or, to Borrowers' Knowledge, any officer or member of the Governing Body of a Borrower, has undertaken a covenant not to compete or a covenant not to solicit in favor of any Person in a manner that could restrict their ability to be associated with Borrowers in respect of Borrowers' Line of Business or reasonable expansions thereof.

5.39 Delivery of Scheduled Agreements. Borrowers have delivered or made available to Lenders complete and correct copies of all Contracts, Permits, and other documents that are listed in the Schedules to this Agreement.

5.40 Perfection Diligence Certificates. The Perfection Diligence Certificates are complete and correct in all material respects.

5.41 Fees/Commissions. Except as listed in Schedule 5.41, no Borrower has agreed to pay any finder's fee, commission, origination fee (except for the fees to Lender provided for in this Agreement), or other such fee or charge to any Person or entity with respect to the Term Loans and the other transactions contemplated hereunder.

5.42 Accuracy of Projections. All business plans and other forecasts and projections furnished by or on behalf of Borrowers to Lender at or prior to Closing relating to the financial condition, business, operations, or Properties of Borrowers were, when given, and are (i) complete and correct in all material respects as to matters presented therein as facts, and (ii) to the Knowledge of Borrowers, were and are reasonable as to the estimates and assumptions made therein (although all forward-looking estimates and assumptions are subject to uncertainty).

5.43 Full Disclosure of Material Facts. To Borrowers' Knowledge, Borrowers have fully advised Lender of all matters involving the financial condition, business, operations, and Properties of Borrowers that would be reasonably expected to have a Material Adverse Effect. To Borrowers' Knowledge, no representation or warranty given by Borrowers contained in this Agreement or the other Loan Documents and no information, exhibit, or report furnished or to be furnished by Borrowers to Lender in or in connection with this Agreement or the other Loan Documents contains, as of the date thereof, any misrepresentation of fact or failed to state any material fact, the omission of which would render the statements therein materially false or misleading.

5.44 Recitals. The facts stated in the Recitals of this Agreement are correct.

5.45 Small Business Concern. Borrowers acknowledge that CCSD I and CCSD II are each a small business investment company licensed by the SBA. Borrowers represent and warrant that, taken together with its "affiliates" (as that term is defined in 13 C.F.R. §121.103), it is a "Small Business Concern" within the meaning of 13 C.F.R. §107, and meets the applicable size eligibility

criteria set forth in 13 C.F.R. §121.301(c)(1) or the industry standard covering the industry in which a Borrower is primarily engaged as set forth in 13 C.F.R. §121.301(c)(2). No Borrower presently engages in any activities for which a small business investment company is prohibited from providing funds by 13 C.F.R. §107.720.

ARTICLE 6.
AFFIRMATIVE COVENANTS

Borrowers jointly and severally covenant with Lenders and Collateral Agent as set forth in this Article.

6.1 Maintenance of Existence. Each Borrower shall maintain its existence and good standing in its state of formation and all necessary qualifications in other states.

6.2 Payment of Obligations. Borrowers shall pay all amounts owed under the Obligations when due.

6.3 Accounts and Records. Borrowers shall maintain current, accurate, and complete books and records in accordance with good business practices to support the preparation of financial statements in accordance with GAAP.

6.4 Collateral for Obligations.

(a) **All Property of Borrowers.** The Obligations shall at all times be secured by a perfected security interest or other lien upon all of Borrowers' presently owned and hereafter acquired Property, subject only to Permitted Encumbrances, and Borrowers shall promptly execute and deliver such documents and take such other actions from time to time as Lenders may reasonably request to this end.

(b) **Key Man Insurance.** The Collateral provided by Borrowers shall at all times include a life insurance policy on Greg Daily in the amount of at least \$5,000,000 as of the Closing and \$10,000,000 by ninety (90) days after the Closing. The lien upon such policy shall be of first priority and shall not be subject to any restriction under the Senior Subordination Agreement.

(c) **Equity of i3 Verticals.** The Obligations shall be further secured by a first priority perfected security interest in all of the Equity Interests of i3 Verticals that are at the time of determination owned by (i) any of the "Grantors" under that LLC Interests Security Agreement securing the Obligations dated as of August 14, 2013, as amended by that First Amendment to LLC Interests Security Agreement dated on or around February 14, 2014, or (ii) any Affiliate of any of them. Solely for purposes of this Section 6.4(c), "Affiliate" shall mean (i) any other Person who directly or indirectly Controls, is directly or indirectly Controlled by, or is directly or indirectly under common Control with, the specified Person, and (ii) if any such Grantor or an Affiliate thereof under the foregoing subsection (i) is a natural Person, each member of such individual's Immediate Family (as defined in the definition of "Affiliate" in Section 1.1 hereof). The security interest in

such Equity Interests shall be of first priority and shall not be subject to any restriction under the Senior Subordination Agreement except as Lenders and Collateral Agent may otherwise agree.

6.5 Financial Statements and Reports. Borrowers shall deliver to Lenders each of the financial statements and other reports described below.

(a) **Monthly Financial Reports.** As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, Borrowers shall deliver to Lenders (i) the unaudited consolidated and consolidating balance sheets of Borrowers, as at the end of such Fiscal Quarter, and the related consolidated and consolidating statements of income and cash flows for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, (ii) a report in consolidated and consolidating form setting forth in comparative form the income and expenses for the current Fiscal Year (actual as available and projected for the remainder of the Fiscal Year) and the previous Fiscal Year, (iii) a report in consolidated and consolidating form setting forth in comparative form the income and expenses for the current Fiscal Year compared to (actual as available and projected for the remainder of the Fiscal Year) and the budget for the then-current Fiscal Year, (iv) a management report describing the operations and financial condition of Borrowers for the Fiscal Quarter then ended and the portion of the current Fiscal Year then elapsed and discussing the reasons for any significant variations from projections, (v) a calculation of all financial covenants provided for in Article 8, (vi) the certification of Borrowers' Chief Financial Officer or Chief Executive Officer as to the compliance of such financial statements with GAAP (subject to year-end adjustments and notes, as applicable) and the absence of any Default or Event of Default (or, if any Default or Event of Default does exist, an explanation of Borrowers' plans to address such matters), and (vii) such other information as Lenders may reasonably require upon written request.

(b) **Board Package.** Promptly upon the sending thereof, Borrowers shall deliver to Lenders a copy of the monthly information package, including financial statements and reporting for the preceding month, prepared by Borrowers for the members of Borrower's Governing Body.

(c) **Year-End Audited Financial Statements.** As soon as available, and in any event within one hundred and twenty (120) days after the end of each Fiscal Year, Borrowers shall deliver to Lenders (i) the audited consolidated balance sheets of Borrowers, as at the end of such Fiscal Year, and the related consolidated and consolidating statements of income, owners' equity and cash flow for such Fiscal Year, (ii) a report with respect to the consolidated financial statements from the Accountants and acceptable to Lenders, which report shall be prepared in accordance with Statement of Auditing Standards No. 58 "Reports on Audited Financial Statements", or the equivalent at the time, as applicable, and such report shall be "Unqualified" (as such term is defined in such Statement), and (iii) a schedule of the outstanding Debt of Borrowers describing in reasonable detail each such Debt issue or loan outstanding and the principal amount and amount of accrued and unpaid interest with respect to such Debt.

(d) **Accountants' Reports.** Promptly upon receipt thereof, Borrowers shall deliver to Lenders copies of all reports submitted by the Accountants in connection with each annual, interim, or special audit or review of any type of the financial statements or related internal control systems

of Borrowers made by the Accountants, including any comment letter submitted by the Accountants to management in connection with their services.

(e) **Projections and Operating Plan.** As soon as available, and in any event no later than January 1 of each Fiscal Year, Borrowers shall deliver to Lenders a comprehensive business plan for such Fiscal Year, including (i) narrative as to strategy, (ii) month-by-month projections of Borrowers' financial performance (including income statement, balance sheet, and cash flow statement), and (iii) an operating plan.

6.6 Additional Reporting Requirements.

(a) **Owner Communications.** Promptly upon the sending thereof, Borrowers shall deliver to Lenders a copy of each material statement, report, or notice sent to the holders of Borrowers' Equity Interests in their capacities as such (unless Lenders are otherwise a party thereto or otherwise received such notice in another capacity).

(b) **SEC Filings.** Promptly upon the filing thereof, should such filings become applicable, Borrowers shall deliver to Lenders copies of all regular, periodic, and special reports that a Borrower files with the SEC or any successor thereto, or any national securities exchanges or the National Association of Securities Dealers.

(c) **Change in Accounting Policies.** Borrowers shall promptly notify Lenders in writing upon any material change in accounting policies or financial reporting practices on the part of a Borrower.

(d) **Notice to Lender Parties Upon Perceived Breach.** Borrowers shall give Lenders and Collateral Agent prompt written notice of any action or inaction by or on behalf of a Lender (in any capacity) or Collateral Agent (in any capacity) that Borrowers believe may be actionable against any Lender or Collateral Agent or a defense to payment of any or all Obligations for any reason, including, without limitation, commission of a tort or violation of any contractual duty or duty implied by law.

(e) **Notice of Litigation.** Borrowers shall give Lenders prompt written notice of any Proceeding of which a Borrower has Knowledge that is hereafter instituted or threatened in writing which, if adversely determined, could result in a judgment exceeding \$100,000 or otherwise have could have a Material Adverse Effect.

(f) **Material Contracts and Customer Relationships.** Borrowers shall give Lenders prompt written notice of the termination, expiration without renewal, or breach (i) of any Material Contract or (ii) of any other present or future customer contract or relationship or other material agreement, in each case, the termination, breach, or expiration of which could have a Material Adverse Effect.

(g) **Other Notices.** Borrowers shall promptly notify Lenders in writing if they learn of the occurrence of (i) any Default or Event of Default, together with a detailed statement of the steps

being taken as a result thereof, or (ii) any other event that would be reasonably expected to have a Material Adverse Effect.

(h) **SBA Information.** Within sixty (60) days after the end of the Fiscal Year of Borrowers, Borrowers shall furnish or cause to be furnished to CCSD I and CCSD II information required by the SBA in form and substance reasonably requested by CCSD I or CCSD II concerning the economic impact of the Term Loans, including, information concerning full-time equivalent employees; federal, state, and local income taxes paid; gross revenue; source of revenue growth; after-tax profit or loss; and federal, state, and local income tax withholding. Borrowers shall furnish annually such information required on the forms provided by CCSD I and CCSD II. Borrowers shall execute the SBA forms required in this Agreement at the Closing and shall update these forms and execute such additional SBA forms as CCSD I and/or CCSD II may reasonably require.

(i) **SBA Certification of Uses of Term Loans.** Borrowers shall deliver to CCSD I and CCSD II, upon written request by Lenders not more than once in any Fiscal Quarter, a written report, certified as correct in all material respects by an authorized officer of each Borrower, verifying the purposes and amounts for which proceeds from the Term Loans were disbursed in a format to be provided by CCSD I and CCSD II. Borrowers shall supply to CCSD I and CCSD II such additional information and documents as Lenders request with respect to use of proceeds and will permit CCSD I and CCSD II to have access to any and all of Borrowers' records and information and personnel upon reasonable prior written notice and at reasonable times as CCSD I and/or CCSD II deems necessary to verify how proceeds have been or are being used, and to assure that the proceeds have been used for the specified purposes.

(j) **Management Updates.** Upon a Lender's written request, the Chief Executive Officer and Chief Operating Officer of each Borrower shall be reasonably available during business hours to discuss with and/or meet with such Lender's representative(s).

(k) **Other Information.** Upon a Lender's or Collateral Agent's written request, Borrowers shall provide such Lender or Collateral Agent with such additional reasonable information regarding the financial condition, Properties, operations, and prospects of Borrowers as they may reasonably require in connection with the Loan.

6.7 Taxes and Other Encumbrances. Borrowers shall timely make payment or deposit all material Taxes, remittances, assessments, or contributions required of them by Law, and execute and deliver to Lenders, on reasonable demand, appropriate certificates attesting to the payment or deposit thereof; provided, however, that Borrowers shall not be required to pay or discharge any such Tax, assessment, charge, or claim for as long as it is being diligently contested in good faith by proper proceedings and for which appropriate reserves are being maintained in accordance with GAAP.

6.8 Compliance with Laws. Borrowers shall comply fully with all Laws to which a Borrower or a Borrower's Properties are subject, except for violations which, if prosecuted and adversely determined, could not have a Material Adverse Effect.

6.9 Environmental Matters.

(a) **Compliance With Environmental Laws.** Borrowers shall (i) employ in connection with their operations, commercially reasonable technology and compliance procedures to maintain compliance with any applicable Environmental Laws, the violation of which could have a Material Adverse Effect, (ii) obtain and maintain any and all material Permits required by applicable Environmental Laws in connection with their operations, excepting only such Permits which could not by their absence cause a Material Adverse Effect, and (iii) dispose of any and all Hazardous Substances in accordance with Environmental Laws. Borrowers shall obtain all certificates required by law to be obtained by them from all contractors employed by them in connection with the transport or disposal of any Hazardous Substances.

(b) **Remedial Work.** If any investigation, site monitoring, containment, clean-up, removal, restoration, or other remedial work of any kind or nature with respect to Borrowers' Properties is required to be performed by a Borrower under any applicable Law or Order or by any non-governmental Person because of, or in connection with, the current or future presence, suspected presence, release, or suspected release of a Hazardous Substance in or into the air, soil, groundwater, surface water, or soil vapor at, on, about, under, or within any Borrower's Property (or any portion thereof), Borrowers shall with reasonable promptness commence and pursue completion of such remedial work in compliance with applicable Laws.

(c) **Indemnification of Lenders.** Borrowers jointly and severally agree to indemnify, defend (with counsel reasonably satisfactory to Lenders), and hold harmless Lenders and Collateral Agent against any loss, liability, claim, or expense, including reasonable attorneys' fees, that Lenders or Collateral Agent may incur as a result of the violation or alleged violation of any Environmental Law by a Borrower or with respect to any other violation of Environmental Laws with respect to any of Borrowers' Properties, except for any such losses, liabilities, claims or expenses resulting from the gross negligence or willful misconduct of any such Lender or Collateral Agent as determined by a court of competent jurisdiction. This covenant shall survive the repayment of the Term Loans and Lenders' assignment of the Term Loans.

6.10 Maintenance of Tangible Property. Borrowers shall maintain their tangible Property (and any Property leased by Borrowers) in good and workable condition (normal wear and tear excepted) at all times, subject to normal discards and replacements due to functional and useful-life obsolescence and Permitted Dispositions, and shall make all commercially reasonable repairs, replacements, additions, and improvements to their tangible Property to ensure that the business carried on in connection with their Property may be conducted in all material respects in the ordinary course of business.

6.11 Maintenance of IP. Borrowers shall maintain in effect and defend against infringement all IP that is material to Borrowers' business.

6.12 Banking Relationships. Borrowers shall maintain their deposit accounts only with FDIC-insured depository institutions with which Collateral Agent has entered into Control Agreements. If a depository bank or other Person provides lockbox services for the physical handling

of deposited items, Collateral Agent shall have the right to obtain control of the lockbox items as well as any account(s) to which the items are deposited.

6.13 Landlord Waivers. Prior to leasing any real property from any Person other than another Borrower, Borrowers shall first obtain from the intended landlord an agreement approved by Lenders pursuant to which the landlord waives or subordinates any right to any Encumbrance of the Collateral and otherwise provides Lenders with customary assurances as to access to the Collateral, the ongoing good standing of the lease, and related matters.

6.14 Insurance Requirements.

(a) **Types of Coverage.** Borrowers shall at all times maintain property insurance covering the Collateral provided by Borrowers for all risks of physical loss, liability insurance covering all of Borrowers' activities, fidelity insurance covering all of Borrowers' employees, officers, and directors, business interruption insurance covering Borrowers' continuity of operations, workers' compensation insurance, and such other types of coverage as Lenders may reasonably require, consistent with the types and amounts of coverage customary among well-capitalized participants in Borrowers' industry.

(b) **Terms of Coverage.** All insurance policies shall be issued by insurers of such financial standing, in such amounts, with such deductibles, and on other terms and conditions as Lenders may reasonably require, consistent with the types and amounts of coverage customary among well-capitalized participants in Borrowers' industry. All such policies of insurance shall name each Lender and/or Collateral Agent, as appropriate, as insured mortgagee, lender/loss payee, additional insured, or similar insured status and shall provide for not less than thirty (30) days' prior written notice to Lenders of intended cancellation or reduction in coverage. Borrowers shall furnish Lenders with certificates of insurance, copies of policies, or other evidence of compliance with the foregoing insurance provisions as Lenders may require. If Borrowers fail to maintain such insurance, Lenders and Collateral Agent shall have the right (but shall be under no obligation) to pay any of the premiums reasonably necessary to maintain or acquire such insurance and all such payments shall become part of the Obligations and be considered an advance at the highest rate of interest provided for in the Loan Documents. Borrowers expressly authorize their insurance carriers to pay proceeds of all insurance policies directly to Lenders and Collateral Agent, as applicable, and authorize Lenders and Collateral Agent, as applicable, as their attorney-in-fact to obtain, receive, indorse, deposit, and otherwise deal with claims under such policies and payments made pursuant thereto.

(c) **Application of Proceeds.** Absent the occurrence and continuation of an Event of Default, Lenders and Collateral Agent shall allow Borrowers the use of proceeds of insurance for claims of no more than \$100,000 per occurrence, (i) toward the repair or resolution of the matter giving rise to the claim, or (ii) toward the payment of the Term Loans.

6.15 Right of Inspection. Borrowers shall permit any officer, employee, agent, or consultant of any Lender or Collateral Agent to visit and inspect any of their Property, to examine their books of record and accounts and corporate records, to take copies and extracts from such

books of record and accounts, and to discuss their affairs, finances, and accounts with their directors, managers, officers, accountants, and auditors, all at such reasonable times and upon reasonable advance written notice as often as they may reasonably desire (but, absent an Event of Default, no more frequently than two times each quarter). Without limiting Lenders' and Collateral Agent's right to obtain equitable relief as to any other appropriate right in this Agreement or in other Loan Documents, Borrowers agree that if Borrowers fail to allow such an inspection within five (5) Business Days in the absence of a Default or an Event of Default and within two (2) Business Days in the presence of a Default or Event of Default, the rights in this Section may be enforced by affirmative injunction and, to the extent the right to review records may be denied, the right may be enforced by a restraining order prohibiting the interference by Borrowers with any Lender's or Collateral Agent's exercise of their rights to review the records. All reasonable expenses of such inspections, including reasonable travel and lodging expenses, shall be paid by Borrowers (i) upon the occurrence and continuation of an Event of Default, in all cases, and (ii) otherwise, for one inspection by each of the respective Lenders per Fiscal Year.

6.16 Further Assurances. Borrowers shall promptly cure any manifest defects in the creation, issuance, or delivery of the Loan Documents. Upon request, Borrowers at their expense agree (i) to execute (or cause to be executed) and deliver to Lenders and/or Collateral Agent all such other and further documents, agreements, and instruments in compliance with the covenants and agreements applicable to them in the Loan Documents, (ii) to correct any manifest omissions in the Loan Documents, (iii) to state more fully the Obligations and agreements set out in any of the Loan Documents, (iv) to make any recordings, (v) to file any notices, or (vi) to obtain any consents, all as may be reasonably necessary or appropriate. in connection therewith; in each case, provided, however, no such actions shall increase Borrowers' Obligations or diminish Borrowers' rights under the Loan Documents.

6.17 Indemnity; Expenses.

(a) **Indemnity Against Claims.** Borrowers agree to indemnify, defend (with counsel satisfactory to the indemnified party), and hold Lenders, Collateral Agent, and their Affiliates, employees, consultants, agents, and attorneys (the "**Indemnitees**") harmless from and against any and all Claims that may be imposed on, incurred by, or asserted against the Indemnitee as a result of Lenders or Collateral Agent being parties to this Agreement or the transactions consummated pursuant to this Agreement or the Loan Documents; provided, however, that Borrowers shall have no obligation to an Indemnitee hereunder with respect to Claims to the extent resulting from the gross negligence or willful misconduct of that Indemnitee as finally determined by a court of competent jurisdiction.

(b) **Payment of Expenses.** Upon written demand by a Lender, Borrowers shall reimburse Lenders and Collateral Agent for the following expenses:

- (i) all taxes that they may be required to pay because of the execution, delivery, filing, performance or enforcement of the Loan Documents or the Obligations, excepting taxes based upon the income of Lenders or franchise, excise, excess profits or similar tax on Lenders;

- (ii) all reasonable costs of the preparation of this Agreement and any other related documents and the administration of the Obligations (except for Lenders' usual overhead incurred in the acceptance and processing of payments, the routine review of financial statements, review of certifications, and reports);
- (iii) all reasonable costs of preserving, insuring, preparing for sale (whether by improvement, repair, or otherwise), or selling any Collateral securing the Obligations;
- (iv) the reasonable cost of the assessment of any Event of Default, the taking of any action in the enforcement of rights under the Loan Documents (whether or not involving litigation), and all court costs and other reasonable costs of collecting any of the Obligations;
- (v) all reasonable costs arising from any other litigation, investigation, or administrative proceeding (whether or not Lenders or Collateral Agent are parties thereto) that Lenders or Collateral Agent may incur as a result of the Obligations or as a result of their association with a Borrower, including, without limitation, expenses incurred in connection with a case or proceeding involving a Borrower under any Debtor Relief Laws; and
- (vi) with respect to any of the foregoing matters, the reasonable fees and expenses of Lenders' and Collateral Agent's attorneys.

(c) **Interest.** If Lenders or Collateral Agent pay any of the foregoing expenses described above in this Section and such expenses are not reimbursed by Borrowers as required herein, such expenses shall become a part of the Obligations and after demand therefor shall bear interest at the highest applicable rate then accruing on the outstanding balance of any portion of the Term Loans.

(d) **Survival.** This Section shall remain in full effect regardless of the full payment of the Obligations, the purported termination of this Agreement, the delivery of the executed original of this Agreement to Borrowers, the assignment of a Lender's rights under this Agreement, or the content or accuracy of any representation made by Borrowers to Lenders or Collateral Agent; provided, however, Lenders may terminate this Section by executing and delivering to Borrowers a written instrument of termination specifically referring to this Section.

6.18 Estoppel Letters. Borrowers covenant to provide Lenders or Collateral Agent, within ten (10) Business Days after written request, an estoppel letter stating (i) the balance of the Obligations, (ii) whether to Borrowers' Knowledge they have any defenses to payment of the Obligations, and (iii) the nature of any such defenses to payment of the Obligations. Such balance as presented for confirmation and the nonexistence of defenses shall be presumed if Borrowers fail to respond to such a written request within the required period.

6.19 Board Rights.

(a) **Governing Body Communications.** Borrowers shall deliver to Lenders copies of all material notices and other material written information delivered to members of the Governing Body of a Borrower in their capacities as such. This obligation shall be deemed satisfied as to a Lender if a representative of such Lender is a member of the Governing Body of a Borrower and receives such information in that capacity.

(b) **Observation Right.** The Required Lenders shall be entitled to designate in writing from time to time a representative who may attend, in an observation capacity, all meetings of each Borrower's Board of Directors, Managers, or other Governing Body and all committees thereof. Each Borrower shall (i) provide each such observer the same notice of any meeting to which a director or other member of the Board of Directors or other Governing Body would be entitled, (ii) give each such observer at least the same prior written notice of any action proposed to be taken upon written consent by such body as would be due to notice a meeting thereof (and shall convene a meeting to discuss any such action if an observer so requests in writing prior to the written action becoming effective), and (iii) pay for reasonable travel and other expenses of each such observer. Additionally, if at any time no Lender has also designated a member of the Governing Body of i3 Verticals pursuant to the Warrants, the Required Lenders may appoint a second observer pursuant to this Section (the initial designee to the Governing Body of i3 Verticals is John C. Harrison and the initial observer is R. Burton Harvey).

(c) **Active Board.** The Governing Body of i3 Verticals shall meet at least quarterly with an agenda covering all topics customary for meetings of corporate boards of directors of privately held corporations whose Equity Interests are owned by parties with differing interests.

6.20 Additional Subsidiaries and Collateral.

(a) **Additional Subsidiaries.** In the event that, subsequent to the Closing Date, any Person becomes a Subsidiary, whether pursuant to formation, acquisition or otherwise, (x) Borrowers shall promptly notify Collateral Agent and Lenders thereof and (y) within 30 days (or such longer time as the Required Lenders may permit) after such Person becomes a Subsidiary, Borrowers shall cause such Subsidiary (i) to become a Borrower and to grant liens in favor of the Collateral Agent in all of its personal property by executing and delivering to Collateral Agent a supplement or amendment to the Security Agreement in form and substance reasonably satisfactory to the Collateral Agent, and authorizing and delivering, at the request of Collateral Agent, such UCC financing statements or similar instruments required by Collateral Agent to perfect the liens in favor of Collateral Agent and granted under any of the Loan Documents, and (ii) to deliver all such other documentation (including, without limitation, certified organizational documents, resolutions, lien searches and legal opinions) and to take all such other actions as such Subsidiary would have been required to deliver and take pursuant to Section 4.1 if such Subsidiary had been a Borrower on the Closing Date; provided, however, that in the case of a Permitted Acquisition, the requirements set forth in this Section 6.20(a) shall be satisfied at the time of the closing of any such Permitted Acquisition (or such longer time as the Required Lenders may permit). In addition, within 30 days (or such longer time as the Required Lenders may permit) after the date any Person becomes

a Subsidiary, Borrowers shall (i) pledge all of the Equity Interests of such Subsidiary to Collateral Agent as security for the Obligations by executing and delivering applicable documents in form and substance satisfactory to Collateral Agent, and (ii) deliver any original certificates evidencing such pledged Equity Interests to Collateral Agent, together with appropriate powers executed in blank; provided, however, that in the case of any Permitted Acquisition, the requirements set forth in this sentence shall be satisfied at the time of the closing of any such Permitted Acquisition (or such longer time as the Required Lenders may permit).

(b) **Collateral.** Borrowers agree that, following the delivery of any collateral documents required to be executed and delivered by this Section, Collateral Agent shall have a valid and enforceable, perfected lien on the property required to be pledged pursuant to subsection (a) of this Section (to the extent that such lien can be perfected by execution, delivery and/or recording of the collateral documents or UCC financing statements, or possession of such collateral), free and clear of all Encumbrances other than Permitted Encumbrances. All actions to be taken pursuant to this Section shall be at the expense of Borrowers and shall be taken to the reasonable satisfaction of Collateral Agent.

6.21 Accrual of Dividends and Distributions. Borrowers shall, on a quarterly basis for each Fiscal Quarter, accrue dividends or distributions with respect to anticipated income tax distributions to be made on account of Borrowers' operations in such Fiscal Quarter. Borrowers acknowledge that such accruals will be used in the calculation of the Fixed Charge Coverage Ratio.

ARTICLE 7. NEGATIVE COVENANTS

Borrowers jointly and severally covenant with Lenders and Collateral Agent as set forth in this Article.

7.1 Debts and Guaranties. Borrowers shall not incur, create, assume, or in any manner become or be liable with respect to any Debt or Guaranty, except the following:

- (i) the Obligations;
- (ii) any Senior Loan outstanding at the time of determination;
- (iii) Capital Leases and Debt secured by Purchase Money Security Interests in the aggregate principal amount not exceeding \$250,000;
- (iv) endorsements of negotiable or similar instruments for collection or deposit in the ordinary course of business;
- (v) Debt listed on Schedule 5.11;
- (vi) Debt secured by Permitted Encumbrances;

- (vii) Debt arising in the ordinary course of business in relation to performance, surety, statutory, or appeal bonds;
- (viii) the Daily Loan;
- (ix) Subordinated Seller Debt;
- (x) Anticipated Additional Debt;
- (xi) Debt among Bonowers and Guaranties by Borrowers for obligations of other Bonowers;
- (xii) Other Debt not exceeding \$100,000 in the aggregate; and
- (xiii) Contingent Consideration incurred in connection with a Permitted Acquisition.

7.2 Encumbrances. Borrowers shall not create, incur, assume, or permit to exist any Encumbrance on any of their Property (now owned or hereafter acquired) except for Permitted Encumbrances, and shall not undertake a commitment of any kind in favor of any Person requiring that (i) Borrowers refrain from encumbering any of their Property, or (ii) Borrowers grant an Encumbrance (other than a Permitted Encumbrance) in favor of any Person on Borrowers' Property under any circumstances, except in each case in favor of Persons as to Property in which such Persons have, or would be permitted to take, a Permitted Encumbrance. Borrowers shall not authorize, execute, or file under the UCC a financing statement that names a Borrower as debtor or sign any document authorizing any such filing, except to secure Permitted Encumbrances.

7.3 Distributions and Redemptions.

(a) **General Prohibition.** Except for Permitted Tax Distributions, Borrowers shall not, directly or indirectly, make or declare any distribution (in cash, securities, or any other form of Property) on, or other payment or distribution on account of, or set aside assets for a sinking or other similar fund for the purchase of, or redeem, purchase, retire, or otherwise acquire, any Equity Interests in a Borrower.

(b) **Permitted Tax Distributions.** For any period during which a Borrower is taxed as a partnership under the IRC, such Borrower may pay to its owners, in quarterly installments reflecting the best estimate of taxable income through the Fiscal Quarters then ended, cash distributions (the "**Permitted Tax Distributions**") as and to the extent permitted in this Section.

(1) Permitted Tax Distributions shall not exceed in the aggregate the product of (A) the applicable Borrower's total taxable income for such tax year to the date of such a distribution, multiplied by (B) the sum of (i) the maximum marginal federal income tax rate applicable to individuals for such tax year (after giving effect to the deductibility of state income taxes), (ii) the highest marginal state income tax rate applicable to the members of the applicable Borrower for

such tax year, and (iii) the tax rate imposed by Section 1411 of the IRC (the so-called Net Investment Income tax) applicable to the members of the applicable Borrower for such tax year. Such distributions shall be paid (if at all) on or about the respective dates for payment of estimated tax payments by the members of the applicable Borrower.

(2) At least two (2) Business Days prior to issuing any Permitted Tax Distribution, the applicable Borrower shall deliver to Lenders a written notice of intended distribution and information sufficient that Lenders may review the amount and basis of any proposed distribution before it is paid. In the absence of an objection that such distribution is not a Permitted Tax Distribution from Lenders by the proposed payment date, the distribution may be paid as proposed.

(3) No distribution will be a Permitted Tax Distribution at any time that a Default or an Event of Default exists or the payment of any such distribution would cause a Default or an Event of Default.

(4) If the financial results of a Borrower are retroactively revised such that the Permitted Tax Distributions made with respect to a previous Fiscal Year exceeded that which should have been paid if the accurate results had then been applied, Lenders may require that the excess distributions be withheld from subsequent Permitted Tax Distributions for such Borrower.

7.4 Sales and Leasebacks. Borrowers shall not enter into any arrangement with any Person by which a Borrower would sell or transfer any of its Property, whether now owned or hereafter acquired, and by which a Borrower shall then or thereafter rent or lease as lessee such Property or any part thereof or other Property that it intends to use for substantially the same purpose or purposes as the Property sold or transferred.

7.5 [Intentionally Omitted].

7.6 Debt Investments. Borrowers shall not acquire any debt obligation of any Person, except for: (i) deposit accounts created and maintained in accordance with this Agreement, (ii) those investments in existence as of the Closing Date, (iii) general obligations of, or obligations unconditionally guaranteed as to principal and interest by, the United States of America maturing within fifteen (15) months of the date of purchase, (iv) commercial paper having a rating of not less than "A-2" from Moody's or Standard & Poor's, (v) certificates of deposit and bankers acceptances issued by banking institutions with a minimum net worth of \$500,000,000 and having a letter of credit rating of not less than "A" from Moody's or Standard Poor's, and (vi) obligations permitted under Section 7.10.

7.7 Issuance of Equity. Borrowers shall not issue additional Equity Interests other than Permitted Equity.

7.8 Mergers and Consolidations. Borrowers shall not merge, consolidate, or otherwise reorganize or recapitalize, or enter into any agreement to do so.

7.9 Asset Acquisitions. Borrowers shall not acquire a material part of a Person's assets or of the assets constituting a line of business, business location, or other business unit operated by a Person, except for Permitted Acquisitions.

7.10 Loans to Others. Borrowers shall not extend any loans to any other Persons in an amount exceeding \$10,000 to any single Person or \$25,000 in the aggregate.

7.11 Disposition of Assets. Borrowers shall not sell, transfer, lease, license, or otherwise dispose of any of their assets, except for the sale of inventory in the ordinary course of business and Permitted Dispositions (Lenders shall promptly upon written request issue appropriate releases of Equipment to facilitate Permitted Dispositions).

7.12 Consignments. Borrowers shall not accept possession of any material Property on consignment from other Persons and shall not place any material Property on consignment with other Persons.

7.13 Location of Property. Borrowers shall not allow a material part of their Property to be located other than at their places of business, except for repairs, demonstrations, and similar temporary purposes in the ordinary course of business.

7.14 Ownership of Equity Interests. Borrowers shall not acquire any Equity Interests, except for Permitted Acquisitions.

7.15 Partnerships. Borrowers shall not enter into any partnership, joint venture, or similar arrangement by which a Borrower would become liable for the obligations of another person.

7.16 Place of Business. Except upon thirty (30) days prior written notice, no Borrower shall relocate its chief executive office or principal place of business from the address for notices specified herein. In no event shall a Borrower relocate its chief executive office or principal place of business to a location outside the continental United States.

7.17 Adverse Action With Respect to Plans. Borrowers shall not take any action to terminate any Plan, which action could reasonably result in a material liability of Borrowers to any Person.

7.18 Hedge Agreements. Borrowers shall not enter into any Hedge Agreements absent Lenders' approval, in their sole and absolute discretion.

7.19 Restrictive Agreements. Except for the Senior Subordination Agreement, Borrowers shall not enter into any agreement that restricts prepayments under this Agreement, limits Borrowers' ability to provide the Collateral required hereunder, or otherwise restricts in any material respect Borrowers' ability to freely perform under the Loan Documents.

7.20 Transactions With Affiliates. Borrowers shall not enter into any transaction with any Affiliate that is not also a Borrower (including, without limitation, any management contract

or other fee arrangement), except for reasonable and customary compensation, benefits, and indemnities for Affiliates in their capacities as members, managers, officers, directors, or employees of Borrowers, and except for the performance within the contractual terms, reasonable extensions, and continuations of Affiliate agreements disclosed on Schedule 5.31.

7.21 Payments to Subordinated Creditors. Borrowers shall not make any payment, transfer of collateral, or other transfer to or for the benefit of any creditor of Borrowers whose obligations are junior in right of payment to the Obligations, except to the extent that Lenders and Collateral Agent have otherwise agreed in a written subordination agreement.

7.22 Constituent Document Amendments. No Borrower shall amend its Constituent Documents other than to change its agent for service of process or to make other administrative changes that are completely immaterial to the economic and governance rights and duties of owners or secured parties interested in the related Equity Interests.

7.23 Name. No Borrower shall change its name or do business under any additional name without having first provided Lenders thirty (30) days prior written notice.

7.24 Fiscal Year. No Borrower shall change its Fiscal Year.

7.25 Accounting Methods. Borrowers shall not make any material change in their accounting practices or methods, except as may be permitted by GAAP.

7.26 Change of Management. There shall be no change of management such that either Greg Daily ceases to serve as CEO of i3 Verticals or Clay Whitson ceases to serve as CFO of i3 Verticals with their traditional scope of duties in all material respects, unless within ninety (90) days thereafter, Borrowers have replaced such officer with another officer approved in writing by the Required Lenders, in their reasonable discretion.

7.27 [Intentionally Omitted].

7.28 Action Outside Ordinary Course. No Borrower shall take any material action outside the ordinary course of its business.

7.29 Activities Prohibited by SBA. No Borrower will engage in any activities or use, directly or indirectly, the proceeds of the Term Loans for any purpose for which a small business investment company is prohibited from providing funds by the SBIC Act and the regulations promulgated thereunder, including 13 C.F.R. §107. Without obtaining the prior written approval of Lenders, no Borrower shall change its business activity from the Borrowers' Line of Business to a business activity which a small business investment company is prohibited from providing funds by the SBIC Act and the regulations thereunder.

7.30 No Amendment or Modification of Subordination Provisions. Borrowers shall not permit or agree to any amendments or modifications of any nature whatsoever to Section 3 of

the Master Note Purchase Agreement among i3 Verticals and the several purchasers from time to time parties thereto, dated effective February 14, 2014.

7.31 Conditions to Payment of Contingent Consideration and Seller Subordinated Debt; Liquidity Requirement. Borrowers shall not make any payments which constitute Contingent Consideration, nor shall Borrowers make any scheduled payment due on Subordinated Seller Debt unless (i) no Default or Event of Default then exists, and (ii) immediately after and assuming any such payment has been made, Borrowers have cash or Cash Equivalents equal to at least \$2,500,000. In addition, Borrowers shall not make or allow any prepayment of any amounts due under any Subordinated Seller Debt.

7.32 No Redemption. i3 Verticals shall not redeem any Class A Units held by First Avenue Partners II, L.P., First Avenue-ETC Partners, L.P. or Front Street Equities pursuant to Section 11.1 of i3 Verticals's Operating Agreement or otherwise.

ARTICLE 8. FINANCIAL COVENANTS

8.1 Minimum Fixed Charge Coverage Ratio. As of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ending on March 31, 2015, Borrowers will maintain a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00.

8.2 Maximum Total Leverage Ratio. As of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ending on March 31, 2015, Borrower will maintain a Total Leverage Ratio of not greater than 4.25 to 1.00.

8.3 Capital Expenditures Limit. Borrowers' Capital Expenditures shall not exceed \$1,500,000 in any trailing twelve-month period, tested as of the end of each Fiscal Quarter.

8.4 Financial Definitions. As used in this Agreement, the following capitalized terms have the meanings set forth below (all calculations are to be made in accordance with GAAP unless otherwise noted and all calculations are to be made for Borrowers on a consolidated basis):

"**Acquisition EBITDA**" shall mean EBITDA, with respect to any Permitted Acquisition, calculated as follows: (i) for the Fiscal Quarter in which the Permitted Acquisition occurs, an agreed upon pro forma annual EBITDA between Borrowers and Lenders, (ii) for the first full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 4, (iii) for the second full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 2, (iii) for the third full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 1.33, and (iv) for each quarter thereafter, actual trailing twelve-month EBITDA of the acquired entity.

"**Adjusted EBITDA**" shall mean the sum of EBITDA plus Acquisition EBITDA, less any actual EBITDA of the Permitted Acquisition from the close of Acquisition through the end of each

of the next four (4) Fiscal Quarters reflected in Borrowers' financial statements, plus or minus any adjustments mutually agreed upon by Borrowers, Lenders, and the Senior Lender.

"**Capital Expenditures**" means, for any period, the aggregate cost of all capital assets acquired by any Borrower during such period (including gross leases to be capitalized under GAAP and leasehold improvements, but excluding costs of any capital assets acquired as a part of a Permitted Acquisition), as otherwise as determined in accordance with GAAP.

"**EBITDA**" means, for any period of determination and without duplication, the sum of consolidated net income of Borrowers for such period (computed without regard to any extraordinary items of gain or loss), plus to the extent included in the calculation of consolidated net income for such period, the sum of (A) interest expense, (B) income tax expense determined in accordance with GAAP, (C) depreciation and amortization determined in accordance with GAAP, (D) all other non-cash charges determined in accordance with GAAP acceptable to the Lenders, (E) other one-time non-recurring income and expenses paid during such period (including Contingent Consideration), but only to the extent approved by the Lenders in writing, and (F) other adjustments to EBITDA mutually agreed to by Lenders, the Senior Lender and Borrowers.

EBITDA shall be calculated for any Fiscal Quarter as set forth below:

F or the quarter ending March 31, 2015	the actual EBITDA for such Fiscal Quarter, multiplied by 4
For the quarter ending June 30, 2015	the actual EBITDA for the previous two (2) Fiscal Quarters, multiplied by 2
For the quarter ending September 30, 2015	the actual EBITDA for the previous three (3) Fiscal Quarters, multiplied by 1.33
Commencing with the quarter ending December 31, 2015 and thereafter	the actual EBITDA for the trailing 12 month period

"**Fixed Charge Coverage Ratio**" shall mean the ratio at any time of determination and for any period, (i) the sum of (A) Adjusted EBITDA for such period, minus (B) all unfinanced Capital Expenditures computed on a trailing twelve-month basis, minus (C) dividends or distributions accrued for income tax expenses for such period, minus (D) income tax expenses for such period, divided by (ii) the sum of (A) actual cash interest payments paid in such period and (B) the current portion of scheduled principal payments on Funded Debt (but excluding payments due on the DBS Seller Note and the APS Seller Note) coming due in the twelve (12) fiscal months immediately following the end of such period; provided, however, that for purposes of calculating the Fixed Charge Coverage Ratio, in calculating income tax expense for the Fiscal Quarter ending March 31, 2015, the amount of income tax expense and all dividends or distributions accrued for income tax expense in the Fiscal Quarter shall be multiplied by 4, in calculating income tax expense for the Fiscal Quarter ending June 30, 2015, the amount of income tax expense and all dividends or distributions accrued for income tax expense in the previous two Fiscal Quarters shall be multiplied by 2, and in calculating income tax expense for the Fiscal

Quarter ending September 30, 2015, the amount of income tax expense and all dividends or distributions accrued for income tax expense in the previous three Fiscal Quarters shall be multiplied by 1.33; and further provided that in calculating cash interest payments paid in any Fiscal Quarter, for the quarter ending March 31, 2015 such actual cash interest payments paid in the Fiscal Quarter shall be multiplied by 4, for the quarter ending June 30, 2015 such actual cash interest payments paid in the previous two Fiscal Quarters shall be multiplied by 2, and for the quarter ending September 30, 2015 such actual cash interest payments paid in the previous three Fiscal Quarters shall be multiplied by 1.33. Beginning with the Fiscal Quarter ended December 31, 2015, the amount of income tax expense, all dividends or distributions accrued for income tax expense, and cash interest payments will be computed on a trailing twelve-month basis.

"**Funded Debt**" means all outstandings under the Senior Loan, together with any outstanding amounts under all Seller Notes.

"**Total Funded Debt**" means at any time of determination with duplication, all debt obligations of Borrowers including senior debt, subordinated debt, and Seller Notes, but excluding any debt obligations related to or included in Contingent Consideration.

"**Total Leverage Ratio**" means the ratio determined as of the end of any Fiscal Quarter of (i) all Total Funded Debt, to (ii) Adjusted EBITDA.

ARTICLE 9. EVENTS OF DEFAULT AND REMEDIES

9.1 Events of Default. Any of the following events shall be an Event of Default under this Agreement:

(a) **Payments.** The failure of Borrowers to make any payment (i) of principal when due, or (ii) of interest or expenses included in the Obligations within five (5) days of when due.

(b) **Post-Closing Deliveries.** The failure of a Borrower to timely deliver any documents after the Closing Date as may be required in Exhibit 4.1.

(c) **Representations and Warranties.** The making of any representation or warranty by a Borrower or any other party in any Loan Document that was or is incorrect in any material respect as of the date thereof.

(d) **Negative Covenants.** The failure of any Borrower to comply with any of the requirements of Article 8 hereof; provided, however, as to any such failure that did not arise from an intentional act by any Borrower or any Borrower's Affiliate and which is reasonably susceptible to being cured, the occurrence of such breach shall not constitute an Event of Default hereunder if such breach is fully cured within thirty (30) days (or ten (10) days, if such breach may be cured by the payment of a specific sum of money) after the earlier of any Borrower's Knowledge of the facts giving rise thereto or Collateral Agent's written notice thereof to Borrowers given in accordance with the provisions hereof.

(e) **Financial Covenants.** The failure of a Borrower to comply with any of the requirements of Article 8.

(f) **Reporting Requirements.** The failure of a Borrower or any other party to timely perform any covenant in the Loan Documents requiring the furnishing of notices, financial reports, or other information to Lenders.

(g) **Other Covenants.** The failure of a Borrower or any other party to observe or perform any covenant contained in any Loan Document, which covenant is not subject to any specific provision in this Article 9; provided, however, as to any such breach that is reasonably susceptible to being cured, the occurrence of such breach shall not constitute an Event of Default hereunder if such breach is fully cured within thirty (30) days (or ten (10) days, if such breach may be cured by the payment of a specific sum of money) after the earlier of a Borrower's Knowledge of the facts giving rise thereto or Lenders' written notice thereof to Borrowers given in accordance with the provisions of this Agreement.

(h) **Voluntary Insolvency Proceedings.** The commencement of an Insolvency Proceeding by or with the consent of a Borrower.

(i) **Involuntary Insolvency Proceedings.** The commencement of an Insolvency Proceeding against a Borrower or a Borrower's Property by any Person other than a Borrower or an Affiliate of Borrower, if not dismissed within sixty (60) days.

(j) **Discontinuance of Business.** A Borrower's dissolution or discontinuance of its usual business.

(k) **Senior Loan Default.** The occurrence of an "Event of Default" under a Senior Loan.

(l) **Default on Other Indebtedness.** A Borrower's failure to make any payment when due (after the expiration of any applicable notice and cure periods) on any Debt not otherwise specified in this Article 9, or the lawful acceleration of any such other Debt, but only as to Debt in excess of \$50,000 in the aggregate.

(m) **Undischarged Judgments.** Existence of a judgment or judgments (i) for the payment of money in excess of \$50,000 in the aggregate awarded by any Governmental Authority against a Borrower or against a Borrower's Property which is not paid, discharged, or bonded within thirty (30) days after entry or, if later, when stipulated for payment, or (ii) awarding equitable relief likely to have a Material Adverse Effect.

(n) **Insolvency.** Borrowers are no longer Solvent on a consolidated basis.

(1) **Attachment.** The issuance of an attachment or other process against any material portion of the Property of a Borrower, unless removed (by bond or otherwise) within twenty (20) days.

(o) **Insurance.** A Borrower's failure to maintain any insurance required in any Loan Document.

(p) **Contest.** A Borrower's challenge or contest of the validity or enforceability of any Loan Document or the validity, priority, or perfection of any Encumbrance arising under any Loan Document in any action, suit, or proceeding.

(r) **Change of Control.** The occurrence of a Change of Control.

(s) **Material Adverse Change.** The occurrence of a Material Adverse Change.

9.2 Remedies. Upon the occurrence and continuation of an Event of Default, Lenders and Collateral Agent, may exercise the following remedies:

(a) **Default Rate.** Unless affirmatively waived in writing by Lenders, Interest shall accrue on the Obligations at the Default Rate, whether or not Collateral Agent or any Lender issues a notice of such escalation.

(b) **Acceleration.** Collateral Agent may declare the entire principal amount of all Obligations then outstanding, including interest accrued thereon, to be immediately due and payable without presentment, demand, protest, notice of protest or dishonor, or other notice of default of any kind, all of which are hereby expressly waived.

(c) **Receivership.** Collateral Agent may apply for and have a receiver appointed by a state or federal court of competent jurisdiction to manage, operate, protect and/or preserve any of Borrowers' business or assets, to sell or dispose of any of the Borrowers' business or assets, and/or to collect all revenues and profits thereof, and apply the same as required in this Agreement. Borrowers hereby irrevocably consent to and waive any right to object to or otherwise contest the appointment of a receiver as provided above. Borrowers (i) grant such waiver and consent knowingly after having discussed the implications thereof with counsel, (ii) acknowledge that (A) the uncontested right to have a receiver appointed for the foregoing purposes is considered essential by Collateral Agent in connection with the enforcement of its rights and remedies hereunder and under the other Loan Documents and (B) the availability of such appointment as a remedy under the foregoing circumstances was a material factor in inducing Lenders to extend the Loans, and (iii) agree to enter into any and all stipulations in any legal actions, or agreements or other instruments in connection with the foregoing, and to cooperate fully with Lenders in connection with the assumption and exercise of control by any receiver.

(d) **Collateral.** Collateral Agent may exercise any remedy regarding its security interest or lien in Collateral securing the Obligations.

(e) **Other Remedies.** Lenders and Collateral Agent shall be free to exercise any other remedy that may be available to them under the Loan Documents or applicable Law. No right, power, or remedy conferred upon or reserved to Collateral Agent or Lenders by this Agreement or any of the other Loan Documents is intended to be exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any

other right, power, and remedy given hereunder, under any of the other Loan Documents or now or hereafter existing at law, in equity, or by statute.

(f) **No Waivers.** No delay or omission by Collateral Agent or any Lender to exercise any right, power, or remedy accruing upon the occurrence of any Event of Default shall exhaust or impair any such right, power, or remedy or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every right, power, and remedy given by this Agreement and the other Loan Documents to Collateral Agent and Lenders may be exercised from time to time and as often as may be deemed expedient by Collateral Agent and Lenders.

(g) **Application of Proceeds.** All proceeds from the exercise of remedies shall be applied first to expenses due to Collateral Agent and Lenders (*pro rata* among them based on the amounts of such expenses); second, to interest include in the Obligations (allocated Pro Rata); third, to principal of the Obligations (allocated Pro Rata); and fourth, to Borrowers or such other Person who is lawfully entitled thereto.

ARTICLE 10. COLLATERAL AGENT AND OTHER INTER-LENDER MATTERS

10.1 Appointment and Authority. Each Lender hereby irrevocably appoints CCSD I to act on its behalf as Collateral Agent hereunder and under the other Loan Documents and authorizes Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of Collateral Agent and Lenders, and no Borrower shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

10.2 Rights as a Lender. The Person serving as Collateral Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Collateral Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Collateral Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with any Borrower or any Affiliate thereof as if such Person were not Collateral Agent hereunder and without any duty to account therefor to Lenders, provided that the activity is not otherwise prohibited by the Loan Documents.

10.3 Exculpatory Provisions.

(a) No Implied Duties. Collateral Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, Collateral Agent:

- (i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;
- (ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Collateral Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that Collateral Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Collateral Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law; and
- (iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to a Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as Collateral Agent or any of its Affiliates in any capacity.

(b) Standard of Care. Collateral Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of Lenders as shall be necessary, or as Collateral Agent shall believe in good faith shall be necessary) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. Collateral Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to Collateral Agent in writing by a Borrower or a Lender.

(c) No Duty of Inquiry. Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty, or representation made in or in connection with this Agreement or any other Loan Document; (ii) the contents of any certificate, report, or other document delivered hereunder or thereunder or in connection herewith or therewith; (iii) the performance or observance of any of the covenants, agreements, or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default; (iv) the validity, enforceability, effectiveness, or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document; or (v) the satisfaction of any condition set forth in any Loan Document, other than to, upon request, confirm receipt of items expressly required to be delivered to Collateral Agent.

10.4 Reliance by Collateral Agent. Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document, or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent, or otherwise authenticated by the proper Person. Collateral Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, that by its terms must be fulfilled to the satisfaction of a Lender, Collateral Agent may presume that such condition is satisfactory to such Lender, unless Collateral Agent shall have received notice to the contrary from such Lender or prior to the making of such Loan. Collateral Agent may consult with legal counsel (who may be counsel for a Borrower), independent accountants, and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants, or experts.

10.5 Delegation of Duties. Collateral Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by Collateral Agent. Collateral Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective employees and agents. The exculpatory provisions of this Article shall apply to any such sub-agent and to the employees and agents of Collateral Agent and any such sub-agent. Collateral Agent shall not be responsible for the negligence or misconduct of any sub-agents, except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that Collateral Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

10.6 Resignation of Collateral Agent.

(a) **Resignation.** Collateral Agent may at any time give notice of its resignation to Lenders and Borrowers. Upon receipt of any such notice of resignation, the Required Lenders (determined for this purpose only without including Collateral Agent as a Lender) shall have the right to appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Collateral Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders as so determined), then the retiring Collateral Agent may (but shall not be obligated to), on behalf of Lenders, appoint a successor Collateral Agent that is a national bank with offices in Nashville, Tennessee. Such resignation shall become effective upon the appointment of, and acceptance of appointment by, a successor Collateral Agent.

(b) **Continued Indemnity.** After the retiring or removed Collateral Agent's resignation, the provisions of this Article and the indemnity provisions of this Agreement and other Loan Documents shall continue in effect for the benefit of such retiring or removed Collateral Agent, its sub-agents, and their respective employees and agents respecting any actions taken or omitted to be taken by any of them while the retiring or removed Collateral Agent was acting as Collateral Agent.

10.7 Replacement of Collateral Agent in Certain Circumstances. If (i) CCSD I or CCSD II assigns or sells a participation interest (except to the other) in any of the Term Loan held by it as of the Closing Date, and (ii) Harbert has not, as of the time of such assignment or sale, assigned or sold a participation interest in the Term Loan held by it as of the Closing Date, then Harbert may within thirty (30) days by notice to CCSD I and CCSD II and Borrowers remove CCSD I as Collateral Agent and substitute Harbert as Collateral Agent. As the former Collateral Agent, CCSD I would continue to have the residual rights of indemnity that it would have had if it had resigned.

10.8 Non-Reliance on Collateral Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon Collateral Agent or any other Lender or any of their Affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Collateral Agent or any other Lender or any of their Affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.9 Collateral Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law, Collateral Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Collateral Agent shall have made any demand on Borrowers) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

- (i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders and Collateral Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders and Collateral Agent and their respective agents and counsel and all other amounts due Lenders and Collateral Agent under the Loan Documents that are allowed in such judicial proceeding); and
- (ii) to collect and receive any monies or other Property payable or deliverable on any such claims and to distribute the same; and

any custodian, receiver, assignee, trustee, liquidator, sequestrator, or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to Collateral Agent and, in the event that Collateral Agent shall consent to the making of such payments directly to Lenders, to pay to Collateral Agent any amount due for the reasonable compensation, expenses, disbursements, and advances of Collateral Agent and its agents and counsel, and any other amounts due Collateral Agent under the Loan Documents.

10.10 Exercise of Remedies. Collateral Agent shall proceed as set forth in this Section regarding the exercise of remedies upon an Event of Default.

(a) Unanimous Approval Absent Change. If, at the time of determination, Harbert and CCSD I/CCSD II are equal owners of the entire legal and beneficial interests in the Term Loans, Collateral Agent shall exercise no remedy under any Loan Document without the prior approval of the Required Lenders.

(b) Collateral Agent Judgment if Change. If, at the time of determination, Harbert and CCSD I/CCSD II are not equal owners of the entire legal and beneficial interests in the Term Loans, Collateral Agent shall exercise such remedies and refrain from the exercise of such remedies as it may deem appropriate, and may seek the approval of Lenders on such matters as Collateral Agent may determine.

(c) Reasonable Advice to Lenders. Collateral Agent shall in all cases keep Lenders reasonably apprised of Collateral Agent's actions in the enforcement of remedies and, to the extent circumstances reasonably permit, shall consult with Lenders regarding such enforcement.

10.11 Administrative Collateral Matters.

(a) **Authority to Release.** Lenders irrevocably authorize Collateral Agent, at its option and in its discretion:

- (i) to release any Encumbrance on any Property granted to or held by Collateral Agent under any Loan Document (x) upon termination of all commitments and payment in full of all Obligations (other than contingent indemnification obligations), (y) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Loan Documents, or (z) if approved, authorized, or ratified in writing by the Required Lenders;
- (ii) to subordinate any Encumbrance on any Property granted to or held by Collateral Agent under any Loan Document to the holder of any Encumbrance on such Property that is permitted by this Agreement; and
- (iii) to release a Borrower from its liability for the Obligations if such Person ceases to be an Affiliate of the remaining Borrower(s) as a result of a transaction permitted under the Loan Documents.

(b) **Confirmations.** Upon request by Collateral Agent at any time, the Required Lenders will confirm in writing Collateral Agent's authority to release or subordinate its interest in particular types or items of Property.

10.12 No Duty to Monitor Collateral. Collateral Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value, or collectability of the Collateral, the existence, priority, or perfection of Collateral Agent's Encumbrance thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall Collateral Agent be responsible or liable to Lenders for any failure to monitor or maintain any portion of the Collateral.

10.13 Sharing Among Lenders.

(a) **Settling Adjustments.** If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its *pro rata* share thereof as provided herein, then the Lender receiving such greater proportion shall (i) notify Collateral Agent of such fact and (ii) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

- (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and
- (ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by Borrowers pursuant to and in accordance with the express terms of this Agreement, or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, other than to Borrowers (as to which the provisions of this paragraph shall apply).

(b) **Borrowers' Agreement.** Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against Borrowers rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of Borrowers in the amount of such participation.

ARTICLE 11. GENERAL PROVISIONS

11.1 Usury Savings Provision. It is the intention of the parties that all consideration under or in connection with this Agreement, the other Loan Documents, and the Obligations, however denominated, and including (without limitation) all interest; commitment, transaction, or processing fees; late charges; loan charges; and other such charges shall be limited to the maximum lawful amount permitted under applicable state law or, if higher, applicable federal law (the "**Maximum Lawful Amount**"). Such consideration shall be characterized and all provisions of the Loan Documents shall be construed so as to uphold the validity of charges provided for therein and any rates shall be calculated based upon the scheduled maturity of the Obligations and not based upon any prepayment or early maturity by acceleration. If for any reason, any interest and/or other charges paid or contracted to be paid in respect of the Term Loans shall exceed the Maximum

Lawful Amount, then, *ipso jacto*, the obligation to pay such interest and/or other charges shall be reduced to the Maximum Lawful Amount in effect from time to time, and any amounts collected by Lenders that exceed the Maximum Lawful Amount shall be applied to the reduction of the principal balance of the Term Loans and/or refunded to Borrowers so that at no time shall the interest or loan charges paid or payable in respect of the Term Loans exceed the Maximum Lawful Amount. This provision shall control every other provision herein and in any and all other agreements and instruments now existing or hereafter arising between Borrowers and Lender with respect to the Term Loan.

11.2 Publicity. Borrowers shall not issue any press release, notice, disclosure, or other such publicity regarding the Term Loans or their relationship with Lenders without the prior written consent of Lenders.

11.3 No Reliance on Lender's Analysis. Borrowers acknowledge and represent that, in connection with the Obligations, they have not relied upon any financial projection, budget, assessment, or other analysis by Lenders or upon any representation by Lenders as to the risks, benefits, or prospects of their business activities or present or future capital needs incidental thereto, all such considerations having been examined fully and independently by Borrowers.

11.4 No Marshaling of Assets. Lenders may proceed against any collateral securing the Obligations or other obligations to Lenders and against parties liable therefor in such order as it may elect, and neither a Borrower nor any surety or guarantor for a Borrower nor any creditor of a Borrower shall be entitled to require Lenders to marshal assets. Borrowers hereby expressly waive the benefit of any rule of law or equity to the contrary.

11.5 Business Days. If any payment date under the Obligations falls on a day that is not a Business Day, or if the last day of any notice period falls on such a day, the payment shall be due and the notice period shall end on the next following Business Day.

11.6 Limitations of Damages. In no event shall Lenders ever be liable to Borrowers for (i) special, consequential, incidental, or other such damages arising from or related to the Term Loans or any of the Loan Documents, or (ii) punitive, exemplary, or other such damages arising from or related to the Term Loans or any of the Loan Documents.

11.7 Notices. All notices and communications relating to this Agreement shall be effective only when made in writing and actually delivered by mail, overnight courier, special courier, telecopier, email or otherwise to the addresses set forth below (or to such other address as a party may direct by a notice that complies with this Section), provided that (i) facsimile transmissions shall be effective only when confirmation of is received from the intended recipient's facsimile machine and, (ii) due to uncertainties caused by email volumes, spam filters, and other technical and practical matters, email transmissions shall be effective as notice only when and if receipt thereof is actually confirmed by the intended recipient:

If to Borrowers: i3 Verticals, LLC
Attention: Greg Daily
40 Burton Hills Blvd., Suite 415
Nashville, TN 37215
Email: GregDaily@chargepayment.net

With a copy (which shall not constitute notice) to:
Waller Lansden Dortch & Davis, LLP
Attn: Gerald F. Mace
511 Union Street, Suite 2700
Nashville, Tennessee 37219
Email: gerald.mace@wallerlaw.com

If to Harbert: Harbert Mezzanine Partners III, L.P.
Attn: John C. Harrison
618 Church Street, Suite 500
Nashville, TN 37219
Email: jharrison@harbert.net

And to: Harbert Mezzanine Partners III, L.P.
Attn: David Boutwell
2100 Third Avenue North
Suite 600
Birmingham, Alabama 35203-3371
Email: dboutwell@harbert.net

With a copy (which shall not constitute notice) to:

Bradley Arant Boult Cummings LLP
Attn: John E. Murdock III
Roundabout Plaza
1600 Division Street, Suite 700
Nashville, Tennessee 37203
Fax: 615/252-6359
Email: jmurdock@babc.com

If to CCSD II: CCSD II, L.P.
c/o Capital Alignment Partners
4015 Hillsboro Pike, Suite 210
Nashville, TN 37215
Attn: Maston L. Ballew
Email: leeballew@claritascapital.com

If to CCSD I (as Lender or as Collateral Agent):

Claritas Capital Specialty Debt Fund, L.P.
c/o Capital Alignment Partners
4015 Hillsboro Pike, Suite 210
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@claritascapital.com

With a copy (which shall not constitute notice) to:

Bradley Arant Boult Cummings LLP
Attn: John E. Murdock III
Roundabout Plaza
1600 Division Street, Suite 700
Nashville, Tennessee 37203
Fax: 615/252-6359
Email: jmurdock@babco.com

11.8 Not Fiduciary; No Third Party Beneficiaries. Neither Lenders nor Collateral Agent is a fiduciary of a Borrower under any agreement or for any purpose. This Agreement has been executed for the sole benefit of the parties hereto, and no third party is authorized to rely upon Lenders' or Collateral Agent' rights or duties hereunder.

11.9 Incorporation of Schedules. All Schedules and Exhibits referred to in this Agreement are incorporated herein by this reference.

11.10 Indulgence Not Waiver. Any party's indulgence in a departure from the terms of this Agreement shall not prejudice the party's right to demand strict compliance with this Agreement, absent a written waiver or amendment that would be binding under the terms of this Agreement.

11.11 Assignment. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties, except that (i) Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders, and (ii) Lenders may assign their rights only as permitted in this Section. Any attempted assignment or delegation by Borrowers without the required prior written consent shall be void. Lenders may freely assign the Term Loans or grant participation interests in the Term Loans, in each case in whole or in part; provided, however, (i) no such assignment or participation interest in a Term Loan shall be effective unless and until notice thereof is given to Lenders, Borrowers, and Collateral Agent; (ii) absent the consent of Lenders, Borrowers, and Collateral Agent, no assignment or participation interest may be transferred to a Person whose foreign status would impose any duty of withholding or other burden or restriction upon any of Lenders, Borrowers, or Collateral Agent; and (iii) absent the occurrence and continuation of an Event of Default, Lenders may not, without the written consent of Borrowers (which shall not be unreasonably withheld, delayed, or conditioned), assign a Term Loan or grant a participation interest therein to any Person except to (A) a Lender or an Affiliate of a Lender, or (B) an investment fund or other institutional investor that acquires a major part of a Lender's investment portfolio and which is not (either directly or through an Affiliate) engaged in Borrowers' Line of Business. To avoid doubt, upon and during the

continuation of an Event of Default, Lenders may freely assign the Term Loans or grant participation interests in the Term Loans without Borrowers' consent.

11.12 Entire Agreement. This Agreement and the other written agreements executed by the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior agreements are merged herein; provided, however, if there is a conflict between this Agreement and any other document executed contemporaneously herewith with respect to the Obligations, the provisions of this Agreement shall control.

11.13 Construction. This Agreement has been actively negotiated by the parties with full benefit of counsel and shall not be construed against either party as author. This Agreement shall not be deemed as amended, modified, or waived or construed to vary from its express terms by any course of performance, course of dealing, or usage of trade.

11.14 Requirements of Writing. When this Agreement requires that information be delivered in writing, or when it requires the delivery of information but is silent on the form of a delivery, it means that the required information must be delivered either in written language on paper or delivered as an electronic record in a generally accepted means of storage (*e.g.*, a .pdf file, email text in format accepted by Microsoft Outlook, or faxed image). Oral statements shall not in any event suffice as writings, even if recorded, and regardless of their content.

11.15 Amendments, Waivers, and Consents.

(a) Procedural Requirements. No provision of this Agreement or the other Loan Documents shall be amended, modified, or waived, and no related consent, approval, or additional agreement shall be binding, except as evidenced by a written document signed in hand by the party against whom such undertaking is to be enforced. Without limiting the foregoing, oral discussions (even if recorded), voice mail messages, and the text of ordinary electronic mail correspondence (that is, email correspondence that lacks a representation of a handwritten signature) shall not be binding, regardless of their content, its being the agreement of the parties that absent a handwritten signature all such communications should be conclusively regarded as nonbinding. A document signed in hand may be effectively evidenced by an electronic record that qualifies as a writing under this Agreement.

(b) Approval of Amendments and Waivers. This Agreement and the other Loan Documents may be amended, and provisions thereof waived, only upon the written agreement of Borrowers and Collateral Agent (except that the agreement of Borrowers shall not be required as to Article 10, except for Section 10.13(b)); provided, however, that no such agreement shall (i) increase the commitment of a Lender to extend any credit to any Borrower, without the written consent of such Lender, (ii) reduce the principal amount of any of the Term Loans or reduce the rate of interest thereon, or reduce fees payable thereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any of the Term Loans, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender adversely affected

thereby, (iv) change Section 2.11, any provision of Article 10, or this Section 11.15(b), without the written consent of all Lenders.

(c) Lender Consent in Other Capacities. To avoid doubt, no action taken by a Lender designee on the Governing Body of a Borrower shall constitute a waiver or amendment of any provision of the Loan Documents. To the extent that any such action requires a waiver, consent, or amendment under the Loan Documents, Borrowers shall be responsible to raise the issue and propose or request a formal written waiver, consent, or amendment.

11.16 Time of Essence. Time is of the essence of this Agreement, and all dates and time periods specified herein shall be strictly observed.

11.17 Gender and Number. Words used herein indicating gender or number shall be read as context may require.

11.18 Captions Not Controlling. Captions and headings have been included in this Agreement for the convenience of the parties, and shall not be construed as affecting the content of the respective Sections.

11.19 Counterparts. This Agreement may be executed in counterparts with all signatures or by counterpart signature pages, and it shall not be necessary that the signatures of all parties be contained on anyone document. Each counterpart shall be deemed an original, but all of them together shall constitute one and the same instrument.

11.20 Compliance with Anti-Terrorism Laws. Borrowers, each holder of equity of Borrower, and all Beneficial Owners and Affiliates of Borrowers and each such owner of equity are and shall at all times remain in compliance with (i) the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-65; and (ii) other Laws as may be enacted now or in the future relating to anti-terrorism measures.

11.21 Applicable Law. The laws of the State of Tennessee (without giving effect to its conflicts of law principles) and applicable federal law shall govern all matters arising from or related to this Agreement and all other Loan Documents, including the validity, interpretation, construction, performance, and enforcement thereof; provided, however, pursuant to TCA §47-14-119, the substantive laws of the State of Alabama shall govern this Agreement and the other Loan Documents regarding interest, loan charges, commitment fees, brokerage commissions, and other consideration charged by Harbert, except to the extent that federal law upholding such charges may otherwise apply. The parties acknowledge that Harbert's principal office is located in Alabama and that such contacts are sufficient to support the election of Alabama law to the extent stated above.

11.22 Consent to Jurisdiction; Exclusive Venue. Each party to this Agreement irrevocably consents to the jurisdiction of the United States District Court for the Middle District of Tennessee and of all Tennessee state courts sitting in Davidson County, Tennessee, for the purpose of any litigation to which any Lender may be a party and which arises from or is related to this Agreement or to any other Loan Document that does not expressly provide to the contrary. It is further agreed that venue for any such action shall lie exclusively with such courts, unless (i) Lenders and Collateral Agent agree to the contrary in writing, or (ii) Lenders or Collateral Agent initiate litigation in another court that has personal jurisdiction over the parties to that action or has *in rem* jurisdiction over Property relevant to the action. The parties waive any right to assert that the elected forum is not convenient and any right to raise any other objection to this election of exclusive venue.

11.23 Waiver of Jury Trial. Each party to this Agreement hereby knowingly, voluntarily, and with full benefit of counsel, irrevocably waives any right to obtain a trial by jury in any litigation arising from or related to this Agreement or to any other Loan Document and confirms that the effect of this waiver is that all issues of fact and law in any such litigation shall be determined by a judge acting without a jury. This waiver is a material inducement to the execution of this Agreement and is intended to apply whether such litigation is based upon contract, tort, statute, or any other authority.

11.24 Amended and Restated Agreement. This Agreement is an amendment to and restatement of, and not an extinguishment of, the obligations of the Borrowers under the Existing Borrowers Loan Agreement. All guaranty agreements, liens, assignments and security interests securing the Obligations and the Loan Documents are hereby ratified, confirmed, renewed, extended and brought forward as security for the Obligations described in this Agreement, in addition to and cumulative of all other security.

11.25 Joinder of i3 Management and i3-RS. i3 Management and i3-RS each hereby joins in this Agreement and the other Loan Documents to which the other Existing Borrowers are a party, including joining in (ii) the Term Loan Notes as a "Maker," and (iii) the Security Agreement as a "Debtor," and all such documents are hereby amended to include each of i3 Management and i3-RS as a party thereto. i3 Management and i3-RS each further (i) agrees to make all of the representations and warranties set forth in this Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3 Management and i3-RS each agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under this Agreement or the other Loan Documents. In furtherance of the foregoing, i3 Management and i3-RS each agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as

Collateral Agent may reasonably request to give effect to this joinder of i3 Management and i3-RS.

11.26 Affirmation; Collateral; Consent; Waivers regarding Warrants and Leases.

(a) Affirmation of Loan Documents. Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents. Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Agreement; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

(b) Collateral. Each Borrower acknowledges and agrees that it previously has granted, or contemporaneously herewith is granting, to Collateral Agent a continuing security interest in substantially all of its Property pursuant to the Security Agreement. Each Borrower hereby (i) affirms its grant of a security interest in the Collateral (as defined in the Security Agreement) to secure the Obligations, and (ii) acknowledges that Secured Party shall have all rights and remedies of a secured party provided by the UCC.

(c) Approval of Increase to Senior Debt. Lenders (i) consent to Borrowers' incurring of Debt pursuant to the Senior Loan Agreement, (ii) agree that such Debt shall be treated as a Senior Loan under this Agreement, and (iii) agree that First Bank shall be treated as the Administrative Agent under the Loan Agreement.

(d) Waiver of Certain Matters Regarding Issuance of Equity. Lenders agree that i3 Verticals may issue 120,000 Class P non-voting units of i3 Verticals to Ian Halpern, Chris Toppino, and Henry Lau pursuant to that Asset Purchase Agreement dated as of December 31, 2014, between RentShare, Inc., certain "Owners" thereof, and i3-RS without making any adjustment to the Warrants pursuant to Section 8 thereof.

(e) Certain Matters Regarding Leases.

(i) Lenders hereby waive the requirements of Section 6.13 of this Agreement with respect to (i) the lease by i3-RS of office space located at 115 East 23rd St., Unit 325, New York, New York, (ii) the lease by CP-USDC of office space located at 2761 E. Skelly Drive, Suite 105, Tulsa, Oklahoma, and (iii) the lease by i3 Verticals of office space located at 40 Burton Hills Blvd., Suite 200, Nashville, Tennessee, so long as Borrowers vacate such space on or before April 1, 2015.

(ii) Lenders hereby agree that the time for delivering applicable landlord agreements pursuant to Section 6.13 of this Agreement is hereby extended to (i) on or before February 9, 2015, with respect to the lease by i3 Verticals of office space located at 2500 Cumberland Parkway, Atlanta, GA 30339, and (ii) on or before the date of occupancy with respect to the lease by i3 Verticals of office space located at 40 Burton Hills Blvd., Suite 415, Nashville, Tennessee.

[The remainder of this page is intentionally left blank.]

This First Amended and Restated Loan Agreement is dated as of the date first written above.

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to First Amended and Restated Loan Agreement Continue]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. .

By: CCSD GP, LLC
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

BORROWERS:

I3 VERTICALS, LLC

By: /s/ Clay Whitson

Name: Clay Whitson

Title: Chief Financial Officer

i3 VERTICALS MANAGEMENT SERVICES, INC.

By: /s/ Clay Whitson

Name: Clay Whitson

Title: Chief Financial Officer

CP-TOPS, LLC

By: /s/ Clay Whitson

Name: Clay Whitson

Title: Chief Financial Officer

CP-USDC, LLC

By: /s/ Clay Whitson

Name: Clay Whitson

Title: Chief Financial Officer

[Continued Signatures to First Amended and Restated Loan Agreement]

CP-PS, LLC

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

CP-APS, LLC

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

[Continued Signatures to First Amended and Restated Loan Agreement]

CP-DBS, LLC

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

i3-RS, LLC

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

[Continued Signatures to First Amended and Restated Loan Agreement]

SCHEDULES
TO
LOAN AGREEMENT

Lenders:

CCSD II, L.P.

Claritas Capital Specialty Debt Fund, L.P.

Harbert Mezzanine Partners III, L.P.

Collateral Agent:

Claritas Capital Specialty Debt Fund, L.P.

Borrowers:

i3 VERTICALS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
CP-TOPS, LLC
CP-USDC, LLC
CP-PS, LLC
CP-APS, LLC
CP-DBS, LLC
i3-RS, LLC

Dated as of January 9, 2015

Schedule 5.5 Required Consents

None.

Schedule 5.6 Pending Orders

None.

Schedule 5.7 Pending Proceedings

None.

Schedule 5.8 Past Proceedings and Orders

Trust One Payment Services, Inc. and Global Payments Direct, Inc. were sued by the FTC in contempt proceedings filed July 18, 2013 regarding their failure to honor an asset freeze relating to the reserve funds for two merchants, Ambrosia Website Design and Western GPS.

In its Asset Purchase Agreement with Trust One Payment Services, Inc., dated December 24, 2012, CP-TOPS, LLC did not assume any of these liabilities (2.2(b)(ix) in the APA). At issue with the FTC are approximately \$800,000 in merchant reserves which Global and the seller held and funded to cover customer chargebacks. In addition, the seller funded over \$200,000 of additional chargebacks over the reserves. All chargeback funds went directly to customers. The seller settled with the FTC.

Schedule 5.9 Exceptions to Financial Statements

None.

Schedule 5.11 Debt

1. Amended and Restated Term Loan Agreement and Revolving Loan Agreement dated as of the date hereof (the "Senior Loan Agreement") among Borrowers, certain lenders signatory thereto, and First Bank, as Administrative Agent for such lenders. Each Borrower has granted a security interest in substantially all its assets to secure each Borrower's obligations under the Senior Loan Agreement.
2. Third Amended and Restated 10% Subordinated Convertible Promissory Note dated of even date herewith, in the principal sum of \$1,000,000 executed by i3 in favor of Gregory S. Daily and Collie F. Daily.
3. Term Notes dated February 14, 2014, in the aggregate principal sum of \$16,608,000, and Term Notes dated June 30, 2014, in the aggregate principal sum of \$1,000,000 executed by i3 in favor of various Friends and Family investors, pursuant to that certain Master Note Purchase Agreement dated as of February 14, 2014.
4. Subordinated Promissory Note dated May 9, 2014, in the principal sum of \$1,000,000 executed by CP-APS in favor of Advanced Payment Solutions, LLC
5. Subordinated Promissory Note dated May 23, 2014, in the principal sum of \$500,000 executed by CP-DBS in favor of Data Business Systems of Colorado, Inc.

Schedule 5.12 Off-Balance-Sheet Transactions

None.

Schedule 5.13 Unpaid Taxes

None.

Schedule 5.14 ERISA Plans

United Healthcare PPO Plan 07X

United Healthcare HDHP Plan 9N2

Delta Dental Dual Network Advantage Plan – Voluntary Dental Plan

Vision Service Plan VSP Choice – Voluntary Vision Care Plan

Unum Life Insurance – Voluntary Life Insurance for Employees, Spouses, and Children Wells Fargo Health Savings Accounts

Schedule 5.17 Locations of Property

1. i3 Verticals, LLC
 - a. 40 Burton Hills Blvd, Suite 200, Nashville, TN 37215*
2. CP-TOPS, LLC
 - a. 2500 Cumberland Parkway, Atlanta, GA 30339
3. CP-USDC, LLC
 - a. 800 Westchester Avenue, Rye Brook, NY 10573
 - b. 2761 E. Skelly Drive, Suite 105, Tulsa, OK 74015
4. CP-PS, LLC
 - a. n/a
5. CP-APS, LLC
 - a. 40 Burton Hills Blvd, Suite 200, Nashville, TN 37215*
6. CP-DBS, LLC
 - a. 6622 Esmerelda, Castle Rock, CO 80108**
7. i3 Verticals Management Services, Inc.
 - a. n/a
8. i3-RS, LLC
 - a. 115 East 23rd Street, Number 325, New York, New York 10010

* Borrower has also entered into a lease with Burton Hills IV Investments, Inc. concerning the real property located at 40 Burton Hills Blvd, Suite 415, Nashville, TN 37215 but does not currently occupy such property. Borrower intends to vacate 40 Burton Hills Blvd, Suite 200, Nashville, TN 37215 before March 1, 2015 and take possession of 40 Burton Hills Blvd, Suite 415, Nashville, TN 37215 at such time.

** Personal home of CP-DBS, LLC employee; not subject to real property lease

Schedule 5.18 Condition of Properties

None.

Schedule 5.19 Casualties and Extraordinary Events

None.

Schedule 5.20 Condemnation



None.

Schedule 5.21 Intellectual Property

1. i3 Verticals, LLC

a. www.chargepayment.net

b.

Mark	Serial No. Reg. No.	Filing Date Reg. Date	Status
CP CHARGE PAYMENT 	85833046	Jan. 25, 2013	Pending
CHARGE PAYMENT	85833046	Jan. 25, 2013	Pending
I3 Verticals	86491209	December 26, 2014	Pending
	86491215	December 26, 2014	Pending

2. CP-TOPS, LLC

a. www.trustonepaymentservices.com

b. www.trustoneps.com



c.



3. i3-RS, LLC

a.

Mark	Serial No. Reg. No.	Filing Date Reg. Date	Status
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Mark	Serial No. Reg. No.	Filing Date Reg. Date	Status
RENTSHARE	77868578	November 9, 2009	Active

b.

Domain Names:

rentshare.com
rentshare.co
spaaaaaace.com

3. CP-USDC, LLC

a. www.usdc.com



4. CP-DBS, LLC

a.

Mark	Serial No. Reg. No.	Filing Date Reg. Date	Status
PAYSCHOOLS	78574938	February 25, 2005	Active

b.

Domain names:

- a) databusys.com
- b) fundraisers4schools.com
- c) dbscart.com
- d) sdms2.com
- e) give2schools.com
- f) give2schools.org

- g) payschools.org
- h) qspllc.com
- i) qspllc.net
- j) payschools.com
- k) qsppos.info
- l) asp-starts.net
- m) asp-stars.org
- n) asp-stars.com
- o) payforit.net
- p) p4test.com
- q) smads2.com
- r) fees4schools.com
- s) qsppos.com
- t) qsppos.net
- u) usdc-chargeit.com

Schedule 5.22 Equity Interests

1. i3 Verticals, LLC
 - a. 100% of Equity Interests of CP-TOPS, LLC, CP-USDC, LLC, CP-PS, LLC, CP-APS, LLC, CP-DBS, LLC, i3 Verticals Management Services, Inc., and i3-RS, LLC
2. CP-TOPS, LLC
 - a. None
3. CP-USDC, LLC
 - a. None
4. CP-PS, LLC
 - a. None
5. CP-APS, LLC
 - a. None
6. CP-DBS, LLC
 - a. None
7. i3 Verticals Management Services, Inc.
 - a. None
8. i3-RS, LLC
 - a. None

Schedule 5.23 Hedge Agreements

None.

Schedule 5.24 Violations of Law

None.

Schedule 5.25 Environmental Matters

None.

Schedule 5.29 Labor Matters

None.

Schedule 5.31 Affiliate Transactions

1. i3 Verticals, LLC

- a. Third Amended and Restated 10% Subordinated Convertible Promissory Note dated August 14, 2013, in the principal sum of \$1,000,000 executed by i3 Verticals, LLC in favor of Gregory S. Daily and Collie F. Daily.

Schedule 5.32 Capitalization

(a)

	<u>Class A</u>		<u>Common</u>		<u>Class P</u>		<u>Diluted Participation</u>	
	Shares	%	Shares	%	Shares	%	Shares	%
Greg Daily & Affiliates	5,450,000	50.2%	333,887	11.4%	2,712,500	54.8%	8,496,387	45.3%
FAP & Affiliates	4,900,000	45.2%	90,481	3.1%	167,443	3.4%	5,157,924	27.5%
Jay Turner & Affiliates	500,000	4.6%	162,872	5.5%	-	0.0%	662,872	3.5%
Management (issued)	-	0.0%	18,323	0.6%	1,780,714	36.0%	1,799,037	9.6%
Management (authorized, not issued) Board of Directors - nonowner or	-	0.0%	-	0.0%	120,000	2.4%	120,000	0.6%
management	-	0.0%	-	0.0%	167,443	3.4%	167,443	0.9%
2013 Mezzanine Lenders	-	0.0%	1,423,688	48.4%	-	0.0%	1,423,688	7.6%
F&F Lenders	-	0.0%	912,080	31.0%	-	0.0%	912,080	4.9%
TOTAL	10,850,000	100.0%	2,941,330	100.0%	4,948,100	100.0%	18,739,431	100.0%

As if the Daily Note were converted to Series A:

	<u>Class A</u>		<u>Common</u>		<u>Class P</u>		<u>Diluted Participation</u>	
	Shares	%	Shares	%	Shares	%	Shares	%
Greg Daily & Affiliates	6,450,000	54.4%	333,887	11.4%	2,712,500	54.8%	9,496,387	48.1%
FAP & Affiliates	4,900,000	41.4%	90,481	3.1%	167,443	3.4%	5,157,924	26.1%
Jay Turner & Affiliates	500,000	4.2%	162,872	5.5%	-	0.0%	662,872	3.4%
Management (issued)	-	0.0%	18,323	0.6%	1,780,714	36.0%	1,799,037	9.1%
Management (authorized, not issued)	-	0.0%	-	0.0%	120,000	2.4%	120,000	0.6%
Board of Directors - nonowner or		0.0%		0.0%		3.4%		0.8%
management	-		-		167,443		167,443	
2013 Mezzanine Lenders	-	0.0%	1,423,688	48.4%	-	0.0%	1,423,688	7.2%
F&F Lenders	-	0.0%	912,080	31.0%	-	0.0%	912,080	4.6%
TOTAL	11,850,000	100.0%	2,941,330	100.0%	4,948,100	100.0%	19,739,431	100.0%

ii. No outstanding warrants, options, and other such rights, other than Mezzanine Lenders warrants in (i) above.

iii. Section 11.1 of the LLC Agreement provides for a redemption of the Class A Units held by FAP out of funds lawfully available therefor at any time on or after the date Gregory S. Daily ceases to be active in the Company as President and CEO.

Schedule 5.32 Capitalization, cont'd

(b) None

Schedule 5.33 Permits and Licenses

None.

Schedule 5.34 Employment Agreements

1. Employment Agreement dated August 14, 2013, between CP-USDC, LLC and Peter Gatof
2. Employment Agreement dated May 9, 2014, between CP-APS, LLC and Jennifer Brinkman

Schedule 5.35 Management

1. i3 Verticals, LLC
 - a. Board of Directors
 - i. David M. Wilds
 - ii. Timothy McKenna
 - iii. John C. Harrison
 - iv. Gregory S. Daily
 - v. Clay Whitson
 - vi. Thomas H. Bryant
 - b. Management
 - i. Gregory S. Daily, President and CEO
 - ii. Clay Whitson, CFO and Secretary
 - iii. Scott Meriwether, Vice President
2. CP-TOPS, LLC
 - a. Management
 - i. Gregory S. Daily, President and CEO
 - ii. Clay Whitson, CFO and Secretary
 - iii. Scott Meriwether, Vice President
3. CP-USDC, LLC
 - a. Management
 - i. Gregory S. Daily, President and CEO
 - ii. Clay Whitson, CFO and Secretary
 - iii. Scott Meriwether, Vice President

4. CP-PS, LLC
 - a. Management
 - i. Gregory S. Daily, President and CEO
 - ii. Clay Whitson, CFO and Secretary
 - iii. Scott Meriwether, Vice President
5. CP-APS, LLC
 - a. Management
 - i. Gregory S. Daily, President and CEO
 - ii. Clay Whitson, CFO and Secretary
 - iii. Scott Meriwether, Vice President
6. CP-DBS, LLC
 - a. Management
 - i. Gregory S. Daily, President and CEO
 - ii. Clay Whitson, CFO and Secretary
 - iii. Scott Meriwether, Vice President
7. i3 Verticals Management Services, Inc.
 - a. Management
 - i. Gregory S. Daily, President and CEO
 - ii. Clay Whitson, CFO and Secretary
 - iii. Scott Meriwether, Vice President
8. i3-RS, LLC
 - a. Management
 - i. Gregory S. Daily, President and CEO

- ii. Clay Whitson, CFO and Secretary
- iii. Scott Meriwether, Vice President

Schedule 5.36 Material Contracts

Processing Agreements

1. USDC: First Data 2002 ISO Agreement as amended
2. USDC: Chase Paymentech 2010 ISO Agreement as amended
3. USDC: RBS Worldpay 2007 ISO Agreement and Sponsorship Agreement
4. TOPS: Global Payments 2005 Merchant Services Agreement as amended
5. PS: None.
6. APS: Global Payments 2006 Merchant Services Agreement as amended
7. APS: Sage Payment Solutions 2007 ISO Services Agreement as amended
8. DBS: Vantiv and Fifth Third Bank 2013 Bank Card Merchant Agreement as amended
9. i3: First Data 2013 Wholesale ISO Agreement
10. i3-RS: Merchant Warehouse - Merchant Processing Application and Agreement
11. i3-RS: Crescent Processing Company - Merchant Application and Agreement

Real Estate Leases

1. USDC: Lease Agreement dated as of May 30, 2006, as amended May 30, 2013, as further amended August 14, 2013, by and between USDC, as tenant and 800-60 Westchester Avenue, LLC, as landlord regarding the real property located at 800 Westchester Avenue, Rye Brook, NY 10573.
2. USDC: Office Building Lease dated March 1, 2013, by and between USDC as tenant-by-assignment from Dave Miley, and Skelly & Utica Partnership, as landlord regarding the real property located at 2761 E. Skelly Drive, Suite 105, Tulsa, OK 74015.
3. i3: Office Lease dated May 27, 2014, by and between i3, as tenant, and GPI Bayport, Ltd., as landlord regarding the real property located at 2500 Cumberland Parkway, Atlanta, GA 30339
4. i3: Lease Agreement dated July 28, 2014, by and between i3, as tenant, and Burton Hills IV Investments, Inc., as landlord regarding the real property located at 40 Burton Hills Blvd, Suite 415, Nashville, TN 37215.
5. i3: Sublease dated May 23, 2014, by and between i3, as subtenant, and AmSurg Corporation, as sublandlord, regarding the real property located at 40 Burton Hills Blvd, Suite 200, Nashville, TN 37215.
6. PS: None.
7. DBS: None.
8. i3 Verticals Management Services, Inc.: None.
9. i3-RS, LLC: CoWorkrs LLC License Agreement, by and between COWORKRS LLC, as landlord, and i3-RS, LLC (as successor-in-interest to RentShare, Inc.), regarding the real property located at 115 East 23rd Street, Number 325, New York, New York 10010

Vendors

1. USDC: First Data 2002 ISO Agreement as amended
2. TOPS: IMP Solutions IAA
3. TOPS: Global Payments 2005 Merchant Services Agreement as amended
4. PS: None.
5. APS: Global Payments 2006 Merchant Services Agreement as amended
6. APS: Sage Payment Solutions 2007 ISO Services Agreement as amended
7. DBS: Vantiv and Fifth Third Bank 2013 Bank Card Merchant Agreement as amended
8. i3: First Data 2013 Wholesale ISO Agreement
9. i3: Century II Staffing, Inc. PEO Client Service Agreement
10. i3-RS: Merchant Warehouse - Merchant Processing Application and Agreement
11. i3-RS: Crescent Processing Company - Merchant Application and Agreement

Customers

None.

Other Contracts

None.

Schedule 5.37 Insurance Claims

None.

Schedule 5.38 Non-Compete Agreements

1. i3 Verticals, LLC
 - a. Non-Competition and Non-Solicitation Agreement dated August 14, 2013, between i3 and Gregory S. Daily
2. CP-TOPS, LLC
 - a. Residual Payment, Confidentiality, Non-Competition and Non-Solicitation Agreement dated December, 2012, between CP-TOPS, LLC and Robert Cason
 - b. Independent Agent Agreement dated May 1, 2013 between CP-TOPS, LLC and Raul Anthony Orue
 - c. Other Agents
3. CP-USDC, LLC
 - a. Employment Agreement dated August 14, 2013, between CP-USDC, LLC and Peter Gatof
 - b. Asset Purchase Agreement dated August 14, 2013 between CP-USDC, LLC, Charge Payment, LLC, U.S. Data Capture, Inc. and Peter Gatof
 - c. Purchase Option Agreement dated August 14, 2013 between CP-USDC, LLC, Charge Payment, LLC, USDC Partners, LLC and Peter Gatof.
 - d. Agents/Referral Partners
3. CP-PS LLC
 - a. Confidentiality, Non-Competition and Non-Solicitation Agreement dated as of February 14, 2014 by and between Merchant Processing Solutions, and Matthew Wiltsey and acknowledged and agreed to by CP-PS, LLC
4. i3-RS, LLC
 - a. Confidentiality, Non-Competition and Non-Solicitation Agreement dated as of December 31, 2014 by and between i3-RS, LLC and Henry Lau
 - b. Confidentiality, Non-Competition and Non-Solicitation Agreement dated as of December 31, 2014 by and between i3-RS, LLC and Ian Halpern
 - c. Confidentiality, Non-Competition and Non-Solicitation Agreement dated as of December 31, 2014 by and between i3-RS, LLC and Trevor Geise
 - d. Confidentiality, Non-Competition and Non-Solicitation Agreement dated as of December 31, 2014 by and between i3-RS, LLC and Christopher Toppino

5. Substantially all other employees of Borrowers have entered into a form of Non-Compete, Non-Solicitation, Confidentiality and Proprietary Rights Agreement.

Schedule 5.41 Fees and Commissions

None.

**FIRST AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of April 23, 2015, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-TOPS, LLC ("CP-TOPS"), a Delaware limited liability company; CP-USDC, LLC ("CP-USDC"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-APS, LLC ("CP-APS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company; i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), i3-RS, LLC ("i3-RS"), a Delaware limited liability company, and i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ") (i3, CP-TOPS, CP-USDC, CP-PS, CP-APS, i3 Management, and i3-RS are the "Existing Borrowers," and the Existing Borrowers and i3-EZ, are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. ("Harbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015 (as amended, the "Loan Agreement"); and

B. i3-EZ has recently been formed as a wholly-owned subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-EZ.** i3-EZ hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include i3-EZ as a party thereto. i3-EZ further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-EZ agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-EZ agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-EZ.

3. **i3-EZ Acquisition.** Borrowers represent, warrant, and agree that (i) the acquisition of i3-EZ pursuant to that certain Asset Purchase Agreement (the "i3-EZ Acquisition Agreement") dated as of April 23, 2015 by and among i3-EZ, Information Design, Inc., David Geers and the Robert David Geers Revocable Trust date May 19, 2006 qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) all contingent consideration payable under the i3-EZ Acquisition Agreement, including under Section 2.6 thereof, constitutes Contingent Consideration under the Loan Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition. The Lenders hereby agree that such acquisition shall be treated as a Permitted Acquisition under the Loan Agreement.

Borrowers represent and warrant that all indebtedness of Information Design, Inc. owed to Fifth Third Bank has been paid in full, and Information Design, Inc. has no further outstanding obligations owed Fifth Third Bank. Certain UCC-1 financing statements relating to the indebtedness formerly owed to Fifth Third Bank remain of record. Borrowers covenant and agree that all such UCC-1 financing statements relating to such indebtedness shall be terminated on or prior to April 30, 2015, and evidence of such terminations shall be provided to Collateral Agent. In the event that such UCC-1 financing statements are not terminated by April 30, 2015, an Event of Default shall exist under the Loan Agreement.

Lenders further acknowledge that i3-EZ intends to assume a processing agreement with Sage Payment Solutions, Inc. ("Sage") in connection with such acquisition and that such processing agreement includes the grant of a security interest in favor of Sage in i3-EZ's deposit accounts that does not constitute a Permitted Encumbrance. Notwithstanding any provision of the Loan Documents to the contrary, the Lenders hereby (i) consent to such security interest, (ii) waive any Defaults or Events of Default that exist or may arise on account of the granting or existence of such security interest, and (iii) waive any notices to Collateral Agent or Lenders that are required under the Loan Documents on account of the granting or existence of such security interest.

4. **Amendment of Loan Agreement Regarding Certain Definitions.** Section 1.1 of the Loan Agreement is hereby amended by deleting subparagraph (xi) of the definition of "Permitted Encumbrances" in its entirety and substituting the following replacement in lieu thereof:

(xi) Encumbrances granted to any settlement bank, sponsor bank and/or processor in (i) funds, instruments or deposit accounts held by such entities or any other direct or indirect subsidiary or affiliate of such entities and/or any other deposit accounts into which funds are deposited by any settlement bank, sponsor bank and/or processor pursuant to or in connection with any sponsorship or processing agreement to which any Borrower is a party (provided that (x) the applicable Borrower has not opened or maintained any deposit account with any such entity or its direct or indirect subsidiaries or affiliates other than solely in connection with a sponsorship or processing agreement and (y) no funds other than those paid pursuant to or in connection with such sponsorship or processing agreement are deposited therein), or (ii) in all of any Borrower's rights relating to any such sponsorship or processing agreement with such entities and in all related future sales transactions, but only so long as (i) such Encumbrances are granted in the ordinary course of business under the terms of a sponsorship or processing agreement to which the applicable Borrower is a party, and (ii) such Encumbrances secure only (x) ordinary course liabilities arising under any such sponsorship or processing agreement and (y) any other obligations and liabilities of the applicable Borrower arising under any other agreement between such Borrower and such entities (provided that such Borrower has incurred no obligations or liabilities to any such entity other than those arising under a sponsorship or processing agreement with such entity) and (iii) any such Encumbrance does not extend to any Property of any applicable Borrower other than that described in this subparagraph (xi) and the amount secured by such Encumbrance shall not exceed the amount owed by the applicable Borrower under any such agreement.

5. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue 45,000 Class P non-voting units of i3 to David Geers pursuant to the i3-EZ Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

6. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

7. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

8. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

9. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

10. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

11. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

12. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

13. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

14. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

15. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

I3 VERTICALS, LLC

By: /s/ Gregory S. Daily
Gregory S. Daily, Chief Executive Officer and President

CP-TOPS, LLC

CP-USDC, LLC

CP-PS, LLC

CP-APS, LLC

CP-DBS, LLC

i3 VERTICALS MANAGEMENT SERVICES, INC.

i3-RS, LLC

i3-EZPAY, LLC

By: /s/ Gregory S. Daily
Gregory S. Daily, President

[Signatures to First Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to First Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to First Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-EZ to the Loan Agreement and certain other Loan Documents.]

**SECOND AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of June 25, 2015, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-TOPS, LLC ("CP-TOPS"), a Delaware limited liability company; CP-USDC, LLC ("CP-USDC"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-APS, LLC ("CP-APS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company; i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), and i3-PBS, LLC, a Delaware limited liability company ("i3-PBS") (i3, CP-TOPS, CP-USDC, CP-PS, CP-APS, CP-DBS, i3 Management, i3-RS, and i3-EZ are the "Existing Borrowers," and the Existing Borrowers and i3-LL and i3-PBS are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L. P. ("CCSD I"), a Delaware limited partnership; CCSD II, L. P. ("CCSD II"), a Delaware limited partnership; HERBERT MEZZANINE PARTNERS III, L.P. ("Herbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015 (as amended, the "Loan Agreement"); and

B. Each of i3-LL and i3-PBS has recently been formed as a wholly-owned subsidiary of i3 and each wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-LL.** i3-LL hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include i3-LL as a party thereto. i3-LL further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-LL agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-LL agrees to execute and/or deliver to Collateral Agent such additional loan

documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-LL.

3. **i3-LL Acquisition.** Borrowers represent, warrant, and agree that (i) the acquisition by i3-L L of assets pursuant to that certain Asset Purchase Agreement (the “i3-LL Acquisition Agreement”) dated as of June 12, 2015 by and among i3-LL, Local Level, LLC, an Ohio limited liability company, Lori Huff, and Lori Ludwig, qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) all contingent consideration payable under the i3-LL Acquisition Agreement, including under Section 2.6 thereof, constitutes Contingent Consideration under the Loan Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition. The Lenders hereby agree that such acquisition shall be treated as a Permitted Acquisition under the Loan Agreement.

4. **Joinder of i3-PBS.** i3-PBS hereby joins in (i) the Loan Agreement as a “Borrower,” (ii) the Term Loan Notes as a “Maker,” (iii) that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent (the “Security Agreement”) as a “Debtor,” and all such documents are hereby amended to include i3-PBS as a party thereto. i3-PBS further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-PBS agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-PBS agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-PBS.

5. **i3-PBS Acquisition.** Borrowers represent, warrant, and agree that (i) the acquisition by i3-PBS of assets pursuant to that certain Asset Purchase Agreement (the “i3-PBS Acquisition Agreement”) dated as of June 25, 2015 by and among i3-PBS, NJOY Products, LLC, a Florida limited liability company d/b/a Practical Business Solutions, Bradley A. Thomas, and Karen S. Thomas, qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) all contingent consideration payable under the i3-PBS Acquisition Agreement, including under Section 2.6 thereof, constitutes Contingent Consideration under the Loan Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition. The Lenders hereby agree that such acquisition shall be treated as a Permitted Acquisition under the Loan Agreement. NJOY Products, LLC is a party to that certain Payment Gateway Reseller Application & Agreement between Authorize.Net and NJOY Products, LLC, dated May 7, 2013 (the “Auth.Net Agreement”). NJOY Products, LLC has no indebtedness owing to Authorize.Net, but NJOY Products, LLC granted Authorize.Net a security interest in all of the assets of NJOY Products, LLC. i3-PBS covenants and agrees that it will obtain a full release and termination of such security interest in favor of Auth.Net on or before August 30, 2015, and i3-PBS shall furnish Collateral Agent evidence satisfactory to it that such security interest has been released. In the event that such lien and security interest is not terminated and released by August 30, 2015, an Event of Default shall exist under the Loan Agreement.

6. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 260,000 Class P non-voting units of i3 to Bradley A Thomas, Karen S Thomas, and/or their designees pursuant to the i3-PBS Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

7. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

8. **Landlord Waivers.** Lenders hereby waive the requirements of Section 6.13 of the Loan Agreement with respect to the lease by i3-PBS of office space located at 2859 N. Susquehanna Trail, Shamokin Dam, PA 17876.

9. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

10. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

11. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

12. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

13. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

14. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

15. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

16. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

17. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

I3 VERTICALS, LLC

CP-TOPS, LLC

CP-USDC, LLC

CP-PS, LLC

CP-APS, LLC

CP-DBS, LLC

I3 VERTICALS MANAGEMENT SERVICES, INC.

i3-RS, LLC

i3-EZPAY, LLC

i3-LL, LLC

i3-PBS, LLC

By: /s/ Clay Whitson

Clay Whitson, Chief Financial Officer and Secretary

[Signatures to Second Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ M. Leland Ballew

Name: M. Leland Ballew

Title: Manager

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ M. Leland Ballew

Name: M. Leland Ballew

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ M. Leland Ballew

Name: M. Leland Ballew

Title: Manager

[Signatures to Second Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Second Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-LL and i3-PBS to the Loan Agreement and certain other Loan Documents.]

**THIRD AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this “Amendment”) is entered into as of August 11, 2015, by i3 VERTICALS, LLC (“i3”), a Delaware limited liability company; CP-TOPS, LLC (“CP-TOPS”), a Delaware limited liability company; CP-USDC, LLC (“CP-USDC”), a Delaware limited liability company; CP-PS, LLC (“CP-PS”), a Delaware limited liability company; CP-APS, LLC (“CP-APS”), a Delaware limited liability company; CP-DBS, LLC (“CP-DBS”), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. (“i3 Management”), a Delaware corporation, i3-RS, LLC (“i3-RS”), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company (“i3-EZ”), i3-LL, LLC, a Delaware limited liability company (“i3-LL”), i3-PBS, LLC, a Delaware limited liability company (“i3-PBS”), and i3-Infin, LLC, a Delaware limited liability company (“i3-Infin”) (i3, CP-TOPS, CP-USDC, CP-PS, CP-APS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, and i3- PBS are the “Existing Borrowers,” and the Existing Borrowers and i3-Infin are, collectively, “Borrowers”); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. (“CCSD I”), a Delaware limited partnership; CCSD II, L.P. (“CCSD II”), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. (“Harbert”), a Delaware limited partnership (together with CCSD I and CCSD II, collectively “Lenders”); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below (“Collateral Agent”).

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, and as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015 (as amended, the “Loan Agreement”); and

B. i3-Infin has recently been formed as a wholly-owned subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-Infin.** i3-Infin hereby joins in (i) the Loan Agreement as a “Borrower,” (ii) the Term Loan Notes as a “Maker,” (iii) that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent (the “Security Agreement”) as a “Debtor,” and all such documents are hereby amended to include i3-Infin as a party thereto. i3-Infin further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or

hereafter arising. Without limiting the foregoing, i3-Infin agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-Infin agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-Infin.

3. **i3-Infin Acquisition.** Borrowers represent, warrant, and agree that (i) the acquisition by i3-Infin of assets pursuant to that certain Asset Purchase Agreement (the "i3-Infin Acquisition Agreement") dated as of July 30, 2015 by and among i3-Infin, Innovative Financial Technologies, LLC d/b/a Infintech, an Ohio limited liability company, Tom Debord, Ryan Rybolt and Joff Moine, other than with respect to the amount of the purchase price, qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition (other than with respect to the amount of the purchase price) have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) all contingent consideration payable under the i3-Infin Acquisition Agreement, including under Section 2.6 thereof, constitutes Contingent Consideration under the Loan Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition. The Lenders hereby consent to the acquisition contemplated by the Infin Acquisition Agreement.

4. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 300,000 fully-vested common units of i3 and 25,000 Class P non-voting units of i3 pursuant to the Infin Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

6. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

7. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

8. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

9. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

10. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights

or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

11. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

12. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

13. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

14. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

15. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

i3 VERTICALS, LLC
CP-TOPS, LLC
CP-USDC, LLC
CP-PS, LLC
CP-APS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC

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

[Signatures to Third Amendment to First Amended and Restated Loan Agreement and
Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

[Signatures to Third Amendment to First Amended and Restated Loan Agreement and
Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Third Amendment to First Amended and Restated Loan Agreement and
Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-Infin to the Loan Agreement and certain other Loan Documents.]

**FOURTH AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of January 11, 2015, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-TOPS, LLC ("CP-TOPS"), a Delaware limited liability company; CP-USDC, LLC ("CP-USDC"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-APS, LLC ("CP-APS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), and i3-BP, LLC, a Delaware limited liability company ("i3-BP") (i3, CP-TOPS, CP-USDC, CP-PS, CP-APS, CP-DBS, i3Management, i3-RS, i3-EZ, i3-LL, i3-PBS, and i3-Infin are the "Existing Borrowers," and the Existing Borrowers and i3-BP are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. ("Harbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, and as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015 (as amended, the "Loan Agreement"); and

B. i3-BP has recently been formed as a wholly-owned subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-BP.** i3-BP hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include i3-BP as a party thereto. i3-BP further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter

arising. Without limiting the foregoing, i3-BP agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-BP agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-BP.

3. **i3-BP Acquisition.** Borrowers represent, warrant, and agree that (i) the acquisition by i3-BP of assets pursuant to that certain Asset Purchase Agreement (the "i3-BP Acquisition Agreement") dated as of the date hereof, by and among i3-BP, Skyhill Software Incorporated, a Minnesota corporation, Pam Medvec, Jim Van Someren, John Weitzel, Thomas Hartman, and Jacob Copsey qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) all contingent consideration payable under the i3-BP Acquisition Agreement, including under Section 2.6 thereof, constitutes Contingent Consideration under the Loan Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition. The Lenders hereby agree that such acquisition shall be treated as a Permitted Acquisition under the Loan Agreement.

4. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 60,000 Class P non-voting units of i3 pursuant to the i3-BP Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

6. **Landlord Waivers.** Lenders hereby waive the requirements of Section 6.13 of the Loan Agreement with respect to the lease by i3-BP of office space located at 25 6th Avenue North, St. Cloud, MN 56303.

7. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

8. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

9. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

10. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

11. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights

or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

12. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

13. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

14. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

15. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

16. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

I3 VERTICALS, LLC

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

CP-TOPS, LLC

CP-USDC, LLC

CP-PS, LLC

CP-APS, LLC

CP-DBS, LLC

i3 VERTICALS MANAGEMENT SERVICES, INC.

i3-RS, LLC

i3-EZPAY, LLC

i3-LL, LLC

i3-PBS, LLC

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

[Signatures to Fourth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

[Signatures to Fourth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Fourth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-BP to the Loan Agreement and certain other Loan Documents.]

FIFTH AMENDMENT TO FIRST AMENDED AND RESTATED

LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS

This Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of April 29, 2016, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-TOPS, LLC ("CP-TOPS"), a Delaware limited liability company; CP-USDC, LLC ("CP-USDC"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-APS, LLC ("CP-APS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company; i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation; i3-RS, LLC ("i3-RS"), a Delaware limited liability company; i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), and i3- BP, LLC, a Delaware limited liability company ("i3-BP") (i3, CP-TOPS, CP-USDC, CP-PS, CP-APS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, and i3-BP are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HERBERT MEZZANINE PARTNERS III, L.P. ("Herbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, and as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016 (as amended, the "Loan Agreement"); and

B. The parties hereto wish to amend the Loan Agreement and other Loan Documents;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **i3-Axia Acquisition.** Borrowers have informed Lenders that i3 formed i3-Axia, LLC ("i3-Axia"), a Delaware limited liability company and wholly-owned subsidiary of i3, to purchase certain assets pursuant to that Asset Purchase Agreement to be dated on or around April 29, 2016, by and among i3-Axia, Axia Holdings, Inc., Axia Payments, Inc., the Clark Living Trust, Randal Clark, Amy Clark, and i3 (the "Axia Acquisition"). The Lenders consent to the Axia Acquisition; provided, however, that the terms of Sections 6.13, 6.20, and 6.22 of the Loan Agreement (as amended hereby) shall be applicable to such acquisition, and Borrowers further agree to take all other actions required under the Loan Documents to cause such acquisition to qualify as a "Permitted Acquisition" under the Loan Agreement (excluding the size of the purchase consideration thereof).

3. **Consent to Replacement Senior Loan.** Collateral Agent and Lenders consent to Borrowers' entering into a replacement Senior Loan on the date hereof, as contemplated by that Intercreditor and Subordination Agreement dated as of the date hereof, by and among First Bank, as Administrative Agent for the replacement Senior Lenders, Collateral Agent, Lenders, and Borrowers.

4. **Amendments to Loan Documents.**

(a) **New Definitions.** Section 1.1 of the Loan Agreement is hereby amended by inserting the following new definition in appropriate alphabetical order:

"Residual Buyout" means any transaction in which a Borrower purchases a portion of the residual payments of any third party Person which provides business services to such Borrower; provided that any such residual buyout transaction shall be made in the ordinary course of business and consistent with prudent business practices customary in the industry in which such Borrower operates, and further provided that if any such residual buyout involves a payment of \$500,000.00 or more, prior to the consummation of any such transaction, such Borrower shall provide a pro forma compliance certificate to the Collateral Agent which demonstrates compliance on a pro forma basis with the covenants set forth in Article 8.

(b) **Acquisitions.** The definition of "Acquisition" in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Acquisition" means (a) any Investment by any Borrower and any other Person organized in the United States (with substantially all of the assets of such Person and its Subsidiaries located in the United States), pursuant to which such Person shall become a Subsidiary of any Borrower or any of its Subsidiaries or shall be merged with any Borrower or any of its Subsidiaries or (b) any acquisition by any Borrower or any Subsidiaries thereof of the assets of any Person (other than a Subsidiary of any Borrower) that constitute all or substantially all of the assets of such Person or an entire portfolio (or a portion thereof, including, without limitation, Residual Buyouts in excess of \$500,000), division, or business unit of such Person, whether through purchase, merger or other business combination or transaction (and substantially all of such assets, division or business unit are located in the United States). With respect to a determination of the amount of an Acquisition, such amount shall include all consideration (including any deferred payments) set forth in the applicable agreements governing such Acquisition as well as the assumption of any Debt in connection therewith."

(c) **Permitted Acquisitions.** The definition of "Permitted Acquisition" in Section 1.1 of the Loan Agreement is hereby amended by:

- (i) replacing the number "\$10,000,000" in subclause (ix) thereof with "\$15,000,000"; and
- (ii) replacing the number "\$3,500,000" in subclause (xii) thereof with "\$5,000,000".

(d) **Senior Loan Agreement.** The definition of "Senior Loan Agreement" in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Senior Loan Agreement" means that Term Loan Agreement and Revolving Loan Agreement dated as of April 29, 2016, among Borrowers, certain lenders signatory thereto, and First Bank, as Administrative Agent for such lenders (as may be amended from time to time in accordance with its terms and the Senior Subordination Agreement)."

(e) **Maturity Date.** Section 2.8 of the Loan Agreement is hereby amended by replacing the date "February 13, 2019" in subclause (iii) thereof with "November 29, 2020".

(f) **Landlord Agreements.** Section 6.13 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"6.13 **Landlord Waivers.** Prior to or within sixty (60) days after leasing any real property from any Person other than another Borrower at which books and records are stored or where Collateral with

a value in excess of \$250,000 is located, Borrowers shall use commercially reasonable efforts to obtain from the landlord an agreement in form and substance reasonably satisfactory to Lenders pursuant to which the landlord waives or subordinates any right to any Encumbrance of the Collateral and otherwise provides Lenders with customary assurances as to access to the Collateral, the ongoing good standing of the lease, and related matters."

(g) **Additional Subsidiaries.** Section 6.20(a) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(a) **Additional Subsidiaries.** In the event that, subsequent to the Closing Date, any Person becomes a Subsidiary, whether pursuant to formation, acquisition or otherwise, (x) Borrowers shall promptly notify Collateral Agent and Lenders thereof and (y) within 30 days (or such longer time as the Required Lenders may permit) after such Person becomes a Subsidiary, Borrowers shall cause such Subsidiary (i) to become a Borrower and to grant liens in favor of the Collateral Agent in all of its personal property by executing and delivering to Collateral Agent a supplement or amendment to the Security Agreement in form and substance reasonably satisfactory to the Collateral Agent, and authorizing and delivering, at the request of Collateral Agent, such UCC financing statements or similar instruments required by Collateral Agent to perfect the liens in favor of Collateral Agent and granted under any of the Loan Documents, and (ii) to deliver all such other documentation (including, without limitation, certified organizational documents, resolutions, lien searches and legal opinions) and to take all such other actions as such Subsidiary would have been required to deliver and take pursuant to Section 4.1 if such Subsidiary had been a Borrower on the Closing Date. In addition, within 30 days (or such longer time as the Required Lenders may permit) after the date any Person becomes a Subsidiary, Borrowers shall (i) pledge all of the Equity Interests of such Subsidiary to Collateral Agent as security for the Obligations by executing and delivering applicable documents in form and substance satisfactory to Collateral Agent, and (ii) deliver any original certificates evidencing such pledged Equity Interests to Collateral Agent, together with appropriate powers executed in blank."

(h) **Required Consents.** The following is added as a new Section 6.12 of the Loan Agreement:

"6.22 **Consents.** In connection with a Permitted Acquisition, where the acquired entity has a third party payment processing contract with a processing provider that has generated revenue for such acquired entity in excess of \$500,000 for the twelve (12) calendar months prior to closing of such Permitted Acquisition, the Borrower will use its commercially reasonable efforts to obtain a consent of such third party processor reasonably acceptable to the Collateral Agent on or before the closing date of such Permitted Acquisition or within sixty (60) days thereafter (provided, for the avoidance of doubt, that delivery to Collateral Agent of such consent shall not be a condition to the consummation of such Permitted Acquisition hereunder so long as the Required Lenders' designee to the Governing Body of i3 Verticals (which designee as of the date hereof is John C. Harrison) consents thereto and further provided that such sixty (60) day period may be extended by the Collateral Agent in its discretion if the Borrowers are exercising reasonable efforts to obtain such consent)."

(i) **Permitted Indebtedness.** Section 7.1 of the Loan Agreement is hereby amended by replacing the number "\$250,000" in subclause (iii) thereof with "\$500,000".

(j) **Asset Acquisitions.** Section 7.9 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"7.9 **Asset Acquisitions.** Borrowers shall not acquire a material part of a Person's assets or of the assets constituting a portfolio, line of business, business location, or other business unit operated by a Person, except for Permitted Acquisitions or a Residual Buyout."

(k) **Restrictive Agreements.** Section 7.19 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"7.19 **Restrictive Agreements.** Except for the Senior Subordination Agreement, Borrowers shall not enter into any agreement that restricts prepayments under this Agreement, limits Borrowers' ability to provide the Collateral required hereunder, or otherwise restricts in any material respect Borrowers' ability to freely perform under the Loan Documents (other than agreements with prohibits rendered not effective pursuant to the Uniform Commercial Code or any other applicable Law (including Debtor Relief Laws) or principles of equity).

(l) **Financial Covenants.** Article 8 of the Loan Agreement is hereby amended and restated in its entirety to read as provided on Exhibit A attached hereto.

(m) **Judgments.** Section 9.1 of the Loan Agreement is hereby amended by replacing the number "\$50,000" in subclause (m) thereof with "\$250,000".

(n) **Subordination Legend.** Each Loan Document is hereby amended to delete any subordination legend included thereon and replace such legend with the following:

The indebtedness evidenced by this instrument is subordinated in right of payment to certain indebtedness to various lenders, for which First Bank is acting as Administrative Agent, and the liens on and security interests in collateral securing this instrument are subordinated in rights of priority to liens on and security interests in collateral securing such indebtedness, in each case pursuant to, and to the extent provided in, the Intercreditor and Subordination Agreement ("Intercreditor Agreement") dated as of April 29, 2016, executed by and between First Bank, as Administrative Agent for the Senior Lenders and Claritas Capital Specialty Debt Fund, L.P, CCSD II, L.P., and Harbert Mezzanine Partners III, L.P., as lenders and Claritas Capital Specialty Debt Fund, L.P. as Collateral Agent, as such Intercreditor Agreement may be amended, modified or supplemented from time to time. Payments may be made under this instrument only to the extent expressly permitted under such Intercreditor Agreement. In case of a conflict between the terms of this note and the Intercreditor Agreement, the terms of the Intercreditor Agreement shall govern. This legend shall be placed on any note or other instrument given at any time in substitution for or replacement hereof.

(o) **Amendments to Security Agreement.** The Security Agreement is hereby amended by:

(i) inserting the following new definitions in appropriate alphabetical order:

"**Excluded Property**" means all Merchant Funds.

"**Merchant**" means any customer for whom any Borrower directly or indirectly provides electronic payment processing services, including, without limitation, credit, debit, PIN debit, fleet, gift card, rewards and loyalty programs, electronic benefit transfer and check authorization and conversion, or with respect to whom any Borrower directly or indirectly receives residuals, commissions or fees.

"**Merchant Funds**" means all loss reserves, deposits, suspended/held funds, and any other monies or accounts owned by a Merchant, whether held by a Borrower or third party.

(ii) inserting the following sentence at the end of the definition of "Collateral":

"Notwithstanding the foregoing, the Collateral shall not include any Excluded Property."

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit B.

6. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

7. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

8. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

9. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

10. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

11. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

12. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

13. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

14. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

15. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

i3 VERTICALS, LLC
CP-TOPS, LLC
CP-USDC, LLC
CP-PS, LLC
CP-APS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC

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

[Signatures to Fifth Amendment to First Amended and Restated Loan Agreement and
Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to Fifth Amendment to First Amended and Restated Loan Agreement and
Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Fifth Amendment to First Amended and Restated Loan Agreement and
Omnibus Amendment to Loan Documents]

EXHIBIT A

Restated Financial Covenants

ARTICLE 8
FINANCIAL COVENANTS

8.1 Minimum Fixed Charge Coverage Ratio. As of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ending on March 31, 2015, Borrowers will maintain a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00.

8.2 Maximum Total Leverage Ratio. As of the end of each Fiscal Quarter, (i) commencing with the Fiscal Quarter ending on March 31, 2015, Borrowers will maintain a Total Leverage Ratio of not greater than 4.25 to 1.00, (ii) commencing with the Fiscal Quarter ending on June 30, 2016, Borrowers will maintain a Total Leverage Ratio of not greater than 4.75 to 1.00, (iii) commencing with the Fiscal Quarter ending on December 31, 2016, Borrowers will maintain a Total Leverage Ratio of not greater than 4.5 to 1.00, and (iv) commencing with the Fiscal Quarter ending on March 31, 2019, Borrowers will maintain a Total Leverage Ratio of not greater than 4.25 to 1.00.

8.3 Financial Definitions. As used in this Agreement, the following capitalized terms have the meanings set forth below (all calculations are to be made in accordance with GAAP unless otherwise noted and all calculations are to be made for Borrowers on a consolidated basis):

"**Acquisition EBITDA**" shall mean EBITDA, with respect to any Permitted Acquisition, calculated as follows: (i) for the Fiscal Quarter in which the Permitted Acquisition occurs, an agreed upon pro forma annual EBITDA between Borrowers and Lenders, (ii) for the first full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 4, (iii) for the second full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 2, (iii) for the third full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 1.33, and (iv) for each quarter thereafter, actual trailing twelve-month EBITDA of the acquired entity.

"**Adjusted EBITDA**" shall mean the sum of EBITDA plus Acquisition EBITDA, less any actual EBITDA of a Permitted Acquisition from the close of Acquisition through the end of each of the next four (4) Fiscal Quarters reflected in Borrowers' financial statements, minus EBITDA of any business, property or asset sold, transferred or otherwise disposed of during such period, plus or minus any adjustments mutually agreed upon by Borrowers, Lenders, and the Senior Lender.

"**Capital Expenditures**" means, for any period, the aggregate cost of all capital assets acquired by any Borrower during such period (including gross leases to be capitalized under GAAP and leasehold improvements, but excluding costs of any capital assets acquired as a part of a Permitted Acquisition), as otherwise as determined in accordance with GAAP.

"**EBITDA**" means, for any period of determination and without duplication, the sum of consolidated net income of Borrowers for such period (computed without regard to any extraordinary items of gain or loss), plus to the extent included in the calculation of consolidated net income for such period, the sum of (A) interest expense, (B) income tax expense determined in accordance with GAAP, (C) depreciation and amortization determined in accordance with GAAP, (D) all other non-cash charges determined in accordance with GAAP acceptable to the Lenders, (E) other one-time non-recurring income and expenses paid during such period (including Contingent Consideration), but only to the extent approved by the Lenders in writing, and (F) other adjustments to EBITDA mutually agreed to by Lenders, the Senior Lender and Borrowers, EBITDA shall be calculated for any Fiscal Quarter, based on the trailing 12 month period.

[Schedule/Exhibit to Fifth Amendment to First Amendment and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

"**Fixed Charge Coverage Ratio**" shall mean the ratio at any time of determination and for any period, (i) the sum of (A) Adjusted EBITDA for the twelve (12) month period then ended, minus (B) all unfinanced Capital Expenditures computed on a trailing twelve-month basis, minus (C) dividends or distributions accrued for income tax expenses for such period, minus (D) income tax expenses for such period, divided by (ii) the sum of (A) actual cash interest payments paid in such period and (B) the current portion of scheduled principal payments on Funded Debt coming due in the twelve (12) fiscal months immediately following the end of such period. The amount of income tax expense, all dividends or distributions accrued for income tax expense, and cash interest payments will be computed on a trailing twelve-month basis.

"**Funded Debt**" means all Debt outstanding under the Senior Loan, together with any outstanding amounts under all Seller Notes.

"**Total Funded Debt**" means at any time of determination with duplication, all debt obligations of Borrowers including senior debt, subordinated debt, and Seller Notes, but excluding any debt obligations related to or included in Contingent Consideration.

"**Total Leverage Ratio**" means the ratio determined as of the end of any Fiscal Quarter of (i) all Total Funded Debt, to (ii) Adjusted EBITDA.

[Schedule/Exhibit to Fifth Amendment to First Amendment and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT B

[Schedules updated to reflect the reaffirmation of the representations and warranties made in Article 5 of the Loan Agreement.]

**SIXTH AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of May 12, 2016, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-TOPS, LLC ("CP-TOPS"), a Delaware limited liability company; CP-USDC, LLC ("CP-USDC"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-APS, LLC ("CP-APS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company; i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation; i3-RS, LLC ("i3-RS"), a Delaware limited liability company; i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), and i3-Axia, LLC, a Delaware limited liability company ("i3-Axia") (CP, CP-TOPS, CP-USDC, CP-PS, CP-APS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, and i3-BP are the "Existing Borrowers," and the Existing Borrowers and i3-Axia are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HERBERT MEZZANINE PARTNERS III, L.P. ("Herbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, and as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016 (as amended, the "Loan Agreement"); and

B. i3-Axia has recently been formed as a wholly-owned subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-Axia.** i3-Axia hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include i3-Axia as a party thereto. i3-Axia further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral

Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-Axia agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-Axia agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-Axia.

3. **i3-Axia Acquisition.** Borrowers represent, warrant, and agree that (i) the acquisition by i3-Axia of assets pursuant to that certain Asset Purchase Agreement (the "i3-Axia Acquisition Agreement") dated as of April 29, 2016, by and among i3-Axia, Axia Holdings, Inc., Axia Payments, LLC, the Clark Living Trust, Randal Clark, Amy Clark, and i3 Verticals, LLC qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition (other than with respect to the amount of the purchase price) have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) all contingent consideration payable under the i3-Axia Acquisition Agreement, including under Section 2.7 thereof, constitutes Contingent Consideration under the Loan Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition. The Lenders hereby consent to the acquisition contemplated by the Axia Acquisition Agreement.

4. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 665,000 fully vested Common Units of i3 pursuant to the i3-Axia Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

6. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

7. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

8. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

9. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

10. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

11. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

12. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

13. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

14. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

15. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

i3 VERTICALS, LLC
CP-TOPS, LLC
CP-USDC, LLC
CP-PS, LLC
CP-APS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC
i3-AXIA, LLC

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

[Signatures to Sixth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND,
L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND,
L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to Sixth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Sixth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-Axia to the Loan Agreement and certain other Loan Documents.]

**SEVENTH AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of June 30, 2016, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-TOPS, LLC ("CP-TOPS"), a Delaware limited liability company; CP-USDC, LLC ("CP-USDC"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-APS, LLC ("CP-APS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), i3-Axia, LLC, a Delaware limited liability company ("i3-Axia"), and i3-Randall, LLC, a Delaware limited liability company ("i3-Randall") (i3, CP-TOPS, CP-USDC, CP-PS, CP-APS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, i3-BP, and i3-Axia are the "Existing Borrowers," and the Existing Borrowers and i3-Randall are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. ("Harbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, and as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016 (as amended, the "Loan Agreement"); and

B. i3-Randall has recently been formed as a wholly-owned subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-Randall.** i3-Randall hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended

to include i3-Randall as a party thereto. i3-Randall further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-Randall agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-Randall agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-Randall.

3. **i3-Randall Acquisition.** Borrowers represent, warrant, and agree that (i) the acquisition by i3-Randall of assets pursuant to that certain Asset Purchase Agreement (the "i3-Randall Acquisition Agreement") dated as of June 30, 2016, by and among i3-Randall, Randall Data Systems, Inc., Brian McNett, and Kimberly McNett qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) all contingent consideration payable under the i3-Randall Acquisition Agreement, including under Article III thereof, constitutes Contingent Consideration under the Loan Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition.

4. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

5. **Consent to Amendment of LLC Agreement.** Lenders hereby consent to the amendment of i3's limited liability company agreement pursuant to that Second Amendment to the Third Amended and Restated Limited Liability Company Agreement of i3-Verticals, LLC attached hereto as Exhibit B.

6. **Consent to Certain Matters Regarding Issuance of Equity.** Lenders hereby consent to the issuance by i3 of Equity Interests as described in and on the terms and conditions provided in the equity subscription and closing documents attached hereto as Exhibit C.

7. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

8. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

9. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

10. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair

the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

11. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

12. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

13. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

14. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

15. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

16. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

i3 VERTICALS, LLC
CP-TOPS, LLC
CP-USDC, LLC
CP-PS, LLC
CP-APS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i-BP, LLC
i3-AXIA, LLC
i3-RANDALL, LLC

By: /s/ Clay Whitson
Name: Clay Whitson
Title: Clay Whitson, Chief Financial Officer and Secretary

[Signatures to Seventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND,
L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND,
L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to Seventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Seventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-Randall to the Loan Agreement and certain other Loan Documents.]

EXHIBIT B

Amendment to LLC Agreement

[Schedule/Exhibit to Seventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

**SECOND AMENDMENT TO THE
THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
i3 VERTICALS, LLC**

THIS AMENDMENT to the Third Amended and Restated Limited Liability Company Operating Agreement of i3 Verticals, LLC (the "LLC Agreement"), is made in accordance with the terms of the LLC Agreement effective June 30, 2016.

WHEREAS, i3 Verticals, LLC, a Delaware limited liability company (the "Company"), established the LLC Agreement effective January 15, 2014 and, effective November 14, 2014, amended the LLC Agreement by approval of its Board of Directors (the "Board") and its Class A Preferred Members (the "Members") in accordance with the terms of the LLC Agreement;

WHEREAS, the Board and the Members desire to amend the LLC Agreement to (i) revise certain defined terms and provisions in order to accommodate the issuance of Class A Preferred Units that has been authorized by the Board; (ii) to provide for a total of seven members of the Board; (iii) provide for a total of two "Independent Directors" as such term is defined in the LLC Agreement; and (iv) to substitute the term "Class A Directors" for the term "Independent Directors" as used in the LLC Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Members and the Company hereby agree to the amendment of the LLC Agreement as follows:

I. The definition of "Class A Original Issue Price" is restated as follows:

"Class A Original Issue Price" means: (i) \$1.00 per Class A Unit that was issued prior to the amendment of the LLC Agreement on June 30, 2016; (ii) \$3.23 per Class A Unit with respect to Class A Units issued pursuant to a subscription dated on or about June 30, 2016; and (iii) with respect to all other Class A Units, the value agreed upon in writing by a Member and the Company. The Class A Original Issue Price is subject to appropriate adjustment in the event of any Unit dividend, Unit split, combination or other similar recapitalization with respect to the Class A Units.

II. The definition of "Class A Unreturned Capital" is restated as follows:

"Class A Unreturned Capital" means, with respect to each Class A Unit, an amount equal to the Class A Original Issue Price (as adjusted for any Unit dividends, combinations, splits, reclassification and the like with respect to the Class A Units) of such Class A Unit, reduced by the cumulative distributions made with respect to such Class A Unit pursuant to Section 4.2(a)(ii).

III. The Term "Independent Director" under Cross References is restated as "Class A Director."

IV. Section 5.1(b) is restated as follows:

(b) Number of Directors. Effective June 30, 2016, the number of directors which will constitute the entire Board will be seven. Directors need not be Members of the Company.

V. The following sentence is be added to the end of Section 5.1(c)(i):

Effective June 30, 2016, R. Burton Harvey and David M. Wilds shall serve as the FAP Directors.

VI. Section 5.1(c)(iv) is restated as follows:

(iv) Effective June 30, 2016, the Members holding a majority of the Class A Units and Warrant Units issuable upon the exercise of the 2013 Mezzanine Lender Warrants, voting together as a single class, will be entitled to designate and elect two (2) members of the Board (each an "Class A Director" and collectively the "Class A Directors"). The Class A Directors will each serve until such time that his or her successor is elected and qualified. Any Class A Director may only be removed, with or without cause, by the Members holding a majority of the Class A Units and Warrant Units issuable upon exercise of the 2013 Mezzanine Lender Warrants, voting together as a single class. As of June 30, 2016, Clay Whitson and Hayes Bryant shall serve as Class A Directors.

The LLC Agreement, as amended by this Amendment, is hereby ratified and shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned authority has executed this Amendment on this 30th day of June, 2016.

i3 VERTICALS, LLC

/s/ Clay Whitson

Clay Whitson, Chief Financial Officer

EXHIBIT C

Equity Issuance Documents

[Schedule/Exhibit to Seventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

i3 VERTICALS, LLC
Class A Closing Statement
June 2016

This Closing Statement is executed as of June 29, 2016, by i3 Verticals, LLC, a Delaware limited liability company (the "Company").

The Company and certain other parties (the "Investors") have executed and delivered one or more Subscription Agreements (each a "Subscription Agreement") with respect to the purchase by the Investors of shares of the Company's Class A Units (the "Units") for a price of \$3.23 per Unit. Pursuant to the Subscription Agreements, the Investors have agreed to purchase from the Company and the Company has agreed to issue and sell to the Investors, at the applicable closing an aggregate of 309,975.232198140 Units. The Company desires hereby to memorialize the manner in which the purchase price for each Unit will be paid at each closing.

i3 Verticals, LLC Aggregation Account Wiring Instructions	
Bank Name:	First Bank
Bank Address:	211 Commerce Street, Suite 300 Nashville, TN 37219
Account Name:	i3 Verticals, LLC Aggregation Account
ABA#/Routing #:	084307033
Account #:	86847310
Address:	40 Burton Hills Blvd, Suite 415 Nashville, TN 37215
Contact:	Phena Grimes at 615-313-0497, or Carlos Muruas at 615-687-1298

Class A Units Purchases (3.23/Unit)				
Investor Name	Number of Units	Total Unit Price	Method of Payment	Payment Receipt
James Stephen Turner, Jr.	30,959.752321981	\$100,000	Cash	
Katherine Rose Turner 1997 Grandchild Trust	61,919.504643963	\$200,000	Cash	
James Stephen Turner III 2000 Grandchild Trust	61,919.504643963	\$200,000	Cash	
7/6 Investment Partnership LP	464,396.284829721	\$1,500,000	Cash	
David M. Wilds	154,798.761609907	\$500,000	Cash	
Greg S. and Collie F. Daly	309,597.523219814	\$1,000,000	Cash	
Greg S. and Collie F. Daily	309,597.523219814	\$1,000,000	Note Conversion	
HMP III Equity Holdings, LLC	835,913.312693498	\$2,700,000	Cash	
CCSD II, L.P. and related entities	417,956.656346749	\$1,350,000	Cash	
Clnritas Capital Specialty Debt Fund L.P.	417,956.656346749	\$1,350,000	Cash	
Clay Whitson	30,959.752321981	\$100,000	Cash	
Totals	3,095,975.232198140	\$10,000,000		

ACKNOWLEDGED and AGREED

i3 VERTICALS, LLC

/s/ Clay Whitson

Clay Whitson, Chief Financial Officer

i3 VERTICALS, LLC
(A Delaware Limited Liability Company)
\$10,000,000 Class A Units of Limited Liability Company Interest

Class A Units of limited liability company interest (the "Units") are offered hereby in i3 Verticals, LLC, f/k/a Charge Payment, LLC (the "Company"), a Delaware limited liability company engaged in the business of processing electronic payments and developing software systems that support payment processing. At the closing of this offering, one Unit will be issued to investors (the "Investors") for each \$3.23 invested in the Company.

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AUTHORITY NOR HAS ANY SUCH SECURITIES AUTHORITY PASSED UPON THE ACCURACY OR THE ADEQUACY OF THIS OFFERING DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

June 30, 2016

i3 VERTICALS, LLC

INSTRUCTIONS

If, after you have carefully considered the information that has been provided to you concerning the Company, you decide to subscribe for Units in the Company, please follow the instructions below. The information requested in the Subscription Agreement and related documents is necessary to establish exemptions from registration of the offer and sale of the Units under federal and state securities laws.

The Subscription Agreement included herein (the "Subscription Agreement") must be completed and executed correctly and delivered to the Company on or before June 30, 2016. It is suggested that subscribers make and retain copies of the completed Subscription Agreement. The information provided by subscribers is confidential and will not be reviewed by anyone other than the Company and its affiliates and their counsel and agents, except as may be required by applicable law or legal process. Authorized representatives of entity subscribers should initial their answer to each of the questions in Section 5.1(e) of the Subscription Agreement.

The Company reserves the right to accept or reject any subscription, in whole or in part, and to terminate this offering at any time. This offering will terminate on June 30, 2016.

Subscription Agreement. Subscribers must date, complete and execute a Subscription Agreement. Carefully review the entire Subscription Agreement, including the representations, acknowledgments and agreements contained therein and complete and sign the signature page of the Subscription Agreement.

Delivery of Subscription Agreement. Each subscriber should return a completed and signed Subscription Agreement on or before the June 30, 2016 to:

Kathryn R. Agnew
i3 Verticals, LLC
40 Burton Hills Boulevard, Suite 415
Nashville, Tennessee 37215

Additional Information. Upon request to the address above, the Company will provide to you and your representatives and advisers an opportunity to ask questions and receive answers concerning the terms and conditions of the Subscription Agreement and to obtain additional information that the Company may possess or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished to you.

SUBSCRIPTION AGREEMENT

Pursuant to this Subscription Agreement (this "Agreement"), i3 Verticals, LLC, a Delaware limited liability company (the "Company"), and you ("you" and "your" shall refer to the undersigned investor) hereby agree as follows:

1. Subscription. You are subscribing to acquire securities issued by the Company that are defined as "Class A Units" in the Third Amended and Restated Limited Liability Company Agreement of the Company, as amended, (the "Units"). You hereby acknowledge that you have read and understand that your rights as an investor of the Units will be governed by the terms and conditions set forth in this Agreement. The Company may accept or reject your subscription in whole or in part, in its sole discretion. This offering will terminate on the Closing Date (as defined below).

2. Subscription to the Units. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the respective parties contained herein:

- (a) The Company agrees to issue to you, and you irrevocably subscribe for Units in the number set forth on the signature page to this Agreement;
- (b) The following consideration is provided to acquire the Units (check all that apply):

Cash in the amount of \$1,350,000

Cancellation of that 10% Subordinated Promissory Note, dated February 14, 2014, in the principal amount of \$3,000,000 (the "Note") in the amount of \$ _____;

To the extent of the cancellation of the Note that is indicated above, the Company's obligations to you under the Note will be deemed paid in full upon the delivery of the Units on the Closing Date; and

(c) The Company agrees that you shall be holder of the Units, upon the terms and conditions, and in consideration of your Agreement to be bound by the terms and provisions of this Agreement. Subject to the terms and conditions hereof and thereof, your obligation to subscribe and pay for the Units as described in this Section 2 shall be complete and binding upon the execution and delivery of this Agreement by you and its acceptance by a duly authorized representative of the Company.

3. Closing Date. The closing of your investment in the Units shall take place on ___ June 30, 2016 (the "Closing Date"). On the Closing Date, and upon satisfaction of the conditions set out in Section 4 of this Agreement, the Units will be issued to you.

4. Conditions Precedent to the Company's Obligations. The obligations of the Company to issue to you the Units at the Closing shall be subject to the fulfillment (or waiver by the Company) prior to or at the time of the Closing, of the following conditions:

- (a) Representations and Warranties. The representations and warranties made by you in Section 5 shall be true and correct when made and at the time of the Closing.
- (b) Performance. You shall have duly performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by you prior to or at the time of the Closing.

5. Representations and Warranties of the Investor.

5.1. The Representations and Warranties. You represent and warrant to the Company that each of the following statements is true and correct:

(a) Accuracy of Information. All of the information provided by you to the Company in connection with this investment, including but not limited to any Investor Questionnaire, which responses and representations are incorporated herein by reference and made a part of this Agreement, is true, correct and complete in all respects. Any other information you have provided to the Company about you is correct and complete as of the date of this Agreement.

(b) Advice. You have either consulted your own investment adviser, attorney or accountant about the investment and proposed investment in the Units and its suitability to you or chosen not to do so, despite the recommendation of that course of action by the Company.

(c) Subscription Agreement. You understand the risks of, and other considerations relating to, an investment in the Units and the governing provisions of the Third Amended and Restated Limited Liability Company Agreement dated January 15, 2014, as amended (the "Limited Liability Company Agreement"). You have been given access to, and prior to the execution of this Agreement you were provided with an opportunity to ask questions of, and receive answers from, the Company or any of its principals concerning the terms and conditions of the offering of the Units, and to obtain any other information which you and your investment representative and professional advisors requested with respect to the Company, its operations and other matters related to the Company and your investment in the Company in order to evaluate your investment and verify the accuracy of all information furnished to you regarding the Company. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory by you.

(d) Accredited Investor. You are an accredited investor within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act") and have provided the Company with information concerning the basis for your accredited investor status.

(e) Suitability Statements, Supplemental Data and Foreign Ownership. The truth, correctness and completeness of the following information supplied by you is warranted pursuant to Section 5.1(a) above. You recognize that you may be required to confirm the following information at a later date or provide additional information for compliance purposes upon request. PLEASE INITIAL TO THE LEFT OF EACH APPLICABLE STATEMENT:

____ You are a corporation, a Massachusetts or similar business trust, a partnership or limited liability company, in each case not formed or operated for the specific purpose of acquiring the Units and in each case with total assets in excess of \$5,000,000; or

____ ü You are an entity as to which all the equity owners are accredited investors within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act. The Company, in its sole discretion, may request information regarding the basis on which such equity owners are accredited.

PLEASE INITIAL TO THE LEFT OF EACH APPLICABLE STATEMENT:

- True False ____ You (i) were not formed, and (ii) are not being utilized, primarily for the purpose of making an investment in the Company.
- True ____ False You are (i) an "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not such plan is subject to Title I of ERISA, (ii) a "plan" (as defined in Section 4975(e)(1) of

the Code, including without limitation, an individual retirement account), whether or not subject to Section 4975 of the Code, (iii) an entity whose underlying assets include plan assets by reason of a plan's investment in such entity or (iv) an entity that otherwise constitutes a "benefit plan investor" within the meaning of the Department of Labor Regulation, 29 C.F.R. Section 2510.3-101 (the "Plan Assets Regulation"), including but not limited to, an insurance company general account, an insurance company separate account, a collective investment fund or a governmental plan (whether foreign or domestic), a plan maintained by a foreign corporation (each of (i), (ii), (iii) or (iv), a "Benefit Plan Investor").

Disclosure of Foreign Ownership.

- True ___ False You are an entity organized under the laws of a jurisdiction other than those of the United States or any state, territory or possession of the United States (a "Foreign Entity").
- True ___ False You are a corporation or limited liability company of which, in the aggregate, more than one-fourth of the equity capital is owned of record or voted by Foreign Citizens, Foreign Entities, Foreign Corporations (as defined below) or Foreign Partnerships (as defined below) (a "Foreign Corporation").
- True ___ False You control or are an entity controlled by, any of the entities listed above.

(f) Transfers and Transferability. You understand and acknowledge that the Units have not been registered under the Securities Act or any state securities laws and are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and, therefore, the Units are "restricted securities" as defined by Rule 144 under the Securities Act and cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. You also understand that sales or transfers of the Units are further restricted by the provisions of the Limited Liability Company Agreement.

You represent and warrant that you are acquiring the Units for the purpose of investment and not with a view to the resale or distribution thereof. You represent and warrant further that you have no contract, understanding, agreement or arrangement with any person to sell or transfer or pledge to such person or anyone else any of the Units for which you hereby subscribe (in whole or in part); and you represent and warrant that you have no present plans to enter into any such contract, undertaking, agreement or arrangement.

You understand that the Units cannot be sold or transferred without the prior written consent of the Company, which consent may be withheld in its sole and absolute discretion, or otherwise as expressly permitted by the Limited Liability Company Agreement. You understand that the Units will be illiquid and that there is no public market for the Units. You are aware and acknowledge that, because of the substantial restrictions on the transferability of the Units, it may not be possible for you to liquidate your investment in the Company readily, even in the case of an emergency.

(g) Residence. You maintain your domicile at the address shown on the signature page of this Agreement and you are not merely transient or temporarily a resident there.

(h) Awareness of Risks: Taxes. You represent and warrant that you are aware that the Units involve a high degree of risk of loss and that there is no assurance of any income from your investment. You further represent that you are relying solely on your own conclusions or the advice of your own counsel or investment representative with respect to tax aspects of any investment in the Company and that any disposition of the Units may result in unfavorable tax consequences to you.

(i) Power, Authority; Valid Agreement. (i) You have all requisite power and authority to execute, deliver and perform your obligations under this Agreement and the Limited Liability Company Agreement and to subscribe for and acquire the Units; (ii) your execution of this Agreement and the Limited Liability Company Agreement has been authorized by all necessary action on your behalf; and (iii) this Agreement and

the Limited Liability Company Agreement are each valid, binding and enforceable against you in accordance with their respective terms.

(j) No Conflict; No Violation. The execution and delivery of this Agreement and the Limited Liability Company Agreement by you and the performance of your duties and obligations hereunder and thereunder (i) do not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under (A) any charter, by-laws, trust agreement, partnership agreement or other governing instrument applicable to you, (B) (1) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement or understanding, or (2) any license, permit, franchise or certificate, in either case to which you or any of your affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject; (ii) do not require any authorization or approval under or pursuant to any of the foregoing; and (iii) do not violate any statute, regulation, law, order, writ, injunction or decree to which you or any of your affiliates is subject.

(k) No Litigation. There is no litigation, investigation or other proceeding pending or, to your knowledge, threatened against you or any of your affiliates which, if adversely determined, would adversely affect your financial condition or your ability to perform your obligations under this Agreement or the Limited Liability Company Agreement.

(l) Consents. No consent, approval or authorization of, or filing, registration or qualification with, any court or governmental authority on your part is required for the execution and delivery of this Agreement or the Limited Liability Company Agreement by you or the performance of your obligations and duties hereunder or thereunder.

(m) Documents. You acknowledge you have received a copy of, and have previously executed and agreed to be bound by, that certain Limited Liability Company Agreement of i3 Verticals, LLC, dated effective as of January 15, 2014, by and among the members therein named, and as amended.

(n) Security Agreement. You acknowledge you have received a copy of the LLC Interests Security Agreement ("Security Agreement") and hereby subject the Units to the Security Agreement. You acknowledge that the Units will be subject to a security interest and, in the event of a default by the Company, such security interest may be executed on and the Units may be transferred to the holder of the security interest.

5.2. Survival of Representations and Warranties. All representations and warranties made by you in Section 5.1 of this Agreement shall survive the execution and delivery of this Agreement, as well as any investigation at any time made by or on behalf of the Company and the issue and sale of the Units.

5.3. Reliance. You acknowledge that your representations, warranties, acknowledgments and agreements in this Agreement will be relied upon by the Company in determining your suitability as an investor in the Units.

5.4. Further Assurances. You agree to provide, if requested, any additional information that may be requested or required to determine your eligibility to invest in the Units.

5.5. Indemnification. You hereby agree to indemnify the Company and its affiliates and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss"), in connection with or arising out of a breach of representation, warranty or agreement by you, whether contained in this Agreement or any other document provided by you to the Company in connection with your investment in the Units. You hereby agree to indemnify the Company and its affiliates and to hold them harmless against all Loss arising out of the sale or distribution of the Units by you in violation of the Securities Act or other applicable law or any misrepresentation or breach by you with respect to the matters set forth in this Agreement. The indemnification obligations provided herein shall survive the execution and delivery of this Agreement, any investigation at any time made by the Company and the issue and sale of the Units and shall be in addition to any liability you may otherwise have. Notwithstanding any provision of this Agreement, you do not waive any right granted to you under any applicable securities laws.

6. Certain Agreements and Acknowledgments of the Investor. You understand, agree and acknowledge that:

(a) Acceptance. Your subscription for the Units contained in this Agreement may be accepted or rejected, in whole or in part, by the Company in its sole and absolute discretion. No subscription shall be accepted or deemed to be accepted until (i) you fulfill the conditions of this Agreement and (ii) your receipt of a returned and signed copy of this Agreement indicating that the Company has accepted your subscription for the Units offered herein.

(b) Irrevocability. Except as provided under applicable state securities laws, this subscription is and shall be irrevocable, except that you shall have no obligations hereunder if this subscription is rejected or the offering is cancelled for any reason.

(c) No Recommendation. No foreign, federal, or state authority has made a finding or determination as to the fairness of investment of the Units and no foreign, federal or state authority has recommended or endorsed or will recommend or endorse this offering.

(d) No Transfer. You will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of the Units or any interest therein (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Units) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws and with the terms of the Limited Liability Company Agreement.

(e) Update Information. If there should be any change in the information provided by you to the Company (whether pursuant to this Agreement or otherwise) prior to your investment in the Units, you will immediately furnish such revised or corrected information to the Company.

(f) Reliance on Information. You have not received any representations or warranties from the Company or its affiliates, agents or representatives and, in making this investment decision, are relying solely on your own personal knowledge, your own investigations and the information provided to you at your request, which has been comprised of financial information regarding the Company, including financial statements and excerpts from documents governing our indebtedness that contain financial covenants to which the Company is subject. None of the Company or its affiliates, agents or representatives is guaranteeing the profitability of the Company or that any return will be produced for you. You acknowledge the speculative nature of an investment in the Company and that the investment is subject to loss if the Company is unsuccessful.

(g) Confidentiality. Unless required by law, you shall not disclose or use any confidential non-public information related to the Company, including but not limited to financial statements and excerpts from documents governing our indebtedness that contain financial covenants to which the Company is subject, provided that you may disclose such information to any of your advisors, attorney and accountants, if such advisor, attorney and/or accountant shall have agreed to be bound by this provision.

7. Repurchase Right. You agree that, if any of the representations and warranties made in this Subscription Agreement shall be false or a material fact necessary to make them not materially misleading is omitted, the Company may, but is not obligated to, require you to sell your Units to the Company or any of its affiliates for an amount equal to your investment in such Units pursuant to this Subscription Agreement.

8. General Contractual Matters.

8.1. Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of you and the Company.

8.2. Assignment. You agree that neither this Agreement nor any rights which may accrue to you hereunder may be transferred or assigned.

8.3. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to any party when delivered by hand, when delivered by facsimile, or when mailed, first-class postage prepaid, (a) if to you, to you at the address or fax number set forth below your signature, or to such other address or fax number as you shall have furnished to the Company in writing, and (b) if to the Company, to i3 Verticals, LLC, Attn: Kathryn R. Agnew, 40 Burton Hills Boulevard, Suite 415, Nashville, Tennessee 37215, kagnew@i3verticals.com, or to such other address or addresses, or facsimile number or numbers, as the Company shall have furnished to you in writing, provided that any notice to the Company shall be effective only if and when received by the Company.

8.4. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TENNESSEE WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS (EXCEPT INsofar AS AFFECTED BY THE SECURITIES OR "BLUE SKY" LAWS OF THE STATE OR SIMILAR JURISDICTION IN WHICH THE OFFERING DESCRIBED HEREIN HAS BEEN MADE TO YOU).

8.5. Descriptive Heading. The descriptive headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

8.6. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

8.7. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

8.8. Joint and Several Obligations. If you consist of more than one Person, this Agreement shall consist of the joint and several obligation of all such Persons.

8.9. Fiduciary Duty Claims. You hereby waive, and release the Company from, any cause of action for breach of fiduciary duty on the part of the Company that you might claim as a result of your being unable to sell or otherwise transfer your Units, or as a result of any dilution of your interest as a member as a result of the sale of additional authorized Units after the closing of the offering of the Units in which you subscribe.

8.10. Consent to Representation. You hereby consent to the current and future representation by Waller Lansden Dortch & Davis, LLP ("WLDD"), of (a) the Company with respect to the offering of Units and (b) the Company and its affiliates with respect to other activities. You represent and warrant that you understand and acknowledge the different interests involved in WLDD's representation of the Company and its affiliates.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has caused this Subscription Agreement to be executed on June 30, 2016.

Claritas Capital Specialty Debt Fund, L.P.

By: /s/ R. Burton Harvey

Title: Managing Partner

The above named Investor hereby subscribes for 417,956.656346749 Units.

AGREED AND ACCEPTED TO ON JUNE 30, 2016, AS TO 417,956.656346749 UNITS.

i3 Verticals, LLC

By: /s/ Clay Whitson

Clay Whitson, Chief Financial Officer

[Signature Page to Subscription Agreement]

**EIGHTH AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of December 21, 2016, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-TOPS, LLC ("CP-TOPS"), a Delaware limited liability company; CP-USDC, LLC ("CP-USDC"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-APS, LLC ("CP-APS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), i3-Axia, LLC, a Delaware limited liability company ("i3-Axia"), i3-Randall, LLC, a Delaware limited liability company ("i3-Randall"), and i3-CSC, LLC, a Delaware limited liability company ("i3-CSC") (i3, CP-TOPS, CP-USDC, CP-PS, CP-APS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, i3-BP, i3-Axia, and i3-Randall are the "Existing Borrowers," and the Existing Borrowers and i3-CSC are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HERBERT MEZZANINE PARTNERS III, L.P. ("Herbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016, and as further amended by that Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 30, 2016 (as amended, the "Loan Agreement"); and

B. i3-CSC has recently been formed as a wholly-owned subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-CSC.** i3-CSC hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 21, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include i3-CSC as a party thereto. i3-CSC further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-CSC agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-CSC agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-CSC.

3. **i3-CSC Acquisition.** Borrowers represent, warrant, and agree that (i) the acquisition by i3-CSC of assets pursuant to that certain Asset Purchase Agreement (the "i3-CSC Acquisition Agreement") dated as of December 14, 2016, by and among i3-CSC, CSC Links LLC, and Chase J. Myers (and consented to by Angela Myers) qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) all contingent consideration payable under the i3-CSC Acquisition Agreement, including under Article III thereof, constitutes Contingent Consideration under the Loan Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition.

4. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 175,000 Class P non-voting units of i3 pursuant to the i3-CSC Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

6. **Consent to Subsidiary Consolidation.** Borrower has informed Lenders that CP- APS, CP-USDC and CP-TOPS desire to consolidate, rollup, and merge with or into i3 (the "Subsidiary Consolidation"), which if done without Collateral Agent's and Lenders' consent, would be a violation of Sections 7.8 and 7.11 of the Loan Agreement. At the request of and as an accommodation to Borrowers, Collateral Agent and Lenders hereby consent to the consummation of the Subsidiary Consolidation and agree that the consummation of the Subsidiary Consolidation shall not constitute a Default or Event of Default under the Loan Agreement, subject to satisfaction of the following conditions precedent: (i) the Subsidiary Consolidation shall occur on or before December 31, 2016, (ii) i3 assumes all liabilities of CP-APS, CP-USDC, and CP-TOPS as part of the Subsidiary Consolidation, and (iii) Collateral Agent and Lenders have reviewed and approved all documents relating to the Subsidiary Consolidation to their reasonable satisfaction.

7. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

8. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected

security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

9. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

10. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

11. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

12. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

13. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

14. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

15. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

16. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

I3 VERTICALS, LLC
CP-TOPS, LLC
CP-USDC, LLC
CP-PS, LLC
CP-APS, LLC
CP-DBS, LLC
I3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC
i3-AXIA, LLC
i3-RANDAL, LLC
i3-CSC, LLC

By: /s/ Clay Whitson
Clay Whitson, Chief Financial Officer and Secretary

[Signature to Eighth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Partner

[Signature to Eighth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signature to Eighth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-CSC to the Loan Agreement and certain other Loan Documents.]

[Signature to Eighth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

**NINTH AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Ninth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of March 31, 2017, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), i3-Axia, LLC, a Delaware limited liability company ("i3-Axia"), i3-Randall, LLC, a Delaware limited liability company ("i3-Randall"), i3-CSC, LLC, a Delaware limited liability company ("i3-CSC"), and i3-TS, LLC, a Delaware limited liability company ("i3-TS") (i3, CP-PS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, i3-BP, i3-Axia, i3-Randall, and i3-CSC are the "Existing Borrowers," and the Existing Borrowers and i3-TS are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HERBERT MEZZANINE PARTNERS III, L.P. ("Herbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016, as further amended by that Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 30, 2016, and as further amended by that Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of December 21, 2016 (as amended, the "Loan Agreement"); and

B. i3-TS has recently been formed as a wholly-owned subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions and Rules of Construction. As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-TS.** i3-TS hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 21, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include i3-TS as a party thereto. i3-TS further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-TS agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-TS agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-TS.

3. **i3-TS Acquisition.** B01TOWers represent, warrant, and agree that (i) the acquisition by i3-TS of assets pursuant to that certain Asset Purchase Agreement (the "i3-TS Acquisition Agreement") dated as of March 31, 2017, by and among i3-TS, Techstorm, LLC, and Jonathan Frankel qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) there is no contingent consideration payable under the i3-TS Acquisition Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition.

4. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

5. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

6. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

7. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

8. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

9. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights

or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

10. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

11. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

12. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

13. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

14. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

i3 VERTICALS, LLC
CP-TOPS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC
i3-AXIA, LLC
i3-RANDALL, LLC
i3-CSC, LLC
i3-TS, LLC

By: /s/ Clay Whitson

Name: Clay Whitson

Title: Chief Financial Officer and Security

[Signatures to Ninth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to Ninth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Ninth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-TS to the Loan Agreement and certain other Loan Documents.]

**TENTH AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Tenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of August 1, 2017, by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), i3-Axia, LLC, a Delaware limited liability company ("i3-Axia"), i3-Randall, LLC, a Delaware limited liability company ("i3-Randall"), i3-CSC, LLC, a Delaware limited liability company ("i3-CSC"), i3-TS, LLC, a Delaware limited liability company ("i3-TS"), and Fairway Payments, LLC, a Virginia limited liability company ("Fairway") (i3, CP-PS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, i3-BP, i3-Axia, i3-Randall, i3-CSC, and i3-TS are the "Existing Borrowers," and the Existing Borrowers and Fairway are, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HERBERT MEZZANINE PARTNERS III, L.P. ("Herbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016, as further amended by that Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 30, 2016, as further amended by that Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of December 21, 2016, and as further amended by that Ninth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of March 31, 2017 (as amended, the "Loan Agreement"); and

B. Upon the consummation of the Fairway Acquisition (as defined below), Fairway will become a wholly-owned subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions and Rules of Construction. As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. Joinder of Fairway. Fairway hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 21, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include Fairway as a party thereto. Fairway further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, Fairway agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, Fairway agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of Fairway.

3. Fairway Acquisition.

(a) Subject to the condition set forth below in this paragraph, the Collateral Agent and Lenders consent to the acquisition of all of the outstanding common stock of Fairway by i3 (the "Fairway Acquisition") pursuant to that certain Membership Interest Purchase and Contribution Agreement (the "Fairway Acquisition Agreement") dated as of the date hereof, by and among i3, FPI Holdings, Inc., and Craig Shapero. Borrowers represent, warrant, and agree that (i) the Fairway Acquisition qualifies as and constitutes a Permitted Acquisition (excluding the size of the purchase consideration thereof), and all of the conditions set forth in the definition of Permitted Acquisition (excluding the size of the purchase consideration thereof) have been or will be satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) there is no contingent consideration payable under the Fairway Acquisition Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition.

(b) i3 represents and warrants that the Fairway Acquisition has closed in accordance with the terms of the Fairway Acquisition Agreement. The consent of the Collateral Agent and Lenders is conditioned on i3's completion of an equity offering in an amount of at least \$13,000,000.00. The cash proceeds of such equity offering, in a minimum amount of \$11,500,000.00, shall be applied to reduce outstanding principal amounts under the "Revolving Loans" under the Senior Loan Agreement. Borrowers represent, warrant, and agree that \$500,000.00 of the proceeds of such equity offering result from the conversion of an existing note owed to Greg Daily in the amount of \$500,000.00 to equity in i3. An additional \$1,000,000.00 of cash proceeds of such equity offering shall be made available to Borrowers on or before August 31, 2017. Borrowers shall provide evidence satisfactory to the Collateral Agent on or before August 31, 2017 of the receipt of such \$1,000,000.00 of additional equity. Failure of Borrowers to provide such evidence on or before August 31, 2017, shall constitute an Event of Default.

(c) Borrowers represent and warrant that all documentation relating to the equity offering described in the preceding paragraph has been provided to the Collateral Agent. Borrowers also represent and warrant that the execution, delivery, and performance of the Fairway Acquisition Agreement does not violate or interfere with the rights of any Person or entity.

4. Amendments to Loan Documents.

(a) **Expert Auto Repair Add Back.** Borrowers, Collateral Agent, and Lenders agree that, for the Fiscal Quarter, if any, in which the Expert Auto Repair Amount (as defined below) is recognized by Borrowers in

their relevant financial statements, the Expert Auto Repair Amount shall be added back to all calculations of EBITDA. For purposes of this Section, the "Expert Auto Repair Amount" is defined as the amount, which shall not exceed \$1,000,000.00, which is utilized by Borrowers in connection with the settlement of that certain class action lawsuit styled "Expert Auto Repair, Inc. et al. vs. Merchant Processing Solutions, LLC, et al." The add back for calculating EBITD A described in this Section shall be applicable only for the quarter in which the Expert Auto Repair Amount is recognized in Borrowers' financial statements.

(b) **Landlord Waiver.** Collateral Agent and Lenders acknowledge that, as part of the Fairway Acquisition, Borrowers have assumed that certain Office Lease Agreement dated January 19, 2011 (the "Lease") between Fairway and Damar Properties, LLC for the premises located at 300 N. Lee Street, Suite 500, Alexandria, VA, 22314 (the "Lee Premises"), which Lease contains the grant of a security interest which is not a Permitted Encumbrance. Collateral Agent and Lenders hereby consent to such security interest and waives any Defaults or Events of Default that exist or may arise on account of the granting or existence of such security interest. Borrowers obtained a landlord waiver from the landlord of the Lee Premises, but such waiver is not in form acceptable to Collateral Agent and Lenders in all respects. Borrowers' failure to obtain an acceptable landlord waiver shall not constitute a Default or Event of Default under the Credit Agreement; provided, however, that until Borrowers obtain a landlord waiver acceptable to Collateral Agent and Lenders in all respects, in their reasonable discretion, Borrowers covenant and agree that the value of all assets of Borrowers located on the Lee Premises shall not at any time exceed \$50,000.00.

(c) **Sage Consent.** Borrowers covenant and agree to use commercially reasonable efforts to obtain a consent to Collateral Agent's security interest under the Loan Documents from Sage Payment Solutions, Inc. within sixty (60) days of the date hereof (or such longer period as may be agreed to by Collateral Agent in its reasonable discretion), reasonably satisfactory in form and substance to the Collateral Agent, with respect to that certain Amended and Restated Merchant Referral and Services Agreement, dated as of April 1, 2016, by and between Sage Payment Solutions, Inc. and Fairway.

(d) **Merger Consent.** Borrowers have informed Collateral Agent and Lenders that i3 intends to cause Fairway to consolidate, rollup, and merge with or into a newly-created wholly-owned subsidiary named "i3-Fairway, LLC" (or a similar name) formed under the laws of the State of Delaware within sixty (60) days (or such longer period as may be agreed to by Collateral Agent in its reasonable discretion) after the date hereof (the "Merger") which if done without the consent of the Lenders would be a violation of Sections 7.8 and 7.11 of the Loan Agreement. At the request of and as an accommodation to Borrowers, Collateral Agent and Lenders hereby consent to the consummation of the Merger and agree that the consummation of the Merger shall not constitute a Default or Event of Default under the Loan Agreement, subject to satisfaction of the following conditions: (i) the Merger occurs on or before sixty (60) days (or such longer period as may be agreed to by Collateral Agent in its reasonable discretion) from the date hereof, (ii) i3-Fairway, LLC assumes all liabilities of Fairway as part of the Merger, and (iii) i3-Fairway, LLC is joined as a Borrower to the Loan Documents concurrently with the consummation of the Merger.

(e) **Equity Pledge.** Borrowers have informed Collateral Agent and Lenders that, in connection with the Fairway Acquisition, i3 intends to issue additional equity interest in i3 that may be required to be pledged to Collateral Agent pursuant to Loan Agreement. Borrowers covenant and agree to deliver to Collateral Agent within ten (10) Business Days of the date hereof (or such longer period as may be agreed to by Collateral Agent in its reasonable discretion) an amendment to that LLC Interests Security Agreement dated as of August 14, 2013, executed by certain members of i3 in favor of Collateral Agent (the "Pledge Agreement"), such amendment to be in form acceptable to Collateral Agent, in its reasonable discretion, and executed by all Persons required under Section 6.4(c) of the Loan Agreement to pledge their equity interests in i3.

5. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 500,000 Common Units of i3 pursuant to the Fairway Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

6. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly

disclosed as of a particular date other than the Closing Date, and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

7. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

8. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

9. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

10. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

11. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

12. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

13. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

14. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

15. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

16. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

i3 VERTICALS, LLC
CP-TOPS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC
i3-AXIA, LLC
i3-RANDALL, LLC
i3-CSC, LLC
i3-TS, LLC

By: /s/ Scott Meriwether
Name: Scott Meriwether
Title: Vice President

Fairway Payments, LLC

By: i3 Verticals, LLC, its sole member

By: /s/ Scott Meriwether
Name: Scott Meriwether
Title: Vice President

(Signatures to Tenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents)

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

(Signatures to Tenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents)

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

(Signatures to Tenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents)

EXHIBIT A

[Schedules updated to reflect the joinder of Fairway to the Loan Agreement and certain other Loan Documents.]

**ELEVENTH AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Eleventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of October 30, 2017 (the "Effective Date"), by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), i3-Axia, LLC, a Delaware limited liability company ("i3-Axia"), i3-Randall, LLC, a Delaware limited liability company ("i3-Randall"), i3- CSC, LLC, a Delaware limited liability company ("i3-CSC"), i3-TS, LLC, a Delaware limited liability company ("i3-TS"), and Fairway Payments, LLC, a Virginia limited liability company ("Fairway") (i3, CP-PS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, i3-BP, i3-Axia, i3-Randall, i3-CSC, i3-TS, and Fairway are, collectively, "Borrowers"); CLARIT AS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. ("Harbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016, as further amended by that Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 30, 2016, as further amended by that Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of December 21, 2016, as further amended by that Ninth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of March 31, 2017, and as further amended by that Tenth Amendment to First

Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 1, 2017 (as amended, the “Loan Agreement”); and

B. The parties hereto wish to amend the Loan Agreement and other Loan Documents;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Consent to Replacement Senior Loan.** Collateral Agent and Lenders consent to Borrowers’ entering into a replacement Senior Loan on the date hereof, as contemplated by that Intercreditor and Subordination Agreement, dated as of the date hereof, by and among Bank of America, as Administrative Agent for the replacement Senior Lenders, Collateral Agent, Lenders, and Borrowers.

3. **Amendments to Loan Agreement.** Effective as of the Effective Date, the Loan Agreement is hereby amended (a) to delete the red or green stricken text (indicated textually in the same manner as the following examples: ~~stricken text~~ and ~~stricken text~~) and (b) to add the blue or green double-underlined text (indicated textually in the same manner as the following examples: double-underlined text and double-underlined text), in each case, as set forth in the marked copy of the Loan Agreement attached hereto as Exhibit A and made a part hereof for all purposes.

4. **Amendments to Security Agreement.** Effective as of the Effective Date, the Security Agreement, dated as of August 14, 2013, by and between the Borrowers and the Collateral Agent, as amended by that certain Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016 (as amended, the “Security Agreement”), is hereby amended (a) to delete the red or green stricken text (indicated textually in the same manner as the following examples: ~~stricken text~~ and ~~stricken text~~) and (b) to add the blue or green double-underlined text (indicated textually in the same manner as the following examples: double-underlined text and double-underlined text), in each case, as set forth in the marked copy of the Security Agreement attached hereto as Exhibit B and made a part hereof for all purposes.

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit C.

6. **Borrowers’ Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any

of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

7. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

8. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

9. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

10. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

11. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

12. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents, except that the address for notices to CCSD I and CCSD II shall be revised as follows:

c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

13. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

14. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

15. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

This Eleventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents is dated as of the date first written above.

BORROWERS:

- I3 VERTICALS, LLC
- CP-PS, LLC
- CP-DBS, LLC
- i3 VERTICALS MANAGEMENT SERVICES, INC.
- i3-RS, LLC
- i3-EZPAY, LLC
- i3-LL, LLC
- i3-PBS, LLC
- i3-INFIN, LLC
- i3-BP, LLC
- i3-AXIA, LLC
- i3-RANDALL, LLC
- i3-CSC, LLC
- i3-TS, LLC
- FAIRWAY PAYMENTS, LLC

By: /s/ Scott Meriwether
 Name: Scott Meriwether
 Title: Vice President

[Signatures to Eleventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND,
L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND,
L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to Eleventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Eleventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

Exhibit A

Loan Agreement

See attached.

[Schedule/Exhibit to Eleventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

**FIRST AMENDED AND RESTATED
LOAN AGREEMENT**

Lenders:

CCSD II, L.P.
Claritas Capital Specialty Debt Fund, L.P.
Harbert Mezzanine Partners III, L.P.

Collateral Agent:

Claritas Capital Specialty Debt Fund, L.P.

Borrowers:

i3 VERTICALS, LLC
CP-PS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC
i3-AXIA, LLC
i3-RANDALL, LLC
i3-CSC, LLC
i3-TS, LLC
FAIRWAY PAYMENTS, LLC

Dated as of January 9, 2015

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THE INDEBTEDNESS EVIDENCED BY THIS AGREEMENT IS SUBORDINATED IN RIGHT OF PAYMENT TO CERTAIN INDEBTEDNESS TO VARIOUS LENDERS, FOR WHICH ~~FIRST BANK~~BANK OF AMERICA, N.A. IS ACTING AS ~~ADMINISTRATIVE AGENT~~ADMINISTRATIVE AGENT, AND THE LIENS ON AND SECURITY INTERESTS IN COLLATERAL SECURING THIS AGREEMENT ARE SUBORDINATED IN RIGHTS OF PRIORITY TO LIENS ON AND SECURITY INTERESTS IN COLLATERAL SECURING SUCH INDEBTEDNESS, IN EACH CASE PURSUANT TO, AND TO THE EXTENT PROVIDED IN, THE INTERCREDITOR AND SUBORDINATION AGREEMENT (~~"INTERCREDITOR AGREEMENT"~~) DATED AS OF ~~APRIL 29~~OCTOBER 30, 2016~~2017~~, EXECUTED BY AND BETWEEN ~~FIRST BANK, AS ADMINISTRATIVE AGENT~~BANK OF AMERICA, N.A., AS ADMINISTRATIVE AGENT FOR THE SENIOR LENDERS AND CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P, CCSD II, L.P., AND HARBERT MEZZANINE PARTNERS III, L.P., AS LENDERS AND CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. AS COLLATERAL AGENT, AS SUCH INTERCREDITOR AGREEMENT MAY BE AMENDED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME. PAYMENTS MAY BE MADE UNDER THIS AGREEMENT ONLY TO THE EXTENT EXPRESSLY PERMITTED UNDER SUCH INTERCREDITOR AGREEMENT. IN CASE OF A CONFLICT BETWEEN THE TERMS OF THIS AGREEMENT AND THE INTERCREDITOR AGREEMENT, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN. THIS LEGEND SHALL BE PLACED ON ANY NOTE OR OTHER INSTRUMENT OR AGREEMENT GIVEN AT ANY TIME IN SUBSTITUTION FOR OR REPLACEMENT HEREOF.

FIRST AMENDED AND RESTATED LOAN AGREEMENT

This First Amended and Restated Loan Agreement (this "**Agreement**") is entered into as of January 9, 2015, by i3 VERTICALS, LLC ("**i3 VERTICALS**"), a Delaware limited liability company formerly known as Charge Payment, LLC, CP-PS, LLC ("**CP-PS**"), a Delaware limited liability company; CP-DBS, LLC ("**CP-DBS**"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("**i3 Management**"), a Delaware corporation, i3-RS, LLC ("**i3-RS**"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("**i3-EZ**"), i3-LL, LLC, a Delaware limited liability company ("**i3-LL**"), i3-PBS, LLC, a Delaware limited liability company ("**i3-PBS**"), i3-INFIN, LLC, a Delaware limited liability company ("**i3-Infin**"), i3-BP, LLC, a Delaware limited liability company ("**i3-BP**"), i3-Axia, LLC, a Delaware limited liability company ("**i3-Axia**"), i3-Randall, LLC, a Delaware limited liability company ("**i3-Randall**"), i3-CSC, LLC, a Delaware limited liability company ("**i3-CSC**"), i3-TS, LLC, a Delaware limited liability company ("**i3-TS**"), and Fairway Payments, LLC, a Virginia limited liability company ("**Fairway**") (each a "**Borrower**" and collectively "**Borrowers**"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("**CCSD I**"), a Delaware limited partnership; CCSD II, L.P. ("**CCSD II**"), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. ("**Harbert**"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "**Lenders**"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in this Agreement ("**Collateral Agent**").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers are parties to that Loan Agreement dated as of August 14, 2013, as amended by that First Amendment to Loan Agreement dated as of December 31, 2013, that Second Amendment to Loan Agreement and Omnibus Amendment to Loan Documents dated as of February 14, 2014, that Third Amendment to Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 9, 2014, and that Fourth Amendment to Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 23, 2014 (as amended, the **“Original Loan Agreement”**), pursuant to which, among other things, (i) Lenders extended to Existing Borrowers term loans in the aggregate original principal amount of \$10,500,000, and (ii) Collateral Agent has agreed to serve as “Collateral Agent” for Lenders as provided therein;

B. i3-Management and i3-RS have recently been formed as wholly-owned subsidiaries of i3 Verticals and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders, Collateral Agent, and Borrowers desire to amend and restate the Original Loan Agreement in full on the terms and conditions set forth in this Agreement.

AGREEMENT:

NOW, THEREFORE, as an inducement to cause Lenders to continue to extend the credit described in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Lenders, Collateral Agent, and Borrowers agree as follows:

ARTICLE 1. DEFINITIONS AND CONSTRUCTION

1.1 Primary Defined Terms. As used below in this Agreement, the following capitalized terms have the meanings set forth in this Section unless the context expressly requires otherwise:

“Accountants” means Lattimore, Black, Morgan & Cain, PC or another regional or national accounting firm approved by Lenders.

“Accounting Change” means a change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

“Acquired Indebtedness” [has the meaning set forth in Section 7.1\(xii\).](#)

“Acquisition” means (a) any Investment by any Borrower and any other Person organized in the United States (with substantially all of the assets of such Person and its Subsidiaries located in the United States), pursuant to which such Person shall become a Subsidiary of any Borrower or any of its Subsidiaries or shall be merged with any Borrower or

any of its Subsidiaries or (b) any acquisition by any Borrower or any Subsidiaries thereof of the assets of any Person (other than a Subsidiary of any Borrower) that constitute all or substantially all of the assets of such Person or an entire portfolio (or a portion thereof, ~~including, without limitation, Residual Buyouts in excess of \$500,000~~), division, or business unit of such Person, whether through purchase, merger or other business combination or transaction (and substantially all of such assets, division or business unit are located in the United States). With respect to a determination of the amount of an Acquisition, such amount shall include all consideration (including any deferred payments) set forth in the applicable agreements governing such Acquisition as well as the assumption of any Debt in connection therewith.

“Affiliate” means:

- (i) with respect to a specified Person,
 - (A) any other Person who directly or indirectly Controls, is directly or indirectly Controlled by, or is directly or indirectly under common Control with, the specified Person;
 - (B) any other Person who owns any material interest in, is owned as to any material interest by, or is under common ownership as to any material interest with, the specified Person (ownership of any Equity Interest in a Borrower, and of five percent (5%) or more of the voting Equity Interests of any other Person, shall be deemed “material” for this purpose);
 - (C) any other Person who serves as a director, manager, officer, partner, executor, trustee, or similar senior management capacity with the specified Person;
 - (D) any other Person with respect to which the specified Person serves as a director, manager, officer, partner, executor, trustee, or similar senior management capacity;
 - (E) if a Person who is an Affiliate under any of the foregoing requirements is a natural Person, each member of such individual’s Immediate Family; and
 - (F) each Affiliate of each other Person deemed to be an Affiliate of the specified Person under any of the foregoing provisions;
- (ii) for purposes of this definition, the “Immediate Family” of an individual includes (A) the individual’s spouse, (B) any other individual who resides with such individual, and (C) any other individual who is related to such individual or related to a Person described in the foregoing (A) or (B), in each case within the first degree; and

(iii) notwithstanding the foregoing, Lenders shall not in any event be deemed Affiliates of Borrowers.

“Agreement” means this Loan Agreement, as amended, including as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016, as further amended by that Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 30, 2016, as further amended by that Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of December 21, 2016, as further amended by that Ninth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of March 31, 2017, ~~and~~ as further amended by that Tenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 1, 2017, and as further amended by that Eleventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of the Eleventh Amendment Closing Date.

~~**“Anticipated Additional Debt”** means Debt issued pursuant to the Master Note Purchase Agreement, which Debt also meets the following criteria:~~

- ~~(i) if *pro forma* EBITDA immediately before issuing such additional Debt, giving effect for any completed acquisitions as if the Company had the benefit of a full year of operations, is \$15,000,000 or greater, then unsecured Debt issued by i3 Verticals after the Closing Date (i) in compliance with all securities Laws and other Laws, (ii) with no payments of principal due prior to the Term Loan Maturity Date, (iii) providing for interest at a rate not exceeding that accruing on the Term Loans plus 3%, and (iv) for which the incurrence of such Debt will not, giving it *pro forma* effect, cause Borrowers to breach any financial covenant or otherwise cause a Default or Event of Default, as demonstrated by a certificate of the Chief Financial Officer of i3 Verticals delivered to Lenders at least five (5) days prior to the issuance of such Debt; and~~
- ~~(ii) if *pro forma* EBITDA immediately before issuing such additional debt, giving effect for any completed acquisitions as if the Company had the benefit of a full year of operations, is less than \$15,000,000, then unsecured Debt issued by i3 Verticals after the Closing Date (i) in compliance with all securities Laws and other Laws, (ii) with no payments of principal due prior to the Term Loan Maturity Date, (iii) providing for interest at a rate approved by the Required Lenders, in~~

~~their reasonable discretion (but in no event at a rate in excess of that accruing on the Term Loans), and (iv) otherwise on terms and conditions approved by the Required Lenders, in their reasonable discretion (approvals under subsections (iii) and (v) shall not be unreasonably withheld, delayed, or conditioned).~~

“**APS Seller Note**” means that Subordinated Promissory Note dated as of May 9, 2014, made by CP-APS, LLC, a Delaware limited liability company subsequently merged into i3 Verticals, payable to the order of Advanced Payment Solutions, LLC, a Tennessee limited liability company, in the principal amount of \$1,000,000, which (i) may not be amended or modified (other than to extend the due date for payments thereunder) without the consent of Lenders, and (ii) shall be treated as Subordinated Seller Debt hereunder.

“**Beneficial Owner**” has the meaning provided in Rule 13d-3 under the Exchange Act.

“**Borrowers**” means the Borrowers named in the preamble of this Agreement and their respective successors and assigns (to the extent permitted under this Agreement).

“**Borrowers’ Line of Business**” means the payments processing business and other activities and services directly or customarily incidental thereto.

“**Business Day**” means any day other than a Saturday, Sunday, or a weekday on which state or national banks located in Nashville, Tennessee, are authorized or required by law to be closed for business (any reference to a number of days is a reference to calendar days unless Business Days is expressly used).

“**Capital Lease**” means a lease that would be characterized under GAAP as a financed purchase rather than as an operating lease.

~~“**Cash Equivalents**” means (i) certificates of time deposits of First Bank and repurchase agreements backed by United States government securities of First Bank, or (ii) any other products similar to those described in subparagraph (i) offered by First Bank from time to time.~~

“**Cash Equivalents**” means, as at any date, (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) Dollar denominated time deposits and certificates of deposit of (i) any Senior Lender, (ii) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (iii) any bank whose short term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody’s is at least P-1 or the equivalent thereof (any such bank being an “**Approved Bank**”), in each case with maturities of not more than 270 days from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody’s and maturing within six months of the date of acquisition, (d) repurchase agreements entered into by any Person with a bank or trust company (including any of the Senior Lenders) or recognized securities dealer having capital

and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Encumbrances) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations and (e) investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940 which are administered by reputable financial institutions having capital of at least \$500,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing subdivisions (a) through (d).

“CCSD I/CCSD II” means CCSD I and CCSD II, taken collectively.

“**Change of Control**” means ~~the occurrence, after the date of this Agreement, of (a) any Person or two or more Persons acting in concert acquiring beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act) at any time upon or after the consummation of a Qualifying IPO of i3 Verticals or HoldCo after an Up-C Restructuring, (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) other than Greg Daily becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all Equity Interests that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of securities of any Borrower (or other securities convertible into such securities) the voting stock of i3 Verticals or HoldCo after an Up-C Restructuring representing 25% or more than fifty percent (50%) of the combined voting power of all securities thereof entitled to vote in the election of directors (disregarding for this determination any rights of designation conditioned upon any Person’s holdings of a percentage of any Units issued by i3 Verticals), or (ii) any event by which a majority of the members of the Board of Directors of i3 Verticals are no longer freely elected or freely designated by Persons who were members of i3 Verticals or holders of warrants in i3 Verticals as of the Closing Date, voting stock of i3 Verticals or HoldCo after an Up-C Restructuring on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or (ii) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of i3 Verticals or HoldCo after an Up-C Restructuring cease to be composed of individuals (x) who were members of that board or equivalent governing body on the first day of such period, (y) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (x) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (z) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (x) and (y) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.~~

“**Claims**” means all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, and expenses of any kind, including the reasonable fees and expenses of counsel incurred in addressing any of the foregoing.

“Closing” means the satisfaction or waiver of all conditions to, and the funding of, the Term Loans.

“Closing Date” means August 14, 2013.

“Collateral” means all Property now or hereafter securing the Obligations.

“Collateral Agent” means CCSD I, in its capacity as Collateral Agent for Lenders, its lawful successors, and any successor Collateral Agent appointed as provided in this Agreement.

“Constituent Documents” means the certificate of incorporation, charter, certificate of formation, articles of formation, bylaws, operating agreement, voting agreements, and other documents and agreements by which a legal entity is formed, maintained, and governed.

“Contingent Consideration” means any earnout payment, contingent purchase price payment, or any similar contingent payment or obligation (including any such contingent obligations evidenced by a promissory note) due or owing under the terms of any purchase or acquisition agreement executed by any Borrower in connection with any Acquisition or Investment, including, without limitation, (i) that Purchase Agreement dated as of May 9, 2014, between Advanced Payment Solutions, LLC, Jennifer Brinkman, Debbie Bowles, and CP-APS, LLC, a Delaware limited liability company subsequently merged into i3 Verticals, (ii) that Purchase Agreement dated as of May 23, 2014, between Data Business Systems of Colorado, Inc., Hume Miller, and CP-DBS, (iii) that Purchase Agreement effective as of February 1, 2014, by and between Merchant Processing Solutions, LLC d/b/a Payment Systems and CP-PS, and (iv) that Asset Purchase Agreement dated as of December 31, 2014, between RentShare, Inc., certain “Owners” thereof, and i3-RS.

“Contract” means any agreement to which a Borrower is, at a relevant time, a party or by which a Borrower’s properties are bound, including any management agreement, financing agreement, vendor agreement, customer agreement, indenture, mortgage, deed of trust, lease, sale agreement, or consulting agreement.

“Control” or **“Controlled”** means that a Person has the power to direct or cause the direction of the management and policies of another Person, whether this power exists as a matter of right, through economic compulsion, or otherwise.

“Control Agreement” means a control agreement acceptable to Collateral Agent among one or more Borrowers, a depository bank or securities intermediary, and Collateral Agent, establishing Collateral Agent’s right to control one or more accounts pursuant to Article 8 or Article 9 of the UCC.

~~**“Daily Loan”** means the loan evidenced by that Third Amended and Restated 10% Subordinated Convertible Promissory Note dated as of the Restatement Closing Date, made by i3 Verticals payable to the order of Gregory S. Daily and Collie F. Daily in the principal amount of \$1,000,000.~~

“Dollar” and **“\$”** mean lawful money of the United States.

“DBS Seller Note” means that Subordinated Promissory Note dated as of May 23, 2014, made by CP-DBS payable to the order of Data Business Systems of Colorado, Inc., a Colorado corporation, in the principal amount of \$500,000, which (i) may not be amended or modified (other than to extend the due date for payments thereunder) without the consent of Lenders, and (ii) shall be treated as Subordinated Seller Debt hereunder.:-

“Debt” means a Person’s obligations for borrowed money, including (i) the Term Loans, (ii) the Senior Loan, (iii) any other obligations evidenced by bonds, debentures, notes, or other similar instruments, (iv) any obligations in respect of Capital Leases, (v) any outstanding face amounts of letters of credit and acceptance facilities, (vi) any payment obligations secured by any Encumbrance on any asset of a Person, whether or not the Person is also personally liable therefor, (vii) any payment obligations under Hedge Agreements, and (viii) although trade obligations incurred in the ordinary course of business are not Debt, any trade obligation which remains outstanding (even with the vendor’s permission) 180 days after its original due date shall constitute Debt.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that, but for the giving of any required notice and/or the passing of time, would be an Event of Default hereunder.

“Default Rate” means an interest rate of five percent (5.0%) per annum over the otherwise applicable rate of interest, computed on the basis of a 360-day year and actual days elapsed.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition of any property by any Borrower or any Subsidiary, including any sale and leaseback transaction and any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding any Recovery Event.

“Eleventh Amendment Closing Date” means October 30, 2017.

“Encumbrance” means any (i) lien securing an obligation, including the lien or security interest arising from a deed of trust, mortgage, security agreement, assignment as collateral, conditional sale, or Capital Lease and (ii) other interests and restrictions, including those arising under operating leases, options, voting agreements, use restrictions, zoning restrictions, restrictions arising under licenses, reservations, exceptions, encroachments, easements, rights-of- way, and covenants.

“Environmental Laws” means the Environmental Protection Act, the Resource Conservation and Recovery Act of 1976, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Hazardous Materials Transportation Act, and any other federal, state, or municipal law, rule, or regulation relating to air emissions, water discharge, noise

emissions, solid or liquid waste disposal, hazardous or toxic waste or materials, or other environmental or health matters.

“Equipment” means “equipment” as defined in the UCC.

“Equity Interest” means any ownership interest in or right to Control any share, stock, membership interest, partnership interest, or other equity interest (regardless of how designated) of or in a corporation, limited liability company, partnership, or other Person, whether voting or nonvoting, and all options, warrants, and other rights to acquire any such an interest or right of control.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any Person, who for purposes of Title IV of ERISA, is a member of a Borrower’s controlled group, or under common control with a Borrower, within the meaning of Section 414 of the IRC.

“ERISA Event” means (i) with respect to a Plan, the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC, (ii) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA), (iii) with respect to a Plan, the cessation of operations at a facility in the circumstances described in Section 4068(f) of ERISA, (iv) the withdrawal by a Borrower or any ERISA Affiliate from a Multiple Employer Plan (as defined in ERISA) during a plan year for which it was a substantial employer, as defined in 4001(a)(2) of ERISA, (v) the failure by a Borrower or any ERISA Affiliate to make a material payment to a Plan required under Section 302(f)(1) of ERISA, (vi) the adoption of an amendment to a Plan requiring the provision of initial or additional security to such Plan, pursuant to Section 307 of ERISA, or (vii) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

“Event of Default” means the occurrence of any of the events specified in [Section 9.1](#) as to which any requirement for notice or lapse of time has been satisfied.

“Exchange Act” means the Securities Exchange Act of 1934.

“Existing Subordinated Debt” means [Debt of the Borrowers and their Subsidiaries issued pursuant to the Master Note Purchase Agreement prior to the Eleventh Amendment Closing Date.](#)

“Expert Auto Repair Amount” means [the amount which is utilized by the Borrowers in connection with the settlement of that certain class action lawsuit styled “Expert Auto Repair, Inc. et al vs. Merchant Processing Solutions, LLC, et al”; provided that the Expert Auto Repair Amount shall not exceed \\$1,000,000.](#)

“Financial Statements” means the Financial Statements of Borrowers delivered to Lenders pursuant to Section 6.5 hereof.

“Fiscal Quarter” means any of the quarterly accounting periods of Borrowers, ending on each March 31, June 30, September 30, and December 31.

“Fiscal Year” means any of the annual accounting periods of Borrowers, ending on September 30 (Lender hereby acknowledges and consents to the change of Borrowers’ Fiscal Year end from December 31, effective as of September 30, 2014).

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time applied on a consistent basis, except that for purposes of Article 8, GAAP shall be determined on the basis of such principles in effect on the date hereof. In the event that any Accounting Change shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrowers and the Lenders agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrowers’ financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrowers and the Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

“Governing Body” means the board of directors, manager(s) or board of manager(s), trustee(s), or other board, group, or other Person with the power to manage the affairs of a legal entity.

“Governmental Authority” means any arbitration authority and any governmental or quasi-governmental entity or court, including any department, commission, board, bureau, agency, administration, service, or other instrumentality of any foreign or domestic government.

“Guaranty” means any agreement of surety, guaranty, or other form of assurance as to an obligation of another Person, whether given directly or indirectly, including any obligation (i) to purchase any obligation or Property securing an obligation, (ii) to maintain working capital, net worth, or solvency of another, (iii) to purchase Property, securities or services primarily for the purpose of assuring the seller’s payment of an obligation, or (iv) to otherwise assure or hold harmless the owner of an obligation against loss in respect thereof.

“Hazardous Substances” means those substances included from time to time within the definition of hazardous substances, hazardous materials, toxic substances, or solid waste under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, the Hazardous Materials Transportation Act, the Clean Water Act, the Toxic Substances Control Act, and such other substances that are or become regulated under any applicable local, state, or federal law or regulation addressing environmental hazards.

“Hedge Agreement” means (i) any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement; (ii) any currency swap agreement, forward currency purchase agreement, or similar agreement designed to protect against fluctuations in currency exchange rates; and (iii) any forward commodity purchase agreement or similar agreement or arrangement designed to protect against fluctuations in raw materials or other commodity prices.

“HoldCo” has the meaning set forth in the definition of Up-C Restructuring.

“Immaterial Subsidiary” means any Subsidiary, at any date of determination, whose contribution to EBITDA for the recently completed four Fiscal Quarters is less than 2.5% of such EBITDA; provided that if, at any time and from time to time after the Eleventh Amendment Closing Date, Immaterial Subsidiaries contribute more than 5.0% of EBITDA for the recently completed four Fiscal Quarters, then the Borrowers shall, not later than 10 days after the date by which financial statements for such quarter are required to be delivered pursuant to this Agreement (or such longer period as the Collateral Agent may agree in its reasonable discretion), (i) designate in writing to the Collateral Agent one or more of such Subsidiaries as no longer being an “Immaterial Subsidiary” to the extent required such that Immaterial Subsidiaries, in the aggregate do not contribute more than 5.0% of EBITDA for the recently completed four Fiscal Quarters and (ii) comply with the provisions of Section 6.20 applicable to such Subsidiary.

“Indemnitees” is defined in Section 6.17.

“Insolvency Proceeding” means any case or proceeding commenced by or against any Person as a debtor under any Debtor Relief Law.

“Inventory” means “inventory” as defined in the UCC.

“Investment” means any Borrower’s acquisition of any evidence of indebtedness or other securities (other than the acquisition of Cash Equivalents in the ordinary course of business) of, make any loan or advances to, guarantee any obligations of, or make any investment (other than the acquisition of Cash Equivalents in the ordinary course of business) in, any other Person or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person.

“IP” means patents, trademarks, copyrights, trade secrets, trade names, service names, service marks, Internet domain names, and any other intellectual property recognized under any Law, and all applications and licenses therefor.

“IPO” means an offering of equity securities for which a registration statement is filed under the Securities Act.

“IRC” means the Internal Revenue Code of 1986.

“Knowledge” means the actual knowledge or belief of any officer or member of the Governing Body of a Borrower.

“Law” means applicable constitutional provisions, statutes, codes, acts, ordinances, rules, regulations, orders, common law, principles of equity, and other legal requirements issued by or applied by Governmental Authorities.

“Lenders” means the Lenders named in the preamble hereof, their successors and permitted assigns.

“Liquidity” means cash, Cash Equivalents and availability under the [Aggregate Revolving Commitment Commitments](#) (as defined in the Senior Loan Agreement).

“Loan Documents” means, collectively, this Agreement, the Term Loan Notes, the Warrants, and each other writing that evidences, secures, or otherwise relates to the Term Loans, whenever delivered.

“Master Note Purchase Agreement” means that [certain](#) Master Note Purchase Agreement² among i3 Verticals and the several purchasers from time to time parties thereto, dated effective February 14, 2014 (as may be amended from time to time in accordance with its terms).

“Material Adverse Change” means any material and adverse change in the business, Properties, financial condition or operations of a Person or its subsidiaries (taken as a whole) or in the validity of any of the Loan Documents. To avoid doubt, (i) the use of a Material Adverse Change to accelerate the maturity of the Obligations is subject to TCA Section 47-1-309, which allows such use by a lender “only if that party in good faith believes that the prospect of payment or performance is impaired,” and (ii) a termination of a Material Contract does not in itself mean that a Material Adverse Change has occurred.

“Material Adverse Effect” means any event or condition which, singly or in the aggregate with other events or conditions, would cause a Material Adverse Change.

“Material Contracts” is defined in [Section 5.36](#).

“Maximum Lawful Amount” is defined in [Section 11.1](#).

“Moody’s” means [Moody’s Investors Service, Inc. and any successor thereto](#).

“Obligations” means all present and future obligations of Borrowers under the Loan Documents (i) to pay principal, interest, and expenses arising under the Loan Documents (including all interest and expenses that accrue after the commencement of any Insolvency Proceeding, whether or not allowed in such case or proceeding), (ii) to perform all indemnities and other monetary and non-monetary obligations arising under the Loan Documents, whether absolute or contingent, and (iii) to pay and perform all other debts and other obligations of a Borrower to Lenders and to Collateral Agent, whether arising by contract, tort, guaranty, or otherwise, whether or not the advances or events creating such debts or other obligations are presently foreseen.

“**Order**” means any money judgment, injunction, order, decree, or other such action of any Governmental Authority, whether or not final.

“**PBGC**” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“**Perfection Diligence Certificates**” means the Perfection Diligence Certificates delivered to Collateral Agent in connection with this Agreement.

“**Permits**” means all permits, licenses, authorizations, and other formal approvals issued by Governmental Authorities.

“**Permitted Acquisition**” means any Acquisition by any Borrower, provided that (i) no Event of Default shall have occurred and be continuing or would result from such Acquisition, (ii) the property acquired (or the property of the Person acquired) in such Acquisition is used or useful in a line of business that the Borrowers and their Subsidiaries are permitted to engage in hereunder (or any reasonable extensions or expansions thereof), (iii) the property acquired (or the property of the Person acquired) shall be located in Canada or the United States, (iv) in the case of an Acquisition of the Equity Interests of another Person, the board of directors (or other comparable governing body) of such other Person shall have duly approved such Acquisition, (v) the Borrowers shall have delivered to the Collateral Agent a Pro Forma Compliance Certificate demonstrating that the Borrowers would be in compliance with the financial covenants set forth in Article 8 recomputed as of the end of the period of the four Fiscal Quarters most recently ended for which the Borrowers have delivered financial statements pursuant to Section 6.5(a) or (c) after giving effect to such Acquisition on a Pro Forma Basis, (vi) the representations and warranties made by the Borrowers in each Loan Document shall be true and correct in all material respects at and as if made as of the date of such Acquisition (after giving effect thereto), (vii) if such transaction involves the purchase of an interest in a partnership between any Borrower as a general partner and entities unaffiliated with the Borrower as the other partners, such transaction shall be effected by having such equity interest acquired by a corporate holding company directly or indirectly wholly owned by such Borrower newly formed for the sole purpose of effecting such transaction, (viii) if the aggregate cash and non-cash consideration (including assumed Debt, the good faith estimate by the Borrower of the maximum amount of any deferred purchase price obligations (including any earn out payments) and Equity Interests) exceeds \$15,000,000, the Borrowers shall have delivered third party due diligence acceptable to the Collateral Agent with respect to the target, and (ix) the aggregate cash and non-cash consideration (including assumed Indebtedness, the good faith estimate by the Borrowers of the maximum amount of any deferred purchase price obligations (including any earn out payments) and Equity Interests) for any such Acquisition shall not exceed \$25,000,000.

~~“**Permitted Acquisition**” means any Acquisition by the Borrower that occurs subject to the satisfaction of the following conditions:~~

- ~~(i) before and after giving effect to such Acquisition, no Default or Event of Default has occurred and is continuing or would result therefrom, and all representations and warranties of each Borrower set forth in the Loan Documents shall be and remain true and correct in all material respects;~~

- ~~(ii) before and after giving effect to such Acquisition, on a Pro Forma Basis, Borrowers are in compliance with each of the financial covenants set forth in Article 8, measuring and calculating the financial covenants set forth in Article 8 as of the last day of the most recently ended Fiscal Quarter for which financial statements are required to have been delivered pursuant to Section 6.5(a) or (c) as if such Acquisition had occurred, and any Debt incurred in connection therewith was incurred, on the first (1st) day of the relevant period for testing compliance, and Borrowers shall have delivered to Lenders a pro forma compliance certificate signed by a Responsible Officer certifying to the foregoing at least fifteen (15) days (or such shorter period as Lenders may permit) prior to the date of the consummation of such Acquisition;~~
- ~~(iii) at least ten (10) days (or such shorter period as Lenders may permit) prior to the date of the consummation of such Acquisition, Borrowers shall have delivered to Lenders notice of such Acquisition, together with historical financial information and analysis with respect to the Person whose stock or assets are being acquired and copies of the acquisition agreement and related documents (including, to the extent required by the underlying acquisition agreement, financial information and analysis, environmental assessments and reports, opinions, certificates and lien searches) and information reasonably requested by any Lenders;~~
- ~~(iv) such Acquisition is consensual and approved by the board of directors (or the equivalent thereof) of the Person whose stock or assets are being acquired;~~
- ~~(v) the Person or assets being acquired is in the same type of business conducted by Borrowers on the date hereof or any business reasonably related thereto;~~
- ~~(vi) such Acquisition is consummated in compliance with all Laws, and all consents and approvals from any Governmental Authority or other Person required in connection with such Acquisition and the pledge of assets to the Collateral Agent with respect to such Acquisition have been obtained;~~
- ~~(vii) before and after giving effect to such Acquisition and any Debt incurred in connection therewith, each Borrower is Solvent;~~
- ~~(viii) after giving effect to such Acquisition and any Debt incurred in connection therewith, Liquidity (that is either unencumbered or in accounts controlled by Collateral Agent) of Borrowers is at least \$2,500,000;~~
- ~~(ix) the Acquisition is for a total purchase price (including management's best estimate at closing of the Acquisition of Contingent Consideration that will ultimately be paid in connection with such Acquisition) below \$15,000,000;~~
- ~~(x) Borrowers shall execute and deliver to execute and deliver, at the closing of the Acquisition (or such longer period as Lenders may permit) all collateral;~~

documents and other related documents required under Section 6.20 and within the timeframe described in Section 6.20;

- (xi) Borrowers have delivered to the Lenders a certificate executed by a Responsible Officer certifying that each of the conditions set forth above has been satisfied; and
- (xii) any Acquisition (including management's best estimate at closing of the Acquisition of Contingent Consideration that will ultimately be paid in connection with such Acquisition) that exceeds a purchase price of \$5,000,000 will require third party due diligence acceptable to the Lenders.

"Permitted Disposition" means ~~(i) the sale or other disposition for fair market value of obsolete or worn-out property or other property not necessary for operations disposed of in the ordinary course of business, and (ii) the sale or other disposition of assets in the ordinary course of business, in each case made in the absence of an Event of Default and so long as the net proceeds from any asset sale or any series of related asset sales (other than sales)~~ Dispositions of inventory in the ordinary course of business in excess of \$250,000 shall be applied to the Term Loan (as defined in the Senior Loan Agreement); (b) Dispositions of property to the Borrower or any Subsidiary; provided, that if the transferor of such property is a Borrower then the transferee thereof must be a Borrower; (c) Dispositions of accounts receivable in connection with the collection or compromise thereof; (d) Dispositions of machinery and equipment no longer used or useful in the conduct of business of the Borrowers and their Subsidiaries that are Disposed of in the ordinary course of business; (e) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries; and (f) the sale or disposition of Cash Equivalents for fair market value.

"Permitted Encumbrances" means all of the following:

- (i) Encumbrances securing any of the Obligations;
- (ii) Encumbrances securing the Senior Loan;
- (iii) Encumbrances presently securing other Debt as described in Schedule 5.11;
- (iv) Encumbrances securing Purchase Money Security Interests permitted under Section 7.1;
- (v) Encumbrances securing Taxes not yet delinquent or, if reserve has been made therefor as required by GAAP, those which are due but are being contested in good faith by appropriate action promptly initiated and diligently conducted;
- (vi) mechanics', repairmen's, materialmen's, and other like liens arising from isolated transactions by operation of law in the ordinary course of business securing accounts that are not delinquent or that are being contested diligently and in good faith by appropriate proceedings and as to which Borrowers have set aside

reserves on their books in accordance with GAAP or the payment of which obligations are otherwise secured in a manner satisfactory to the Required Lenders (to avoid doubt, landlord's liens are not Permitted Encumbrances and Lenders may require their waiver or subordination);

- (vii) zoning ordinances, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions, and other such Encumbrances on real property not securing monetary obligations and which are of a type customarily placed on real property and do not materially impair the value of the affected Property;
- (viii) Encumbrances arising in the ordinary course of business by virtue of any contractual, statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies covering deposit or securities accounts, but only to the extent securing administrative charges unless otherwise expressly permitted under the applicable Control Agreement;
- (ix) pledges or deposits under workers' compensation, unemployment laws, social security, or other similar statutory obligations made in the ordinary course of business and securing obligations that are not delinquent;
- (x) reasonable and necessary cash deposits made in the ordinary course of business to secure the performance of utility contracts and other such contracts for which pledges or deposits are customary; ~~and~~
- ~~(xi) Encumbrances granted to any settlement bank, sponsor bank and/or processor in (i) funds, instruments or deposit accounts held by such entities or any other direct or indirect subsidiary or affiliate of such entities and/or any other deposit accounts into which funds are deposited by any settlement bank, sponsor bank and/or processor pursuant to or in connection with any sponsorship or processing agreement to which any Borrower is a party (provided that (x) the applicable Borrower has not opened or maintained any deposit account with any such entity or its direct or indirect subsidiaries or affiliates other than solely in connection with a sponsorship or processing agreement and (y) no funds other than those paid pursuant to or in connection with such sponsorship or processing agreement are deposited therein), or (ii) in all of any Borrower's rights relating to any such sponsorship or processing agreement with such entities and in all related future sales transactions, but only so long as (i) such Encumbrances are granted in the ordinary course of business under the terms of a sponsorship or processing agreement to which the applicable Borrower is a party, and (ii) such Encumbrances secure only (x) ordinary course liabilities arising under any such sponsorship or processing agreement and (y) any other obligations and liabilities of the applicable Borrower arising under any other agreement between such Borrower and such entities (provided that such Borrower has incurred no obligations or liabilities to any such entity other than those arising under a sponsorship or processing agreement with such entity) and (iii) any such Encumbrance does not extend to any Property of any applicable Borrower other~~

than that described in this subparagraph (xi) and the amount secured by such Encumbrance shall not exceed the amount owed by the applicable Borrower under any such agreement.

(xi) Settlement Liens;

(xii) Encumbrances securing Acquired Indebtedness permitted hereunder; provided that (i) such Encumbrances do not at any time encumber any property other than property of the Person acquired in the applicable Permitted Acquisition at the time of such Permitted Acquisition and (ii) such Encumbrances shall exist prior to the applicable Permitted Acquisition and shall not be incurred in anticipation of the applicable Permitted Acquisition; and

(xiii) other Encumbrances of a type not otherwise contemplated by this definition that secure obligations in an aggregate amount not to exceed \$1,000,000.

“**Permitted Equity**” means Equity Interests issued by ~~a Borrower~~ 3 Verticals or HoldCo after the Closing Date that are (i) approved by the Required Lenders, or (ii) are not approved by the Required Lenders, but which (A) do not impose upon a Borrower or HoldCo any obligation of redemption, payment of dividends, or like obligation, unless expressly subordinate to the full payment of the Obligations, and (B) to the extent required to be pledged pursuant to Section 6.4(c) hereof, are when issued made subject to a first priority perfected security interest in favor of Collateral Agent pursuant to documents approved by Collateral Agent in the instance.

“**Permitted Tax Distribution**” is defined in Section 7.3.

“**Person**” means any individual, corporation, limited liability company, partnership, joint venture, association, trust, unincorporated organization, Governmental Authority, and any other form of legally recognized entity.

“**Plan**” means any employee benefit or other plan established or maintained, or to which contributions have been made, by a Borrower or any ERISA Affiliate of a Borrower and covered by Title IV of ERISA or to which Section 412 of the IRC applies.

“**Pro Forma Basis**” means, ~~(i) with respect to any Person, business, property or asset acquired in a Permitted Acquisition or other Acquisition approved in writing by Lenders, the inclusion as “EBITDA” of the Acquisition EBITDA mutually agreed upon by Borrowers, Lenders, and the Senior Lender, for such Person, business, property or asset as if such Permitted Acquisition or Acquisition had been consummated on the first (1st) day of the applicable period, based on historical results accounted for in accordance with GAAP, and (ii) with respect to any Person, business, property or asset sold, transferred or otherwise disposed of, the exclusion from “EBITDA” of the EBITDA for such Person, business, property or asset so disposed of during such period as if such disposition had been consummated on the first day of the applicable period, in accordance with GAAP.~~ with respect to any transaction, that for purposes of calculating the financial covenants set forth in Article 8, such transaction (including the incurrence of any Debt therewith) shall be deemed to have occurred as of the first day of the most recent four Fiscal Quarter period preceding

the date of such transaction for which financial statements were required to be delivered pursuant to Section 6.5(a) or 6.5(c). In connection with the foregoing, (a) with respect to any Disposition or Recovery Event, (i) income statement and cash flow statement items (whether positive or negative) attributable to the property disposed of shall be excluded to the extent relating to any period occurring prior to the date of such transaction and (ii) Debt which is retired shall be excluded and deemed to have been retired as of the first day of the applicable period and (b) with respect to any Acquisition, (i) income statement and cash flow statement items attributable to the Person or property acquired shall be included to the extent relating to any period applicable in such calculations to the extent (A) such items are not otherwise included in such income statement and cash flow statement items for the Borrowers and their Subsidiaries in accordance with GAAP or in accordance with any defined terms set forth in Section 1.1 and (B) such items are supported by financial statements or other information reasonably satisfactory to the Collateral Agent and (ii) any Debt incurred or assumed by any Borrower or any Subsidiary (including the Person or property acquired) in connection with such transaction and any Debt of the Person or property acquired which is not retired in connection with such transaction (A) shall be deemed to have been incurred as of the first day of the applicable period and (B) if such Debt has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination.

“Pro Forma Compliance Certificate” means a certificate of a Responsible Officer of the Borrower containing reasonably detailed calculations of the financial covenants set forth in Article 8 recomputed as of the end of the period of the four Fiscal Quarters most recently ended for which the Borrowers have delivered financial statements pursuant to Section 6.05(a) or (c) after giving effect to the applicable transaction on a Pro Forma Basis.

“Proceeding” means any litigation, arbitration, administrative proceeding, tax audit, investigation, or other action, proceeding, or formal investigation undertaken by or through any court or other Governmental Authority.

“Property” or **“Properties”** means any interest in any kind of property, whether real, personal, or mixed, or tangible or intangible.

“Pro Rata” means an apportionment based upon the relative principal amounts of the Term Loans (being 50% Harbert, 25% CCSD I, and 25% CCSD II as of the Closing Date).

“Pro Rata Share” means a share determined on a Pro Rata basis.

“Purchase Money Security Interests” means Encumbrances securing purchase money obligations (including Capital Leases) made to acquire or construct Equipment, which Encumbrance (i) is perfected within twenty (20) days after acquisition thereof, (ii) does not secure a principal amount exceeding the purchase price of the Equipment, (iii) secures an obligation that is payable on an approximately level basis over a period that does not exceed the useful life of the asset, and (iv) only encumbers the asset so purchased.

“Qualified Acquisition” means (a) a Permitted Acquisition for which the aggregate cash and non-cash consideration (including assumed Indebtedness, the good faith estimate by the Borrowers of the maximum amount of any deferred purchase price obligations (including any earn out payments) and Equity Interests) exceeds \$15,000,000, or (b) a series of related Permitted Acquisitions in any three (3) month period, for which the aggregate cash and non-cash consideration (including assumed Indebtedness, the good faith estimate by the Borrower of the maximum amount of any deferred purchase price obligations (including any earn out payments) and Equity Interests) for all such Permitted Acquisitions exceeds \$15,000,000; provided, that, for any Permitted Acquisition or series of Permitted Acquisitions to qualify as a “Qualified Acquisition”, the Collateral Agent shall have received (not fewer than five (5) Business Days (or such lesser period of time as may be agreed to by the Collateral Agent in its sole discretion) prior to the consummation of such Permitted Acquisition or the last in a series of related Permitted Acquisitions) a Qualified Acquisition Election Certificate with respect to such Permitted Acquisition or series of Permitted Acquisitions.

“Qualified Acquisition Election Certificate” means a certificate of a Responsible Officer of the Borrowers, in form and substance reasonably satisfactory to the Collateral Agent, (a) certifying that the applicable Permitted Acquisition or series of related Permitted Acquisitions meet the criteria set forth in clauses (a) or (b) (as applicable) of the definition of “Qualified Acquisition”, and (b) notifying the Collateral Agent that the Borrower has elected to treat such Permitted Acquisition or series of related Permitted Acquisitions as a “Qualified Acquisition”.

“Qualifying IPO” means the issuance by i3 Verticals or HoldCo after an Up-C Restructuring of its common Equity Interests in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8 or S-4) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act (whether alone or in connection with a secondary public offering) or in a firm commitment underwritten offering (or series of related offerings of securities to the public pursuant to a final prospectus) made pursuant to the Securities Act which results in gross cash proceeds to i3 Verticals or HoldCo after an Up-C Restructuring of at least \$50,000,000.

“Recovery Event” means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of any Borrower or any Subsidiary.

“Residual Buyout” means any transaction in which a Borrower purchases a portion of the residual payments of any third party Person which provides business services to such Borrower; provided that any such residual buyout transaction shall be made in the ordinary course of business and consistent with prudent business practices customary in the industry in which such Borrower operates, ~~and further provided that if any such residual buyout involves a payment of \$500,000.00 or more, prior to the consummation of any such transaction, such Borrower shall provide a pro forma compliance certificate to the Collateral Agent which demonstrates compliance on a pro forma basis with the covenants set forth in Article 8.~~

“Required Lenders” means Lenders owning more than half of the total outstanding principal balance of the Term Loans.

“Responsible Officer” means either the president, vice president, chief financial officer, treasurer or secretary of Borrowers or such other representative of Borrowers as may be designated in writing by any one of the foregoing.

“Restatement Closing Date” means the date of this Agreement.

“S&P” means [Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw Hill Companies, Inc. and any successor thereto.](#)

“SBA” means the United States Small Business Administration.

“SBIC Act” means the Small Business Investment Act of 1958.

“SEC” means the United States Securities and Exchange Commission (or any other federal agency at that time administering the Securities Act and/or the Exchange Act).

“Securities Act” means the Securities Act of 1933.

“Security Agreement” means that Security Agreement dated as of August 14, 2013, by and among Existing Borrowers and Collateral Agent, as amended, modified, or restated from time to time.

“Seller Notes” means collectively, the DBS Seller Note, the APS Seller Note, and any other note or purchase price obligation executed at any time by any Borrower in favor of any seller in connection with any Acquisition or Permitted Acquisition (other than a note evidencing Contingent Consideration).

“Senior Lender” means a lender who extends credit to Borrowers that is subject to a Senior Subordination Agreement, and its successors and permitted assigns and replacements.

“Senior Loan” means Debt held by Senior Lender and which is subject to and permitted under a Senior Subordination Agreement.

“Senior Loan Agreement” means that ~~Term Loan Agreement and Revolving Loan~~ [certain Credit](#) Agreement dated as of ~~April 29~~ [October 30, 2016](#) ~~2017~~, among Borrowers, certain lenders signatory thereto, and ~~First Bank, as Administrative of America, N.A. as Collateral~~ Agent for such lenders (as may be amended from time to time in accordance with its terms and the Senior Subordination Agreement).

“Senior Subordination Agreement” means a subordination agreement with a Senior Lender in form and substance approved and executed by Collateral Agent and Lenders, pursuant to which Collateral Agent’s and each Lender’s rights are made subordinate to the rights of the Senior Lender in certain respects. Without limiting in any respect Collateral Agent’s and each Lender’s discretion in approving other terms and conditions of a Senior Subordination Agreement, Collateral Agent and Lenders shall be under no obligation to consider such an agreement if it (i) permits Senior Debt exceeding 110% of the principal debt committed by the Senior Lender, (ii) imposes payment

blockage or a remedies standstill without written notice to Lenders, (iii) imposes payment blockage for more than one hundred eighty (180) days on account of defaults other than monetary defaults, (iv) imposes a remedies standstill period that extends for more than one hundred eighty (180) days or that impairs Lenders' ability to charge the Default Rate or to obtain equitable relief for non-monetary breaches by Borrowers, (v) requires the release of Collateral Agent's security interest in consensual dispositions of Borrower's assets, (vi) permits the amendment of the senior loan documents without Collateral Agent's and each Lender's consent in any way that would make the documents less advantageous to Borrowers in any material respect, (vii) encumbers or restricts remedies regarding the key man life insurance on Greg Daily or the Equity Interests of i3 Verticals that are required to secure the Obligations, or (viii) materially impairs the ordinary rights that Collateral Agent and Lenders would have in a Borrower's bankruptcy case.

"Settlement" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a Person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of business.

"Settlement Asset" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"Settlement Lien" means an Encumbrance securing obligations arising under or related to any Settlement or Settlement Obligation that attaches to (a) Settlement Assets (including any assignment of Settlement Assets in consideration of Settlement Payments), (b) any intraday and overnight overdraft and automated clearing house exposure or asset specifically related to Settlement Assets, (c) loss reserve accounts specifically related to Settlement Assets, (d) merchant suspense funds specifically related to Settlement Assets, or (e) rights under any BIN/ISO Agreement or fees paid or payable under any BIN/ISO Agreement.

"Settlement Obligations" means any payment or reimbursement obligation in respect of a Settlement Payment.

"Settlement Payment" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"Settlement Receivable" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person.

"Solvent" means, as to any Person, that as of the date of determination, (i) the fair value of the Property of such Person is greater than the total amount of liabilities of such Person, (ii) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its Debts as they become absolute and matured, and (iii) such Person does not intend to, or believe or reasonably should have believed that such Person will, incur liabilities beyond its ability to repay as they become due.

“Subordinated Seller Debt” means unsecured Debt that the Required Lenders may approve and that is held by a seller to a Borrower of assets or of Equity Interests in a Permitted Acquisition, which Debt is subject to a subordination agreement in form and substance approved and executed by Collateral Agent, and pursuant to which Collateral Agent’s and each Lender’s rights are made senior to the rights of the seller. Collateral Agent may require that such Debt is deeply subordinated and favorable to Collateral Agent and Lenders in all respects, including an unlimited payment blockage and standstill period as to all remedies during the continuation of an Event of Default.

“Subrogation Rights” means all rights of indemnity, exoneration, subrogation, contribution, and any other such rights that may apply among Borrowers respecting the Obligations.

“Subsidiary” means, with respect to any Person (the **“parent”**), any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the ~~parent’s~~parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power, or in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (ii) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Taxes” means all taxes and other assessments and remittance obligations imposed by any Governmental Authority on a Borrower or on any of its Properties.

“Term Loans” is defined in Section 2.1.

“Term Loan Maturity Date” is defined in Section 2.8.

“Term Loan Notes” means those three Secured Term Loan Notes dated as of the Closing Date made by Borrowers payable to the order of the respective Lenders in the amount of their respective Term Loans.

“UCC” means the Uniform Commercial Code as adopted in the State of Tennessee.

“Up-C Restructuring” means a transaction or series of related transactions in anticipation of a Qualifying IPO pursuant to which it is anticipated that: (i) the limited liability company agreement of i3 Verticals may be amended and restated to, among other things, modify i3 Verticals’ capital structure by replacing the different existing classes of outstanding Equity Interests with one or more new classes of Equity Interests, which may be voting or non-voting; (ii) a newly formed Delaware corporation (“HoldCo”) will conduct a Qualifying IPO; (iii) HoldCo and the Loan Parties will execute a joinder to this Agreement in form and substance to the reasonable satisfaction of the Collateral Agent, whereby HoldCo becomes a Borrower hereunder, agrees to use proceeds of the Qualifying IPO as required by Section 2.05(b)(vi)(C) of the Senior Loan Agreement (in its form on the Eleventh Amendment Effective Date) and becomes subject to the terms and conditions of

this Agreement, with such ministerial amendments as are necessary to add HoldCo as a Borrower as the Collateral Agent and Borrowers may agree to; (iv) i3 Verticals will become a Subsidiary of HoldCo with HoldCo holding 100% of the voting stock of i3 Verticals and becoming the sole managing member of i3 Verticals following the Qualifying IPO; (v) outstanding Equity Interests of i3 Verticals retained by owners will be exchangeable into Equity Interests of HoldCo pursuant to the terms of an exchange agreement; (vi) holders of Equity Interests of i3 Verticals who remain owners of i3 Verticals following the Qualifying IPO may be issued one or more class of voting stock of HoldCo with no economic rights in a percentage corresponding to their percentage ownership of i3 Verticals; and (vii) i3 Verticals and/or HoldCo will enter into exchange rights, registration rights, tax receivable and other agreements with holders of i3 Verticals' Equity Interests implementing the Up-C Restructuring, in each case subject to the consent of the Collateral Agent, such consent not to be unreasonably withheld, delayed or conditioned, and in the case of clauses (i) through (vii), with such variances in, and additions to, such terms and conditions as are necessary to accomplish the Up-C Restructuring and as the Collateral Agent may agree to, such consent not to be unreasonably withheld, delayed or conditioned.

“USDC” means U.S. Data Capture, Inc., a New York corporation.

“USDC Partners” means USDC Partners, LLC, a New York limited liability company.

“Warrants” means the Warrants issued to Lenders on the Closing Date Pro Rata, which provide for the rights to purchase in the aggregate up to 9.5% of i3 ~~Verticals's~~Verticals' fully- diluted common equity as of the Closing Date.

1.2 Additional Defined Terms. Certain defined terms are defined elsewhere in the body of this Agreement and the other Loan Documents. Additional definitions related primarily to financial covenants are set forth in Article 8.

1.3 Computations; Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purposes of any Loan Document, such determination or computation shall be made in accordance with GAAP to the extent applicable and except as may be otherwise specified. If a change in GAAP after the Closing Date would require a change affecting the calculation of any requirement under this Agreement, then Lenders and Borrowers shall negotiate in good faith for the amendment of the affected requirements; provided, however, until and unless such an amendment is agreed upon, the requirements of this Agreement shall remain as written and compliance therewith shall be determined according to GAAP as in effect prior to the change. Notwithstanding the above, the parties hereto acknowledge and agree that all calculations of the financial covenants in Article 8 shall be made on a Pro Forma Basis with respect to (i) any Disposition of all of the Equity Interests of, or all or substantially all of the assets of, a Subsidiary, (ii) any Disposition of a line of business or division of any Borrower or Subsidiary, (iii) any Acquisition, or (iv) any Residual Buyout, in each case, occurring during the applicable period.

1.4 Standards for Consent. Whenever any Loan Document conditions any matter upon the approval, consent, specification of requirements by, or other such act of a Lender or Collateral

Agent, such actions shall be deemed taken or withheld only as such Lender or Collateral Agent may elect in writing (whether or not the specific provision requires a writing) in its sole and absolute discretion, unless another standard is expressly stated.

1.5 References to Documents. Any reference in a Loan Document to another document shall include all schedules, exhibits, supplements, and addenda thereto (however denominated) and shall include such documents as they may be amended, modified, supplemented, or restated from time to time, unless (i) otherwise expressly specified, or (ii) such amendment, modification, supplementation, or restatement is prohibited by any Loan Document.

1.6 References to Laws. Unless otherwise specified, any reference in a Loan Document to a Law, means (i) such Law as in effect as of the Closing Date and as it may hereafter be amended and (ii) all future substitutions for such Law.

1.7 References to this Agreement. “Herein,” “hereof” and words of similar import in the Loan Documents refer to the entire document in which they appear and not to any particular provision thereof, unless otherwise expressly stated. References to Articles, Sections, Exhibits, or Schedules are to those included in this Agreement unless otherwise specified.

1.8 Other Interpretive Conventions. Except where a Loan Document expressly provides otherwise, (i) the word “includes” and variants thereof mean “including, but not limited to”, (ii) the disjunctive “or” includes the conjunctive (“and/or”), and (iii) the meanings given to terms defined herein shall be equally applicable to both the singular and plural forms thereof (without limitation, any requirement of “Borrowers” or “all Borrowers” shall apply to Borrowers both jointly and severally).

ARTICLE 2. TERM LOANS

2.1 Amount of Term Loans; Term Loan Notes. Lenders severally and not jointly agree to lend to Borrowers the aggregate sum of Ten Million Five Hundred Thousand and No/100 Dollars (\$10,500,000.00) (the “**Term Loans**”), on the terms and conditions set forth in this Agreement. The Term Loans shall be further evidenced by the Term Loan Notes. The Term Loans shall be allocated between Lenders as follows:

CCSD II	\$2,625,000
CCSD I	\$2,625,000
Harbert	\$5,250,000

2.2 Use of Proceeds. The proceeds of the Term Loans have been used to fund certain permitted acquisitions by the Borrowers, to pay transaction costs of such transactions and this Agreement, and to provide working capital to Borrowers.

2.3 Advances. The Term Loans shall be disbursed by Lenders Pro Rata in an advance made on the Closing Date in the amount of Nine Million and No/100 Dollars (\$9,000,000.00) (the “**Initial Advance**”) and an advance made on a subsequent date on or before December 31, 2013,

in the amount of One Million Five Hundred Thousand and No/100 (\$1,500,000.00) (the “**Second Advance**”).

2.4 Accrual of Interest. Interest shall accrue on the outstanding principal balance of the Term Loans at the rate of twelve percent (12.0%) per annum (based upon a 360-day year and actual days elapsed); provided, however, upon the occurrence and during the continuation of an Event of Default, Interest shall accrue at the Default Rate.

2.5 Interim Payments of Interest. Interest on the Term Loans shall become due in arrears on the first day of each month, commencing September 1, 2013.

2.6 Voluntary Prepayments of Principal. Borrowers may voluntarily prepay principal of the Term Loans, in whole or in part, without premium or penalty; provided, however, that any prepayment must be made upon at least five (5) calendar days’ prior written notice to Lenders.

2.7 Mandatory Prepayment of Principal. Borrowers shall cause the direct payment by the insurer to Collateral Agent of any proceeds of life insurance on Greg Daily that is assigned to Collateral Agent to secure the Obligations, and these proceeds shall be applied to expenses, then interest, and then principal included in the Obligations as a prepayment of the Obligations.

2.8 Final Payment of All Amounts. All remaining principal, interest, and other Obligations shall become due in full upon the first to occur of (i) an IPO, (ii) acceleration due to an Event of Default, or (iii) ~~November 29~~ April 30, 2020 ~~2023~~ (the “**Term Loan Maturity Date**”).

2.9 Late Fee. If any payment of principal, interest, fees, or expenses due to Lenders respecting the Term Loans is not paid within ten (10) days after it is due, a late fee of five percent (5%) of such amount shall accrue and be immediately due and payable. The delay of the accrual of this late fee does not evidence or imply any obligation upon Collateral Agent or Lenders to forbear in the exercise of remedies available upon an Event of Default.

2.10 Processing Fee. Borrowers shall pay to Lenders Pro Rata a processing fee in the total amount of One Hundred Eighty Thousand and No/100 Dollars (\$180,000.00) upon funding of the Initial Advance at the Closing and Thirty Thousand and No/100 Dollars (\$30,000.00) upon funding of the Second Advance.

2.11 Pro Rata Direct Payments. All Payments of principal and interest respecting the Term Loans shall be paid by Borrowers directly to the respective Lenders, Pro Rata.

2.12 Manner of Payment. All payments on the Term Loans shall be made by bank draft, unless the applicable Lender requires payment by wire or another commercially reasonable method.

2.13 Value of Warrants. Borrowers and Lenders agree that for tax and accounting purposes, reasonable values of the Warrants as of the Closing Date are as set forth below, and they will take accounting and tax positions consistent with these valuations.

Warrant Issued to: Value:

CCSD I \$0.00

CCSD II \$0.00

Harbert \$0.00

**ARTICLE 3.
RELATIONSHIP OF BORROWERS**

Borrowers jointly and severally warrant and represent to Lenders and Collateral Agent, and agree with Lenders and Collateral Agent, as follows:

3.1 Joint and Several Liability. Borrowers are interdependent for their operational and financial needs, and they, Lenders, and Collateral Agent intend that each Borrower be jointly and severally liable for each monetary obligation, warranty, and covenant obligation arising under this Agreement. This Agreement is fair to all Borrowers, and the delivery of funds to a Borrower under this Agreement shall constitute valuable consideration and reasonably equivalent value to all Borrowers for the purpose of jointly and severally binding them and their assets to secure the Obligations. Lenders and Collateral Agent may enforce this Agreement against a Borrower without first making demand upon or instituting collection proceedings against any other Borrower.

3.2 Funding Requests and Administration. A Borrower may act on behalf of all Borrowers for the purpose of giving and receiving notices and otherwise acting in the administration of this Agreement. Any dealing of a Borrower with Lenders or Collateral Agent under this Agreement or any other Loan Document shall be deemed for the benefit of, and on behalf of, all Borrowers.

3.3 Unconditional Obligation. The unconditional liability of each Borrower for the entire amount of the Obligations shall not be impaired by any event whatsoever (other than the discharge of such Borrower by indefeasible payment in cash), including, without limitation, the merger, consolidation, dissolution, cessation of business, or liquidation of any other Borrower; the financial decline or bankruptcy of any other Borrower; the failure of any other party to guarantee the Obligations or to provide collateral therefor; Collateral Agent's or any Lender's compromise or settlement with or without release of any other Borrower, with or without reservation of rights; Collateral Agent's or any Lender's release of any collateral for the Obligations, with or without notice to a Borrower; Collateral Agent's or any Lender's forbearance in the exercise of any available remedies, including the failure to file suit against any other Borrower; Collateral Agent's or any Lender's failure to give a Borrower notice of default; the unenforceability of the Obligations against any other Borrower due to bankruptcy discharge, affirmative defense, counterclaim, or for any other reason; Collateral Agent's or any Lender's acceleration of the Obligations; the extension, modification, or renewal of the Obligations; Collateral Agent's or any Lender's failure to undertake or exercise diligence in collection efforts against any party or Property; the termination of any relationship of a Borrower with any other Borrower, including, without limitation, any relationship of commerce or ownership; a Borrower's change of name or use of any name other than the name used to identify such Borrower in this Agreement; or a Borrower's use of the credit extended by Lenders for any purpose whatsoever.

3.4 Subrogation Rights. Borrowers' respective Subrogation Rights with respect to the Obligations are not impaired by this Agreement and are appropriately taken into account in determining that each Borrower is Solvent. Settlement responsibilities for the Obligations among Borrowers shall be allocated in the application of Subrogation Rights as to best uphold the validity of this Agreement and to give effect to Section 3.5; provided, however, each Borrower agrees not to make any claim against or seek any payment directly or indirectly from another Borrower with respect to any Subrogation Right until the Obligations have been indefeasibly paid in full.

3.5 Savings Provision. If, notwithstanding the contrary agreement and intention of the parties hereto, the liability of a Borrower hereunder for the entire amount of the Obligations shall be subject to avoidance, reduction, or limitation under any state or federal fraudulent conveyance law or other Law that may be determined to be applicable, the liability of such Borrower shall be limited to the maximum amount for which such Borrower may be liable without legal impairment.

3.6 Independent Existence. The joint and several liability of Borrowers for the Obligations does not impair their separate legal existence, and Borrowers warrant and represent that they do, and agree that they shall continue to, conduct their affairs so as to maintain their separate legal existence.

ARTICLE 4.
CONDITIONS

4.1 Documentary Conditions to Initial Advance. As conditions to the funding of the Initial Advance, Lenders and Collateral Agent shall have received all of the documents required for delivery at the Closing in the Closing Agenda appended hereto as Exhibit 4.1, which documents shall be, in the discretion of Lenders, Collateral Agent, and their counsel, sufficient to:

- (i) establish the existence and authority of all Borrowers and other Persons executing Loan Documents;
- (ii) evidence the Obligations;
- (iii) secure the Obligations with the real and personal property Collateral provided by Borrowers, with the priority required in this Agreement;
- (iv) provide assurances to Lenders from landlords of Borrowers' locations (if not available at the Closing, such assurances shall be delivered within forty- five (45) days after the Closing);
- (v) provide Control Agreements with respect to Borrowers' deposit and securities accounts, approved by Lenders (if not available at the Closing, such documents shall be delivered within forty-five (45) days after the Closing);
- (vi) evidence that the required key man insurance on Greg Daily is in effect and pledged to secure the Obligations;

- (vii) secure the Obligations with the Equity Interests of i3 Verticals, with the priority required in this Agreement;
- (viii) evidence that all other required insurance is in effect;
- (ix) evidence the issuance of the Warrants;
- (x) evidence Borrowers' ~~counsel's~~ counsel's opinions as to customary matters;
- (xi) comply with all applicable SBA Laws;
- ~~(xii) evidence the subordination of the Daily Loan; and~~
- (xii) ~~(xiii)~~ otherwise serve such purposes incidental to the Closing as Lenders or Collateral Agent may reasonably require.

4.2 Additional Conditions to Initial Advance. As conditions to the funding of the Initial Advance, the following additional conditions shall have been satisfied in a manner approved by Lenders and their counsel:

- (i) satisfactory completion of financial, accounting, tax, management, legal, environmental, insurance, industry, compliance, vendor, customer, and other due diligence by Lenders and their diligence consultants;
- (ii) Lenders' satisfaction that the combined EBITDA of Borrowers (including the historical EBITDA of USDC, adjusted as Lenders may require) will be at least \$2,100,000 at the Closing;
- (iii) Lenders'2 approval of the final sources and uses of funds, including transaction fees;
- (iv) Lenders'2 approval of employment agreements, non-compete agreements, non-solicitation agreements, and other such agreements with all key employees of Borrowers;
- (v) Lenders'2 approval of all Material Contracts;
- (vi) the approval of Lenders' Investment Committees shall have been obtained;
- (vii) there must be no Material Adverse Change respecting a Borrower since the date of their applicable Financial Statements;
- (viii) Borrowers' payment of all of Lenders' reasonable out-of-pocket diligence expenses and the fees and expenses of Lenders' counsel; and

(ix) such other conditions as Lenders or Collateral Agent may reasonably require.

4.3 Documentary Conditions to Second Advance. As conditions to the funding of the Second Advance, Lenders and Collateral Agent shall have received:

- (i) all of the documents that were conditions to the Initial Advance and additional documents to in like manner evidence and secure the Obligations and Collateral Agent's security interests and liens securing the Obligations, taking into account the acquisition of assets of USDC Partners;
- (ii) copies of all documents evidencing the Acquisition of USDC Partners;
- (iii) a written request for advance at least ten (10) days prior to the date on which the closing of the Acquisition of USDC Partners, and the Second Advance, are to occur; and
- (iv) a closing certificate issued by Borrowers as of the date of the Second Advance, confirming (i) the accuracy of all representations and warranties made in this Agreement (updated to be effective as of the making of the Second Advance and giving effect to the Acquisition of USDC Partners) and (ii) the absence of any Default, any Event of Default, and any Material Adverse Change.

4.4 Additional Conditions to Second Advance. As conditions to the funding of the Second Advance, the following additional conditions shall have been satisfied in a manner approved by Lenders and their counsel:

- (i) Lenders' satisfaction that all conditions to the Initial Advance listed in Section 4.2 were satisfied and, to the extent applicable, remain so as of the making of the Second Advance (to avoid doubt, this does not require additional Investment Committee approval);
- (ii) Lenders' satisfaction that the combined EBITDA of Borrowers (including the historical EBITDA of USDC Partners, adjusted as Lenders may require) will be at least \$2,100,000 at the Closing;
- (iii) the absence of a Default or Event of Default; and
- (iv) the absence of a Material Adverse Change.

ARTICLE 5.

REPRESENTATIONS AND WARRANTIES

As an inducement to cause Lenders and Collateral Agent to enter into the Loan Documents, Borrowers jointly and severally represent and warrant to Collateral Agent and Lenders as follows as of the Restatement Closing Date:

5.1 Capacity. Each Borrower is an entity of the type denoted in the preamble of this Agreement and is duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its formation. Each Borrower is qualified to do business as a foreign entity in all jurisdictions that require such qualification. Each Borrower exists and operates in full accordance with its Constituent Documents. Each Borrower has the full power and authority to own its Properties and to carry on its business as now being conducted and as proposed to be conducted after the execution of this Agreement, and to execute, deliver, and perform under the Loan Documents.

5.2 Authorization. The execution, delivery, and performance of the Loan Documents by each Borrower have been duly authorized by all requisite action of its Governing Body, owners of its Equity Interests, and any other Persons required under its Constituent Documents.

5.3 Binding Obligations. The Loan Documents have been duly executed and delivered to Lenders and Collateral Agent and are the legal, valid, and binding obligations of each Borrower, enforceable in accordance with their respective terms, subject only to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws.

5.4 No Conflicting Law or Agreement. The execution, delivery, and performance of the Loan Documents by the respective Borrowers do not and will not (i) breach, cause a default under, conflict with, cause any Encumbrance to arise under, or cause any economic, governance, or management rights to change under, any provisions of the Constituent Documents of a Borrower, (ii) violate any Law to which a Borrower is subject or by which any of its Properties are bound, (iii) violate the terms of any Order applicable to a Borrower or any of its Properties, (a) violate or impair any Permit necessary to a Borrower's operations, or (iv) breach, cause a default under, conflict with, cause any Encumbrance to arise under, or cause any economic, governance, or management rights to arise or change under, any Contract.

5.5 No Consent Required. Except as listed in Schedule 5.5, the execution, delivery, and performance of the Loan Documents by Borrowers do not require the consent or approval of, or the giving of notice to, any Person except for (i) consents required under Borrowers' respective Constituent Documents, all of which consents have been finally obtained and remain in effect, and (ii) the filing of Loan Documents and the taking of other actions expressly provided for in the conditions to closing stated in this Agreement.

5.6 Pending Orders. Schedule 5.6 lists all Orders to which a Borrower is a party or by which a Borrower or its Properties are or would be otherwise affected. Borrowers are in full compliance with all such Orders.

5.7 Pending Proceedings. Schedule 5.7 lists all pending and threatened Proceedings to which a Borrower is (or if only threatened, would) be a party or by which a Borrower or its Properties are or would be otherwise affected.

5.8 Past Proceedings. Schedule 5.8 lists all Proceedings and Orders that are no longer pending or threatened but to which a Borrower has been a party or by which a Borrower or its Properties were otherwise affected, in each case since their formation.

5.9 Financial Statements. Except as listed in Schedule 5.9, (i) the financial statements of Borrowers have been prepared in accordance with GAAP (subject to year-end adjustments and footnotes) and present fairly in all material respects the financial condition of Borrowers as of the date stated therein, and (ii) no Material Adverse Change has occurred to any Borrower since the date of the most recent such financial statements.

5.10 Fiscal Year. Each Borrower's Fiscal Year ends on September 30 of each year.

5.11 Debt and Related Encumbrances. Schedule 5.11 is a list of all Debt of each Borrower other than the Term Loans and a description of collateral securing the Debt so listed.

5.12 Off-Balance Sheet Transactions. Except as listed in Schedule 5.12, no Borrower is a party to any sale-leaseback transaction, securitization, sale of accounts, financial accommodations with Affiliates, or any other transactions that could be construed as off-balance-sheet financing methods.

5.13 Taxes; Governmental Charges. Each Borrower has filed or caused to be filed all tax returns (including informational returns) required by Law. Each Borrower has paid, or made adequate provision for the payment of, all Taxes that are due or are alleged to be due by any Governmental Authority, except for such Taxes, if any, that (i) are being contested in good faith by appropriate proceedings, (ii) for which adequate reserves have been provided, and (iii) are described in Schedule 5.13. No extension of time for the assessment of Taxes or the filing of any return by a Borrower is in effect.

5.14 ERISA Plans. Schedule 5.14 lists all Plans which a Borrower has sponsored or to which it has made any contributions.

5.15 Title to Properties. Each Borrower has good and marketable title to its Properties, free and clear of all Encumbrances, except for Permitted Encumbrances.

5.16 Property in Borrowers' Possession. Borrowers are not in possession of a material amount of Property belonging to Persons other than Borrowers. Without limitation, Borrowers do not possess any Property held by them on consignment from other Persons.

5.17 Locations of Property. Except for immaterial amounts of Property temporarily in the possession of vendors for repairs and other incidental purposes in the ordinary course of business, all of Borrowers' Property is located at (i) Borrowers' locations listed in Schedule 5.17, and (ii) those additional locations described in Schedule 5.17.

5.18 Condition of Properties. Except as listed in Schedule 5.18, each Borrower's material Properties are in good condition, ordinary obsolescence and wear and tear excepted, and are sufficient for the operation of such Borrower's business.

5.19 Casualties and Extraordinary Events. Except as listed in Schedule 5.19, neither the business nor the Property of a Borrower is impaired or under threat of impairment in any way that could have a Material Adverse Effect as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, strike, or other labor disturbance, embargo, requisition, or taking of Property, cancellation of Contracts or Permits, concessions by any domestic or foreign government

or any agency thereof, riot, activities of armed forces, acts of God or of any public enemy, or any other *force majeure*.

5.20 Condemnation. Except as listed in Schedule 5.20, no Property of a Borrower is subject to any condemnation or other such Proceeding or, to Borrowers' Knowledge, is subject to a threat thereof.

5.21 Intellectual Property. Schedule 5.21 lists all material IP necessary to the operation of Borrowers' business (other than licenses of off-the-shelf software) and sets forth the registration information for all IP that has been registered with any Governmental Entity. Each Borrower (i) owns or possesses adequate licenses or other rights to use all IP as to entitle it to conduct its business as presently conducted, without infringement upon the rights of any Person, (ii) is in compliance in all material respects with all IP rights granted by other Persons, (iii) has taken reasonable steps to protect its proprietary interests in its IP, and (iv) has no Knowledge of any infringement or any adverse claim affecting its use of any such IP.

5.22 Equity Interests. Except as listed in Schedule 5.22, no Borrower owns any Equity Interests.

5.23 Hedge Agreements. Except as listed in Schedule 5.23, no Borrower is a party to any Hedge Agreement.

5.24 Compliance With Laws. Except as listed in Schedule 5.24, no Borrower is in violation of any Law to which it or any of its Properties are subject in any respect that could have a Material Adverse Effect, and to Borrowers' Knowledge, there are no outstanding citations, notices, investigations, or orders of noncompliance issued to a Borrower relating to any Law.

5.25 Environmental Compliance. Except as listed in Schedule 5.25, (i) each Borrower has complied with, and its Properties are owned and operated in compliance with, all Environmental Laws, except as could not in the aggregate have a Material Adverse Effect, and (ii) there have been no citations or notices of non-compliance of Environmental Laws issued to a Borrower.

5.26 ERISA. Borrowers are in compliance in all material respects with ERISA and all other applicable laws governing any Plan to which it is a party. No reportable Event presently exists or is threatened.

5.27 Investment Company Act. No Borrower is an "investment company" under the Investment Company Act of 1940.

5.28 Personal Holding Company. No Borrower is a "personal holding company" as defined in Section 542 of the IRC.

5.29 Labor Matters. Except as set forth in Schedule 5.29, (i) no Borrower is subject to any collective bargaining agreement or any Order requiring it to recognize, deal with, or employ any Person, (ii) no demand for collective bargaining has been asserted against a Borrower by any union or organization, (iii) no Borrower has experienced any strike, labor dispute, slowdown, or work stoppage due to labor dispute, and (iv) to Borrowers' Knowledge, there is no such strike, dispute, slowdown, or work stoppage threatened against a Borrower.

5.30 Regulation U. No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying “margin stock” (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System). No proceeds of the Term Loans will be used to purchase or carry any such margin stock.

5.31 Affiliate Transactions. Except as listed in [Schedule 5.31](#), no Borrower is or has been within the past three (3) years a party to any Contract with or for the benefit of any of its Affiliates, other than (i) obligations under its Constituent Documents, (ii) Contracts among Borrowers, and (iii) employment agreements otherwise disclosed pursuant to this Agreement.

5.32 Capitalization.

(a) **Capitalization Table.** [Schedule 5.32](#) describes (i) the Equity Interests of Borrowers and holders thereof, as outstanding and also on a fully-diluted basis (assuming conversion of all convertible securities and the exercise of all options, regardless of pricing or conditions), (ii) with respect to all outstanding warrants, options, and other such rights, the total number of shares or interests issuable upon exercise thereof, the exercise prices thereunder, and the expiration date thereof, and (iii) any obligation (contingent or otherwise) to repurchase, redeem, retire, or otherwise acquire any of its Equity Interests.

(b) **Phantom Equity.** [Schedule 5.32](#) also lists all of Borrowers’ obligations to pay or otherwise compensate any employee or other Person based upon the enterprise value of Borrowers or occasioned by a sale of assets or equity of a Borrower under any phantom equity plan, employment agreement with a participation feature, or other such Contract.

(c) **Validity of Equity Interests.** All of the outstanding Equity Interests of Borrowers are validly issued, fully paid, and nonassessable.

5.33 Permits. [Schedule 5.33](#) lists all Permits that are necessary to Borrowers’ operations, except for licenses that can be obtained upon the payment of a fee and completion of administrative applications without any inspection, regulatory approval, background check, or other substantive qualification. All listed Permits are validly outstanding; each Borrower is in material compliance with the requirements thereof; and [Schedule 5.33](#) lists all citations and written allegations of violations of the listed Permits that have been received within the last three (3) years, together with a summary of the matter and its resolution.

5.34 Employment Agreements. [Schedule 5.34](#) lists all Contracts pursuant to which a Borrower engages (i) any member of its Governing Body or any officer, or (ii) any other employee, consultant, or like Person, except for (A) obligations of indemnity and other general obligations arising under a [Borrower’s/Borrower’s](#) Constituent Documents, and (B) Contracts that are terminable at will by Borrower without payment of any severance fees, penalties, or other amounts except for ordinary compensation and benefits earned through the date of termination.

5.35 Management. Schedule 5.35 lists all officers of Borrowers and all members of Borrowers' Governing Bodies.

5.36 Material Contracts. Schedule 5.36 lists all of Borrowers' Contracts (except for employment Contracts disclosed pursuant to Section 5.34) that are (i) processing agreements with FDS Holdings, Inc., as successor to Paymentech, L.P. and Global Payments Direct, Inc. and all other such processing agreements, (ii) real estate leases or real estate licenses, (iii) with any vendor that represents more than fifteen percent (15%) of Borrowers' expenses during the most recent twelve (12) months, (iv) are with any customer that represents more than fifteen percent (15%) of Borrowers' sales during the most recent twelve (12) months, (v) are asset or stock purchase agreements executed by Borrower in connection with an Acquisition, including any Permitted Acquisition; or (vi) are otherwise Contracts which, if breached by the other party, could result in a Material Adverse Effect (all of the listed Contracts, together with the employment Contracts listed in Schedule 5.34, are referred to as the "**Material Contracts**"). Each Material Contract is in full force and effect, and no Borrower has Knowledge of any reason why such Contract will not remain in full force and effect, without breach, pursuant to the terms thereof.

5.37 Insurance. All insurance of which Borrowers are providing evidence at the Closing pursuant to Section 6.14 is in full force and effect with the coverage as represented to Lenders. Except as listed in Schedule 5.37, Borrowers have no pending insurance claims under any present or former policy of insurance.

5.38 Non-Compete Agreements. Schedule 5.38 lists all Contracts (i) under which a Borrower is the beneficiary of a covenant not to compete or a covenant not to solicit given by any Person, and (ii) under which a Borrower or, to Borrowers' Knowledge, any officer or member of the Governing Body of a Borrower, has undertaken a covenant not to compete or a covenant not to solicit in favor of any Person in a manner that could restrict their ability to be associated with Borrowers in respect of Borrowers' Line of Business or reasonable expansions thereof.

5.39 Delivery of Scheduled Agreements. Borrowers have delivered or made available to Lenders complete and correct copies of all Contracts, Permits, and other documents that are listed in the Schedules to this Agreement.

5.40 Perfection Diligence Certificates. The Perfection Diligence Certificates are complete and correct in all material respects.

5.41 Fees/Commissions. Except as listed in Schedule 5.41, no Borrower has agreed to pay any finder's fee, commission, origination fee (except for the fees to Lender provided for in this Agreement), or other such fee or charge to any Person or entity with respect to the Term Loans and the other transactions contemplated hereunder.

5.42 Accuracy of Projections. All business plans and other forecasts and projections furnished by or on behalf of Borrowers to Lender at or prior to Closing relating to the financial condition, business, operations, or Properties of Borrowers were, when given, and are (i) complete and correct in all material respects as to matters presented therein as facts, and (ii) to the Knowledge of Borrowers, were and are reasonable as to the estimates and assumptions made therein (although all forward-looking estimates and assumptions are subject to uncertainty).

5.43 Full Disclosure of Material Facts. To Borrowers' Knowledge, Borrowers have fully advised Lender of all matters involving the financial condition, business, operations, and Properties of Borrowers that would be reasonably expected to have a Material Adverse Effect. To Borrowers' Knowledge, no representation or warranty given by Borrowers contained in this Agreement or the other Loan Documents and no information, exhibit, or report furnished or to be furnished by Borrowers to Lender in or in connection with this Agreement or the other Loan Documents contains, as of the date thereof, any misrepresentation of fact or failed to state any material fact, the omission of which would render the statements therein materially false or misleading.

5.44 Recitals. The facts stated in the Recitals of this Agreement are correct.

5.45 Small Business Concern. Borrowers acknowledge that CCSD I and CCSD II are each a small business investment company licensed by the SBA. Borrowers represent and warrant that, taken together with its "affiliates" (as that term is defined in 13 C.F.R. §121.103), it is a "Small Business Concern" within the meaning of 13 C.F.R. §107, and meets the applicable size eligibility criteria set forth in 13 C.F.R. §121.301(c)(1) or the industry standard covering the industry in which a Borrower is primarily engaged as set forth in 13 C.F.R. §121.301(c)(2). No Borrower presently engages in any activities for which a small business investment company is prohibited from providing funds by 13 C.F.R. §107.720.

ARTICLE 6.

AFFIRMATIVE COVENANTS

Borrowers jointly and severally covenant with Lenders and Collateral Agent as set forth in this Article.

6.1 Maintenance of Existence. Each Borrower shall maintain its existence and good standing in its state of formation and all necessary qualifications in other states.

6.2 Payment of Obligations. Borrowers shall pay all amounts owed under the Obligations when due.

6.3 Accounts and Records. Borrowers shall maintain current, accurate, and complete books and records in accordance with good business practices to support the preparation of financial statements in accordance with GAAP.

6.4 Collateral for Obligations.

(a) **All Property of Borrowers.** The Obligations shall at all times be secured by a perfected security interest or other lien upon all of Borrowers' presently owned and hereafter acquired Property, subject only to Permitted Encumbrances, and Borrowers shall promptly execute and deliver such documents and take such other actions from time to time as Lenders may reasonably request to this end.

(b) **Key Man Insurance.** The Collateral provided by Borrowers shall at all times include a life insurance policy on Greg Daily in the amount of at least \$5,000,000 as of the Closing and \$10,000,000 by ninety (90) days after the Closing. The lien upon such policy shall be of first priority and shall not be subject to any restriction under the Senior Subordination Agreement.

(c) **Equity of i3 Verticals.** The Obligations shall be further secured by a first priority perfected security interest in all of the Equity Interests of i3 Verticals or, after the completion of the Up-C Restructuring, HoldCo that are at the time of determination owned by (i) any of the “Grantors” under that LLC Interests Security Agreement securing the Obligations dated as of August 14, 2013, as amended by that First Amendment to LLC Interests Security Agreement dated on or around February 14, 2014, or (ii) any Affiliate of any of them. Solely for purposes of this Section 6.4(c), “Affiliate” shall mean (i) any other Person who directly or indirectly Controls, is directly or indirectly Controlled by, or is directly or indirectly under common Control with, the specified Person, and (ii) if any such Grantor or an Affiliate thereof under the foregoing subsection (i) is a natural Person, each member of such individual’s Immediate Family (as defined in the definition of “Affiliate” in Section 1.1 hereof). The security interest in such Equity Interests shall be of first priority and shall not be subject to any restriction under the Senior Subordination Agreement except as Lenders and Collateral Agent may otherwise agree.

6.5 Financial Statements and Reports. Borrowers shall deliver to Lenders each of the financial statements and other reports described below.

(a) **Monthly Financial Reports.** As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, Borrowers shall deliver to Lenders (i) the unaudited consolidated and consolidating balance sheets of Borrowers, as at the end of such Fiscal Quarter, and the related consolidated and consolidating statements of income and cash flows for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, (ii) a report in consolidated and consolidating form setting forth in comparative form the income and expenses for the current Fiscal Year (actual as available and projected for the remainder of the Fiscal Year) and the previous Fiscal Year, (iii) a report in consolidated and consolidating form setting forth in comparative form the income and expenses for the current Fiscal Year compared to (actual as available and projected for the remainder of the Fiscal Year) and the budget for the then-current Fiscal Year, (iv) a management report describing the operations and financial condition of Borrowers for the Fiscal Quarter then ended and the portion of the current Fiscal Year then elapsed and discussing the reasons for any significant variations from projections, (v) a calculation of all financial covenants provided for in ~~Article 9~~Article 8, (vi) the certification of Borrowers’ Chief Financial Officer or Chief Executive Officer as to the compliance of such financial statements with GAAP (subject to year-end adjustments and notes, as applicable) and the absence of any Default or Event of Default (or, if any Default or Event of Default does exist, an explanation of Borrowers’ plans to address such matters), and (vii) such other information as Lenders may reasonably require upon written request.

(b) **Board Package.** Promptly upon the sending thereof, Borrowers shall deliver to Lenders a copy of the monthly information package, including financial statements and reporting for the preceding month, prepared by Borrowers for the members of Borrower’s Governing Body.

(c) **Year-End Audited Financial Statements.** As soon as available, and in any event within one hundred and twenty (120) days after the end of each Fiscal Year, Borrowers shall deliver to Lenders (i) the audited consolidated balance sheets of Borrowers, as at the end of such Fiscal Year, and the related consolidated and consolidating statements of income, owners’ equity and cash flow for such Fiscal Year, (ii) a report with respect to the consolidated financial statements from the Accountants and acceptable to Lenders, which report shall be prepared in accordance with

Statement of Auditing Standards No. 58 “Reports on Audited Financial Statements”, or the equivalent at the time, as applicable, and such report shall be “Unqualified” (as such term is defined in such Statement), and (iii) a schedule of the outstanding Debt of Borrowers describing in reasonable detail each such Debt issue or loan outstanding and the principal amount and amount of accrued and unpaid interest with respect to such Debt.

(d) **Accountants’ Reports.** Promptly upon receipt thereof, Borrowers shall deliver to Lenders copies of all reports submitted by the Accountants in connection with each annual, interim, or special audit or review of any type of the financial statements or related internal control systems of Borrowers made by the Accountants, including any comment letter submitted by the Accountants to management in connection with their services.

(e) **Projections and Operating Plan.** ~~As soon as available, and in any event no later than January 1 of each Fiscal Year,~~ Within thirty (30) days of the beginning of each calendar year, Borrowers shall deliver to Lenders a comprehensive business plan for such Fiscal Year, including (i) narrative as to strategy, (ii) month-by-month projections of Borrowers’ financial performance (including income statement, balance sheet, and cash flow statement), and (iii) an operating plan.

6.6 Additional Reporting Requirements.

(a) **Owner Communications.** Promptly upon the sending thereof, Borrowers shall deliver to Lenders a copy of each material statement, report, or notice sent to the holders of Borrowers’ Equity Interests in their capacities as such (unless Lenders are otherwise a party thereto or otherwise received such notice in another capacity).

(b) **SEC Filings.** Promptly upon the filing thereof, should such filings become applicable, Borrowers shall deliver to Lenders copies of all regular, periodic, and special reports that a Borrower files with the SEC or any successor thereto, or any national securities exchanges or the National Association of Securities Dealers.

(c) **Change in Accounting Policies.** Borrowers shall promptly notify Lenders in writing upon any material change in accounting policies or financial reporting practices on the part of a Borrower.

(d) **Notice to Lender Parties Upon Perceived Breach.** Borrowers shall give Lenders and Collateral Agent prompt written notice of any action or inaction by or on behalf of a Lender (in any capacity) or Collateral Agent (in any capacity) that Borrowers believe may be actionable against any Lender or Collateral Agent or a defense to payment of any or all Obligations for any reason, including, without limitation, commission of a tort or violation of any contractual duty or duty implied by law.

(e) **Notice of Litigation.** Borrowers shall give Lenders prompt written notice of any Proceeding of which a Borrower has Knowledge that is hereafter instituted or threatened in writing which, if adversely determined, could result in a judgment exceeding ~~\$100,000~~ \$2,000,000 or otherwise have could have a Material Adverse Effect.

(f) **Material Contracts and Customer Relationships.** Borrowers shall give Lenders prompt written notice of the termination, expiration without renewal, or breach (i) of any Material

Contract or (ii) of any other present or future customer contract or relationship or other material agreement, in each case, the termination, breach, or expiration of which could have a Material Adverse Effect.

(g) **Other Notices.** Borrowers shall promptly notify Lenders in writing if they learn of the occurrence of (i) any Default or Event of Default, together with a detailed statement of the steps being taken as a result thereof, or (ii) any other event that would be reasonably expected to have a Material Adverse Effect.

(h) **SBA Information.** Within sixty (60) days after the end of the Fiscal Year of Borrowers, Borrowers shall furnish or cause to be furnished to CCSD I and CCSD II information required by the SBA in form and substance reasonably requested by CCSD I or CCSD II concerning the economic impact of the Term Loans, including, information concerning full-time equivalent employees; federal, state, and local income taxes paid; gross revenue; source of revenue growth; after-tax profit or loss; and federal, state, and local income tax withholding. Borrowers shall furnish annually such information required on the forms provided by CCSD I and CCSD II. Borrowers shall execute the SBA forms required in this Agreement at the Closing and shall update these forms and execute such additional SBA forms as CCSD I and/or CCSD II may reasonably require.

(i) **SBA Certification of Uses of Term Loans.** Borrowers shall deliver to CCSD I and CCSD II, upon written request by Lenders not more than once in any Fiscal Quarter, a written report, certified as correct in all material respects by an authorized officer of each Borrower, verifying the purposes and amounts for which proceeds from the Term Loans were disbursed in a format to be provided by CCSD I and CCSD II. Borrowers shall supply to CCSD I and CCSD II such additional information and documents as Lenders request with respect to use of proceeds and will permit CCSD I and CCSD II to have access to any and all of Borrowers' records and information and personnel upon reasonable prior written notice and at reasonable times as CCSD I and/or CCSD II deems necessary to verify how proceeds have been or are being used, and to assure that the proceeds have been used for the specified purposes.

(j) **Management Updates.** Upon a Lender's written request, the Chief Executive Officer and Chief Operating Officer of each Borrower shall be reasonably available during business hours to discuss with and/or meet with such Lender's representative(s).

(k) **Other Information.** Upon a Lender's or Collateral Agent's written request, Borrowers shall provide such Lender or Collateral Agent with such additional reasonable information regarding the financial condition, Properties, operations, and prospects of Borrowers as they may reasonably require in connection with the Loan.

6.7 Taxes and Other Encumbrances. Borrowers shall timely make payment or deposit all material Taxes, remittances, assessments, or contributions required of them by Law, and execute and deliver to Lenders, on reasonable demand, appropriate certificates attesting to the payment or deposit thereof; provided, however, that Borrowers shall not be required to pay or discharge any such Tax, assessment, charge, or claim for as long as it is being diligently contested in good faith by proper proceedings and for which appropriate reserves are being maintained in accordance with GAAP.

6.8 Compliance with Laws. Borrowers shall comply fully with all Laws to which a Borrower or a Borrower's Properties are subject, except for violations which, if prosecuted and adversely determined, could not have a Material Adverse Effect.

6.9 Environmental Matters.

(a) **Compliance With Environmental Laws.** Borrowers shall (i) employ in connection with their operations, commercially reasonable technology and compliance procedures to maintain compliance with any applicable Environmental Laws, the violation of which could have a Material Adverse Effect, (ii) obtain and maintain any and all material Permits required by applicable Environmental Laws in connection with their operations, excepting only such Permits which could not by their absence cause a Material Adverse Effect, and (iii) dispose of any and all Hazardous Substances in accordance with Environmental Laws. Borrowers shall obtain all certificates required by law to be obtained by them from all contractors employed by them in connection with the transport or disposal of any Hazardous Substances.

(b) **Remedial Work.** If any investigation, site monitoring, containment, clean-up, removal, restoration, or other remedial work of any kind or nature with respect to Borrowers' Properties is required to be performed by a Borrower under any applicable Law or Order or by any non-governmental Person because of, or in connection with, the current or future presence, suspected presence, release, or suspected release of a Hazardous Substance in or into the air, soil, groundwater, surface water, or soil vapor at, on, about, under, or within any Borrower's Property (or any portion thereof), Borrowers shall with reasonable promptness commence and pursue completion of such remedial work in compliance with applicable Laws.

(c) **Indemnification of Lenders.** Borrowers jointly and severally agree to indemnify, defend (with counsel reasonably satisfactory to Lenders), and hold harmless Lenders and Collateral Agent against any loss, liability, claim, or expense, including reasonable attorneys' fees, that Lenders or Collateral Agent may incur as a result of the violation or alleged violation of any Environmental Law by a Borrower or with respect to any other violation of Environmental Laws with respect to any of Borrowers' Properties, except for any such losses, liabilities, claims or expenses resulting from the gross negligence or willful misconduct of any such Lender or Collateral Agent as determined by a court of competent jurisdiction. This covenant shall survive the repayment of the Term Loans and Lenders' assignment of the Term Loans.

6.10 Maintenance of Tangible Property. Borrowers shall maintain their tangible Property (and any Property leased by Borrowers) in good and workable condition (normal wear and tear excepted) at all times, subject to normal discards and replacements due to functional and useful-life obsolescence and Permitted Dispositions, and shall make all commercially reasonable repairs, replacements, additions, and improvements to their tangible Property to ensure that the business carried on in connection with their Property may be conducted in all material respects in the ordinary course of business.

6.11 Maintenance of IP. Borrowers shall maintain in effect and defend against infringement all IP that is material to Borrowers' business.

6.12 Banking Relationships. Borrowers shall maintain their deposit accounts only with FDIC-insured depository institutions ~~with which, and, upon request by~~ Collateral Agent ~~has entered into Control Agreements with respect to any deposit account other than an Excluded Account (as defined in the Security Agreement), subject to a Control Agreement.~~ If a depository bank or other Person provides lockbox services for the physical handling of deposited items, Collateral Agent shall have the right to obtain control of the lockbox items as well as any account(s) to which the items are deposited.

6.13 Landlord Waivers. ~~Prior to or within sixty (60) days after leasing any real property from any Person other than another Borrower at which books and records are stored or where Collateral with a value in excess of \$250,000 is located, Borrowers shall use commercially reasonable efforts to obtain from the landlord an agreement in form and substance reasonably satisfactory to Lenders pursuant to which the landlord waives or subordinates any right to any Encumbrance of the Collateral and otherwise provides Lenders with customary assurances as to access to the Collateral, the ongoing good standing of the lease, and related matters.~~ Reserved.

6.14 Insurance Requirements.

(a) **Types of Coverage.** Borrowers shall at all times maintain property insurance covering the Collateral provided by Borrowers for all risks of physical loss, liability insurance covering all of Borrowers' activities, fidelity insurance covering all of Borrowers' employees, officers, and directors, business interruption insurance covering Borrowers' continuity of operations, workers' compensation insurance, and such other types of coverage as Lenders may reasonably require, consistent with the types and amounts of coverage customary among well-capitalized participants in Borrowers' industry.

(b) **Terms of Coverage.** All insurance policies shall be issued by insurers of such financial standing, in such amounts, with such deductibles, and on other terms and conditions as Lenders may reasonably require, consistent with the types and amounts of coverage customary among well-capitalized participants in Borrowers' industry. All such policies of insurance shall name each Lender and/or Collateral Agent, as appropriate, as insured mortgagee, lender/loss payee, additional insured, or similar insured status and shall provide for not less than thirty (30) days' prior written notice to Lenders of intended cancellation or reduction in coverage. Borrowers shall furnish Lenders with certificates of insurance, copies of policies, or other evidence of compliance with the foregoing insurance provisions as Lenders may require. If Borrowers fail to maintain such insurance, Lenders and Collateral Agent shall have the right (but shall be under no obligation) to pay any of the premiums reasonably necessary to maintain or acquire such insurance and all such payments shall become part of the Obligations and be considered an advance at the highest rate of interest provided for in the Loan Documents. Borrowers expressly authorize their insurance carriers to pay proceeds of all insurance policies directly to Lenders and Collateral Agent, as applicable, and authorize Lenders and Collateral Agent, as applicable, as their attorney-in-fact to obtain, receive, indorse, deposit, and otherwise deal with claims under such policies and payments made pursuant thereto.

(c) **Application of Proceeds.** Absent the occurrence and continuation of an Event of Default, Lenders and Collateral Agent shall allow Borrowers the use of proceeds of insurance for claims of no more than \$100,000 per occurrence, (i) toward the repair or resolution of the matter giving rise to the claim, or (ii) toward the payment of the Term Loans.

6.15 Right of Inspection. Borrowers shall permit any officer, employee, agent, or consultant of any Lender or Collateral Agent to visit and inspect any of their Property, to examine their books of record and accounts and corporate records, to take copies and extracts from such books of record and accounts, and to discuss their affairs, finances, and accounts with their directors, managers, officers, accountants, and auditors, all at such reasonable times and upon reasonable advance written notice as often as they may reasonably desire (but, absent an Event of Default, no more frequently than two times each quarter). Without limiting Lenders' and Collateral Agent's right to obtain equitable relief as to any other appropriate right in this Agreement or in other Loan Documents, Borrowers agree that if Borrowers fail to allow such an inspection within five (5) Business Days in the absence of a Default or an Event of Default and within two (2) Business Days in the presence of a Default or Event of Default, the rights in this Section may be enforced by affirmative injunction and, to the extent the right to review records may be denied, the right may be enforced by a restraining order prohibiting the interference by Borrowers with any Lender's or Collateral Agent's exercise of their rights to review the records. All reasonable expenses of such inspections, including reasonable travel and lodging expenses, shall be paid by Borrowers (i) upon the occurrence and continuation of an Event of Default, in all cases, and (ii) otherwise, for one inspection by each of the respective Lenders per Fiscal Year.

6.16 Further Assurances. Borrowers shall promptly cure any manifest defects in the creation, issuance, or delivery of the Loan Documents. Upon request, Borrowers at their expense agree (i) to execute (or cause to be executed) and deliver to Lenders and/or Collateral Agent all such other and further documents, agreements, and instruments in compliance with the covenants and agreements applicable to them in the Loan Documents, (ii) to correct any manifest omissions in the Loan Documents, (iii) to state more fully the Obligations and agreements set out in any of the Loan Documents, (iv) to make any recordings, (v) to file any notices, or (vi) to obtain any consents, all as may be reasonably necessary or appropriate in connection therewith; in each case, provided, however, no such actions shall increase Borrowers' Obligations or diminish Borrowers' rights under the Loan Documents.

6.17 Indemnity; Expenses.

(a) **Indemnity Against Claims.** Borrowers agree to indemnify, defend (with counsel satisfactory to the indemnified party), and hold Lenders, Collateral Agent, and their Affiliates, employees, consultants, agents, and attorneys (the "**Indemnitees**") harmless from and against any and all Claims that may be imposed on, incurred by, or asserted against the Indemnitee as a result of Lenders or Collateral Agent being parties to this Agreement or the transactions consummated pursuant to this Agreement or the Loan Documents; provided, however, that Borrowers shall have no obligation to an Indemnitee hereunder with respect to Claims to the extent resulting from the gross negligence or willful misconduct of that Indemnitee as finally determined by a court of competent jurisdiction.

(b) **Payment of Expenses.** Upon written demand by a Lender, Borrowers shall reimburse Lenders and Collateral Agent for the following expenses:

- (i) all taxes that they may be required to pay because of the execution, delivery, filing, performance or enforcement of the Loan Documents or the Obligations, excepting taxes based upon the income of Lenders or franchise, excise, excess profits or similar tax on Lenders;
- (ii) all reasonable costs of the preparation of this Agreement and any other related documents and the administration of the Obligations (except for Lenders' usual overhead incurred in the acceptance and processing of payments, the routine review of financial statements, review of certifications, and reports);
- (iii) all reasonable costs of preserving, insuring, preparing for sale (whether by improvement, repair, or otherwise), or selling any Collateral securing the Obligations;
- (iv) the reasonable cost of the assessment of any Event of Default, the taking of any action in the enforcement of rights under the Loan Documents (whether or not involving litigation), and all court costs and other reasonable costs of collecting any of the Obligations;
- (v) all reasonable costs arising from any other litigation, investigation, or administrative proceeding (whether or not Lenders or Collateral Agent are parties thereto) that Lenders or Collateral Agent may incur as a result of the Obligations or as a result of their association with a Borrower, including, without limitation, expenses incurred in connection with a case or proceeding involving a Borrower under any Debtor Relief Laws; and
- (vi) with respect to any of the foregoing matters, the reasonable fees and expenses of Lenders' and Collateral Agent's attorneys.

(c) **Interest.** If Lenders or Collateral Agent pay any of the foregoing expenses described above in this Section and such expenses are not reimbursed by Borrowers as required herein, such expenses shall become a part of the Obligations and after demand therefor shall bear interest at the highest applicable rate then accruing on the outstanding balance of any portion of the Term Loans.

(d) **Survival.** This Section shall remain in full effect regardless of the full payment of the Obligations, the purported termination of this Agreement, the delivery of the executed original of this Agreement to Borrowers, the assignment of a Lender's rights under this Agreement, or the content or accuracy of any representation made by Borrowers to Lenders or Collateral Agent; provided, however, Lenders may terminate this Section by executing and delivering to Borrowers a written instrument of termination specifically referring to this Section.

6.18 Estoppel Letters. Borrowers covenant to provide Lenders or Collateral Agent, within ten (10) Business Days after written request, an estoppel letter stating (i) the balance of the Obligations, (ii) whether to Borrowers' Knowledge they have any defenses to payment of the Obligations, and (iii) the nature of any such defenses to payment of the Obligations. Such balance

as presented for confirmation and the nonexistence of defenses shall be presumed if Borrowers fail to respond to such a written request within the required period.

6.19 Board Rights.

(a) **Governing Body Communications.** Borrowers shall deliver to Lenders copies of all material notices and other material written information delivered to members of the Governing Body of a Borrower in their capacities as such. This obligation shall be deemed satisfied as to a Lender if a representative of such Lender is a member of the Governing Body of a Borrower and receives such information in that capacity.

(b) **Observation Right.** The Required Lenders shall be entitled to designate in writing from time to time a representative who may attend, in an observation capacity, all meetings of each Borrower's Board of Directors, Managers, or other Governing Body and all committees thereof. Each Borrower shall (i) provide each such observer the same notice of any meeting to which a director or other member of the Board of Directors or other Governing Body would be entitled, (ii) give each such observer at least the same prior written notice of any action proposed to be taken upon written consent by such body as would be due to notice a meeting thereof (and shall convene a meeting to discuss any such action if an observer so requests in writing prior to the written action becoming effective), and (iii) pay for reasonable travel and other expenses of each such observer. Additionally, if at any time no Lender has also designated a member of the Governing Body of i3 Verticals pursuant to the Warrants, the Required Lenders may appoint a second observer pursuant to this Section (the initial designee to the Governing Body of i3 Verticals is John C. Harrison and the initial observer is R. Burton Harvey).

(c) **Active Board.** The Governing Body of i3 Verticals shall meet at least quarterly with an agenda covering all topics customary for meetings of corporate boards of directors of privately held corporations whose Equity Interests are owned by parties with differing interests.

6.20 Additional Subsidiaries and Collateral.

(a) **Additional Subsidiaries.** In the event that, subsequent to the [Eleventh Amendment](#) Closing Date, any Person becomes a Subsidiary (other than any Subsidiary that is (i) a non-wholly-owned Subsidiary to the extent that the Constituent Documents or other customary agreements with other equityholders do not permit such Subsidiary to be a Borrower or the minority equityholders thereof do not consent to such Subsidiary complying with this Section 6.20 after the Borrowers uses commercially reasonable efforts to obtain such consent and (ii) an Immaterial Subsidiary), whether pursuant to formation, acquisition or otherwise, (x) Borrowers shall promptly notify Collateral Agent and Lenders thereof and (y) within 30 days (or such longer time as the Required Lenders may permit) after such Person becomes a Subsidiary, Borrowers shall cause such Subsidiary (i) to become a Borrower and to grant liens in favor of the Collateral Agent in all of its personal property by executing and delivering to Collateral Agent a supplement or amendment to the Security Agreement in form and substance reasonably satisfactory to the Collateral Agent, and authorizing and delivering, at the request of Collateral Agent, such UCC financing statements or similar instruments required by Collateral Agent to perfect the liens in favor of Collateral Agent and granted under any of the Loan Documents, and (ii) to deliver all such other documentation (including, without limitation, certified organizational documents, resolutions, lien searches and legal opinions)

and to take all such other actions as such Subsidiary would have been required to deliver and take pursuant to Section 4.1 if such Subsidiary had been a Borrower on the Eleventh Amendment Closing Date. In addition, within 30 days (or such longer time as the Required Lenders may permit) after the date any Person becomes a Subsidiary, Borrowers shall (i) pledge all of the Equity Interests of such Subsidiary to Collateral Agent as security for the Obligations by executing and delivering applicable documents in form and substance satisfactory to Collateral Agent, and (ii) deliver any original certificates evidencing such pledged Equity Interests to Collateral Agent, together with appropriate powers executed in blank.

(b) **Collateral.** Borrowers agree that, following the delivery of any collateral documents required to be executed and delivered by this Section, Collateral Agent shall have a valid and enforceable, perfected lien on the property required to be pledged pursuant to subsection (a) of this Section (to the extent that such lien can be perfected by execution, delivery and/or recording of the collateral documents or UCC financing statements, or possession of such collateral), free and clear of all Encumbrances other than Permitted Encumbrances. All actions to be taken pursuant to this Section shall be at the expense of Borrowers and shall be taken to the reasonable satisfaction of Collateral Agent.

6.21 Accrual of Dividends and Distributions. Borrowers shall, on a quarterly basis for each Fiscal Quarter, accrue dividends or distributions with respect to anticipated income tax distributions to be made on account of Borrowers' operations in such Fiscal Quarter. Borrowers acknowledge that such accruals will be used in the calculation of the Fixed Charge Coverage Ratio.

~~**6.22 — Consents.** In connection with a Permitted Acquisition, where the acquired entity has a third party payment processing contract with a processing provider that has generated revenue for such acquired entity in excess of \$500,000 for the twelve (12) calendar months prior to closing of such Permitted Acquisition, the Borrower will use its commercially reasonable efforts to obtain a consent of such third party processor reasonably acceptable to the Collateral Agent on or before the closing date of such Permitted Acquisition or within sixty (60) days thereafter (provided, for the avoidance of doubt, that delivery to Collateral Agent of such consent shall not be a condition to the consummation of such Permitted Acquisition hereunder so long as the Required Lenders' designee to the Governing Body of i3 Verticals (which designee as of the date hereof is John C. Harrison) consents thereto and further provided that such sixty (60) day period may be extended by the Collateral Agent in its discretion if the Borrowers are exercising reasonable efforts to obtain such consent).~~

ARTICLE 7.

NEGATIVE COVENANTS

Borrowers jointly and severally covenant with Lenders and Collateral Agent as set forth in this Article.

7.1 Debts and Guaranties. Borrowers shall not incur, create, assume, or in any manner become or be liable with respect to any Debt or Guaranty, except the following:

- (i) the Obligations;
- (ii) any Senior Loan outstanding at the time of determination;

- (iii) Capital Leases and Debt secured by Purchase Money Security Interests in the aggregate principal amount not exceeding ~~\$500,000~~5,000,000;
- (iv) endorsements of negotiable or similar instruments for collection or deposit in the ordinary course of business;
- (v) Debt listed on Schedule 5.11;
- (vi) Debt secured by Permitted Encumbrances;
- (vii) Debt arising in the ordinary course of business in relation to performance, surety, statutory, or appeal bonds;
- ~~(viii) the Daily Loan;~~
- ~~(viii)~~ ~~(ix)~~ Subordinated Seller Debt;
- ~~(x)~~ ~~Anticipated Additional Debt;~~
- ~~(ix)~~ Existing Subordinated Debt, and any refinancings and extensions thereof; provided, that (i) the amount of such Debt is not increased at the time of such refinancing or extension, (ii) the material terms taken as a whole of such refinancing or extension are not materially less favorable in any material respect to the Borrowers and its Subsidiaries or the Lenders than the terms of the Existing Subordinated Debt, (iii) such refinanced or extended Debt is not subject to any amortization payments or any mandatory prepayments or sinking fund payments (other than in connection with a change of control, asset sale or event of loss and customary acceleration rights after an event of default) in each case, prior to the date that is six (6) months after the Term Loan Maturity Date, (iv) such refinanced or extended Debt shall not mature at any time on or prior to the date that is six (6) months after the Term Loan Maturity Date, and (v) such refinanced or extended Debt is unsecured and subordinated to the Term Loans on terms not materially less favorable in any material respect to the Collateral Agent and Lenders than the terms of the Existing Subordinated Debt;
- ~~(x)~~ ~~(xi)~~ Debt among Borrowers and Guaranties by Borrowers for obligations of other Borrowers;
- ~~(xii)~~ ~~Other Debt not exceeding \$100,000 in the aggregate; and~~
- ~~(xi)~~ ~~(xiii)~~ Contingent Consideration incurred in connection with a Permitted Acquisition.
- ~~(xii)~~ Debt in an aggregate amount not to exceed \$5,000,000 outstanding at any one time acquired in Permitted Acquisitions (“Acquired Indebtedness”), provided that such Acquired Indebtedness shall exist prior to the applicable Permitted Acquisition and shall not have been incurred in anticipation of the applicable Permitted Acquisition; and
- ~~(xiii)~~ other Debt not exceeding \$1,000,000 in the aggregate; and

7.2 Encumbrances. Borrowers shall not create, incur, assume, or permit to exist any Encumbrance on any of their Property (now owned or hereafter acquired) except for Permitted Encumbrances, and shall not undertake a commitment of any kind in favor of any Person requiring that (i) Borrowers refrain from encumbering any of their Property, or (ii) Borrowers grant an Encumbrance (other than a Permitted Encumbrance) in favor of any Person on Borrowers' Property under any circumstances, except in each case in favor of Persons as to Property in which such Persons have, or would be permitted to take, a Permitted Encumbrance. Borrowers shall not authorize, execute, or file under the UCC a financing statement that names a Borrower as debtor or sign any document authorizing any such filing, except to secure Permitted Encumbrances.

7.3 Distributions and Redemptions.

(a) **General Prohibition.** Except for Permitted Tax Distributions, Borrowers shall not, directly or indirectly, make or declare any distribution (in cash, securities, or any other form of Property) on, or other payment or distribution on account of, or set aside assets for a sinking or other similar fund for the purchase of, or redeem, purchase, retire, or otherwise acquire, any Equity Interests in a Borrower.

(b) **Permitted Tax Distributions.** For any period during which a Borrower is taxed as a partnership under the IRC, such Borrower may pay to its owners, in quarterly installments reflecting the best estimate of taxable income through the Fiscal Quarters then ended, cash distributions (the "**Permitted Tax Distributions**") as and to the extent permitted in this Section.

(1) Permitted Tax Distributions shall not exceed in the aggregate the product of (A) the applicable Borrower's total taxable income for such tax year to the date of such a distribution, multiplied by (B) the sum of (i) the maximum marginal federal income tax rate applicable to individuals for such tax year (after giving effect to the deductibility of state income taxes), (ii) the highest marginal state income tax rate applicable to the members of the applicable Borrower for such tax year, and (iii) the tax rate imposed by Section 1411 of the IRC (the so-called Net Investment Income tax) applicable to the members of the applicable Borrower for such tax year. Such distributions shall be paid (if at all) on or about the respective dates for payment of estimated tax payments by the members of the applicable Borrower.

(2) At least two (2) Business Days prior to issuing any Permitted Tax Distribution, the applicable Borrower shall deliver to Lenders a written notice of intended distribution and information sufficient that Lenders may review the amount and basis of any proposed distribution before it is paid. In the absence of an objection that such distribution is not a Permitted Tax Distribution from Lenders by the proposed payment date, the distribution may be paid as proposed.

(3) No distribution will be a Permitted Tax Distribution at any time that a Default or an Event of Default exists or the payment of any such distribution would cause a Default or an Event of Default.

(4) If the financial results of a Borrower are retroactively revised such that the Permitted Tax Distributions made with respect to a previous Fiscal Year exceeded that which

should have been paid if the accurate results had then been applied, Lenders may require that the excess distributions be withheld from subsequent Permitted Tax Distributions for such Borrower.

7.4 Sales and Leasebacks. Borrowers shall not enter into any arrangement with any Person by which a Borrower would sell or transfer any of its Property, whether now owned or hereafter acquired, and by which a Borrower shall then or thereafter rent or lease as lessee such Property or any part thereof or other Property that it intends to use for substantially the same purpose or purposes as the Property sold or transferred.

7.5 [Intentionally Omitted].

~~7.6—**Debt Investments.** Borrowers shall not acquire any debt obligation of any Person, except for: (i) deposit accounts created and maintained in accordance with this Agreement, (ii) those investments in existence as of the Closing Date, (iii) general obligations of, or obligations unconditionally guaranteed as to principal and interest by, the United States of America maturing within fifteen (15) months of the date of purchase, (iv) commercial paper having a rating of not less than “A-2” from Moody’s or Standard & Poor’s, (v) certificates of deposit and bankers acceptances issued by banking institutions with a minimum net worth of \$500,000,000 and having a letter of credit rating of not less than “A” from Moody’s or Standard & Poor’s, and (vi) obligations permitted under Section 7.10.~~

7.6 Investments. Borrowers shall not make any Investments, except:

- (a) Investments held in the form of cash or Cash Equivalents;
- (b) Investments existing as of the Eleventh Amendment Closing Date and set forth on Schedule 7.6;
- (c) Investment;

Investments in any Person that is a Borrower prior to giving effect to such

- (d) Investments by any Subsidiary that is not a Borrower in any other Subsidiary that is not a Borrower;

(e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

- (f) Guaranties permitted by Section 7.1;

- (g) Permitted Acquisitions;

(h) Residual Buyouts, provided that if any Residual Buyout involves a payment of \$2,000,000 or more, prior to the consummation of any such transaction, the Borrower shall provide a Pro Forma Compliance Certificate to the Collateral Agent which demonstrates compliance with the covenants set forth in Article 8 immediately prior and after giving effect to such Residual Buyout;

(i) Investments in an aggregate amount not to exceed \$2,000,000 acquired in connection with Permitted Acquisitions (“Acquired Investments”), provided that such Acquired Investments shall exist prior to the applicable Permitted Acquisition and shall not have been incurred in anticipation of the applicable Permitted Acquisitions;

(j) earnest money required in connection with Permitted Acquisitions;

(k) Investments in non-wholly owned Subsidiaries and joint ventures, in each case, which are not Borrowers, in an aggregate amount (as of the date any such Investment is made) not to exceed 7.5% of consolidated total assets of the Borrowers and their Subsidiaries (determined as of the last day for the most recently ended four Fiscal Quarter period for which financial statements have been delivered pursuant to Section 6.5(a) or 6.5(c)); and

(l) Investments of a nature not contemplated in the foregoing clauses in an amount not to exceed \$2,500,000 in the aggregate at any time outstanding.

7.7 Issuance of Equity. Borrowers shall not issue additional Equity Interests other than Permitted Equity.

7.8 Mergers and Consolidations. Borrowers shall not merge, consolidate, or otherwise reorganize or recapitalize, or enter into any agreement to do so, (a) except that so long as no Default exists or would result therefrom, (i) a Borrower may merge or consolidate with any of its Subsidiaries provided that the Borrower is the continuing or surviving Person, (ii) any Subsidiary may merge or consolidate with any other Subsidiary provided that if a Borrower is a party to such transaction, the continuing or surviving Person is a Borrower, (iii) the Borrower or any Subsidiary may merge with any other Person in connection with a Permitted Acquisition provided that (x) if the Borrower is a party to such transaction, the Borrower is the continuing or surviving Person and (y) if a Borrower is a party to such transaction, such Borrower is the surviving Person and (iv) any Subsidiary may dissolve, liquidate or wind up its affairs at any time provided that such dissolution, liquidation or winding up, as applicable, could not have a Material Adverse Effect and (b) the Borrowers may consummate the Up-C Restructuring. Notwithstanding the foregoing, the Borrowers acknowledge that the foregoing consent to the Up-C Restructuring is provided by Lenders only in their capacity as lenders to Borrowers and shall not constitute a waiver by the Collateral Agent, any Lender, or their Affiliates of any rights held by such Person as the holder of an Equity Interest in i3 Verticals, including any approval rights under i3 Verticals’ Constituent Documents.

7.9 Reserved.

~~7.8 Mergers and Consolidations.~~ Borrowers shall not merge, consolidate, or otherwise reorganize or recapitalize, or enter into any agreement to do so:

~~7.9 Asset Acquisitions.~~ Borrowers shall not acquire a material part of a Person's assets or of the assets constituting a portfolio, line of business, business location, or other business unit operated by a Person, except for Permitted Acquisitions or a Residual Buyout.

~~7.10 Loans to Others.~~ Borrowers shall not extend any loans to any other Persons in an amount exceeding \$10,000 to any single Person or \$25,000 in the aggregate.

7.10 ~~7.11~~ **Disposition of Assets.** Borrowers shall not sell, transfer, lease, license, or

otherwise dispose of any of their assets, except for ~~the sale of inventory in the ordinary course of business and~~(i) Permitted Dispositions ~~(Lenders shall promptly upon written request issue appropriate releases of Equipment to facilitate Permitted Dispositions);~~ and (ii) other Dispositions so long as (i) at least 75% of the consideration paid in connection therewith shall be cash or Cash Equivalents paid contemporaneously with consummation of the transaction and shall be in an amount not less than the fair market value (as reasonably determined in good faith by the Borrowers) of the property disposed of, (ii) such transaction does not involve the sale or other disposition of a minority Equity Interest in any Subsidiary, (iii) such transaction does not involve a sale or other disposition of receivables other than receivables owned by or attributable to other property concurrently being disposed of in a transaction otherwise permitted under this Section 7.10, (v) the Borrowers would be in compliance with the financial covenants set forth in Article 8 recomputed as of the end of the period of the four Fiscal Quarters most recently ended for which the Borrower has delivered financial statements pursuant to Section 6.5(a) or (c) after giving effect to such Disposition on a Pro Forma Basis, (vi) no Default or Event of Default shall exist or result therefrom, and (vii) the aggregate net book value of all of the assets sold or otherwise disposed of by the Borrower and their Subsidiaries in all such transactions occurring after the Eleventh Amendment Closing Date shall not exceed \$5,000,000.

7.11 ~~7.12~~ **Consignments.** Borrowers shall not accept possession of any material Property on consignment from other Persons and shall not place any material Property on consignment with other Persons.

7.12 ~~7.13~~ **Location of Property.** Borrowers shall not allow a material part of their Property to be located other than at their places of business, except for repairs, demonstrations, and similar temporary purposes in the ordinary course of business.

~~7.14 Ownership of Equity Interests.~~ Borrowers shall not acquire any Equity Interests, except for Permitted Acquisitions.

~~7.15 — Partnerships. Borrowers shall not enter into any partnership, joint venture, or similar arrangement by which a Borrower would become liable for the obligations of another person.~~

7.13 7.16 Place of Business. Except upon thirty (30) days prior written notice, no Borrower shall relocate its chief executive office or principal place of business from the address for notices specified herein. In no event shall a Borrower relocate its chief executive office or principal place of business to a location outside the continental United States.

7.14 7.17 Adverse Action With Respect to Plans. Borrowers shall not take any action to terminate any Plan, which action could reasonably result in a material liability of Borrowers to any Person.

~~7.15 Partnerships. Borrowers shall not enter into any partnership, joint venture, or similar arrangement by which a Borrower would become liable for the obligations of another person, except as otherwise permitted by Section 7.1 or Section 7.6.~~

7.16 7.18 Hedge Agreements. Borrowers shall not enter into any Hedge Agreements absent Lenders' approval, in their sole and absolute discretion.

7.17 7.19 Restrictive Agreements. Except for the Senior Subordination Agreement, Borrowers shall not enter into any agreement that restricts prepayments under this Agreement, limits Borrowers' ability to provide the Collateral required hereunder, or otherwise restricts in any material respect Borrowers' ability to freely perform under the Loan Documents (other than agreements with prohibits rendered not effective pursuant to the Uniform Commercial Code or any other applicable Law (including Debtor Relief Laws) or principles of equity).

7.18 7.20 Transactions With Affiliates. Borrowers shall not enter into any transaction with any Affiliate that is not also a Borrower (including, without limitation, any management contract or other fee arrangement), except for reasonable and customary compensation, benefits, and indemnities for Affiliates in their capacities as members, managers, officers, directors, or employees of Borrowers, and except for the performance within the contractual terms, reasonable extensions, and continuations of Affiliate agreements disclosed on Schedule 5.31.

7.19 7.21 Payments to Subordinated Creditors. Borrowers shall not make any payment, transfer of collateral, or other transfer to or for the benefit of any creditor of Borrowers whose obligations are junior in right of payment to the Obligations, except (i) to the extent that Lenders and Collateral Agent have otherwise agreed in a written subordination agreement., and (ii) Borrowers may pay the proceeds of the Qualifying IPO or other Equity Issuances to the holders of the Existing Subordinated Debt to the extent required by Section 2.05(b)(vi)(C) of the Senior Loan Agreement or as otherwise permitted by the Senior Credit Agreement, in each case as in effect on the Eleventh Amendment Closing Date), and (iii) (X) commencing January 1, 2019, prior to the consummation of a Qualifying IPO, Borrowers may make payments with respect to the Existing Subordinated Debt so long as (A) no Default or Event of Default exists or would result therefrom, (B) after giving effect thereto, (x) Borrowers would be in compliance with the financial covenants set forth in Article 8 on a Pro Forma Basis and (y) the Total Leverage Ratio, determined on a Pro Forma Basis after giving effect to such payment, would be at least 0.50x less than the Total Leverage Ratio then permitted by Section 8.2, (C) after giving effect thereto, Borrowers shall have at least \$25,000,000

of Liquidity, (D) the aggregate amount so paid during the term of this Agreement shall not exceed \$8,000,000, and (E) the remaining holders of Existing Subordinated Debt that are not paid in full with the proceeds of such payment, shall have agreed to extend the maturity of the Existing Subordinated Debt remaining after such payment to a date later than the Term Loan Maturity Date, or (Y) Borrowers may refinance or extend the Existing Subordinated Debt as permitted by Section 7.1(ix).

7.20 7.22 Constituent Document Amendments. No Borrower shall amend its Constituent Documents ~~other than to change its agent for service of process or to make other administrative changes that are completely immaterial to the economic and governance rights and duties of owners or secured parties interested in the related Equity Interests~~ in a manner adverse to the Lenders; provided, that for the avoidance of doubt, amendments to the Constituent Documents of i3 Verticals in connection with the Up-C Restructuring shall be deemed not to be adverse to the Lenders, so long as, such amendments are acceptable to Collateral Agent in its reasonable discretion.

7.21 7.23 Name. No Borrower shall change its name or do business under any additional name without having first provided Lenders ~~thirtyten~~ (30) days prior written notice.

7.22 7.24 Fiscal Year. No Borrower shall change its Fiscal Year without the consent of Collateral Agent (not to be unreasonably withheld, conditioned or delayed).

7.23 7.25 Accounting Methods. Borrowers shall not make any material change in their accounting practices or methods, except as may be permitted by GAAP.

7.24 7.26 Change of Management. ~~There shall be no change of management such that either Greg Daily ceases to serve as CEO of i3 Verticals or Clay Whitson ceases to serve as CFO of i3 Verticals with their traditional scope of duties in all material respects, unless within ninety (90) days thereafter, Borrowers have replaced such officer with another officer approved in writing by~~ Prior to a Qualifying IPO, Greg Daily shall cease to be available to the Borrower to provide substantially similar services to those provided by him to the Borrowers as of the Eleventh Amendment Closing Date, whether by reason of death, long-term disability, retirement, termination of employment or otherwise, and the Borrowers do not, within one hundred twenty (120) days (or such longer period as the Collateral Agent may agree in its sole discretion) of the date that he ceases to be so available, replace his services in a manner reasonably acceptable to the Required Lenders, in their reasonable discretion.

7.25 7.27 [Intentionally Omitted].

~~**7.28 Action Outside Ordinary Course.** No Borrower shall take any material action outside the ordinary course of its business.~~

7.26 [Intentionally Omitted.]

7.27 7.29 Activities Prohibited by SBA. No Borrower will engage in any activities or use, directly or indirectly, the proceeds of the Term Loans for any purpose for which a small business investment company is prohibited from providing funds by the SBIC Act and the regulations promulgated thereunder, including 13 C.F.R. §107. Without obtaining the prior written approval of Lenders, no Borrower shall change its business activity from the Borrowers' Line of Business to a

business activity which a small business investment company is prohibited from providing funds by the SBIC Act and the regulations thereunder.

7.28 7-30 No Amendment or Modification of Subordination Provisions. Borrowers shall not permit or agree to any amendments or modifications of any nature whatsoever to Section 3 of the Master Note Purchase Agreement among i3 Verticals and the several purchasers from time to time parties thereto, dated effective February 14, 2014.

7.29 7-31 Conditions to Payment of Contingent Consideration and Seller Subordinated Debt; Liquidity Requirement. Borrowers shall not make any payments which constitute Contingent Consideration, nor shall Borrowers make any scheduled payment due on Subordinated Seller Debt unless (i) no Default or Event of Default then exists, and (ii) immediately after and assuming any such payment has been made, Borrowers have cash or Cash Equivalents equal to at least \$2,500,000. In addition, Borrowers shall not make or allow any prepayment of any amounts due under any Subordinated Seller Debt.

7.30 7-32 No Redemption. i3 Verticals shall not redeem any Class A Units held by First Avenue Partners II, L.P., First Avenue-ETC Partners, L.P. or Front Street Equities pursuant to Section 11.1 of i3 Verticals' Operating Agreement or otherwise.

**ARTICLE 8.
FINANCIAL COVENANTS**

8.1 Minimum Fixed Charge Coverage Ratio. As of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ending on March 31, 2015, Borrowers will maintain a Fixed Charge Coverage Ratio of not less than ~~1.20~~1.50 to 1.00.

8.2 Maximum Total Leverage Ratio. As of the end of each Fiscal Quarter, ~~(i) commencing with the Fiscal Quarter ending on March 31, 2015, Borrowers will maintain a Total Leverage Ratio of not greater than 4.25 to 1.00, (ii) commencing with the Fiscal Quarter ending on June 30, 2016, Borrowers will maintain a Total Leverage Ratio of not greater than 4.75 to 1.00, (iii) commencing with the Fiscal Quarter ending on December 31, 2016, Borrowers will maintain a Total Leverage Ratio of not greater than 4.5 to 1.00, and (iv) commencing with the Fiscal Quarter ending on March 31, 2019, Borrowers will maintain a Total Leverage Ratio of not greater than 4.25 to 1.00;~~ as of the end of any Fiscal Quarter of the Borrower set forth below to be greater than the ratio corresponding to such Fiscal Quarter:

<u>Calendar Year</u>	<u>March 31</u>	<u>June 30</u>	<u>September 30</u>	<u>December 31</u>
<u>2017</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>4.75 to 1.0</u>
<u>2018</u>	<u>4.75 to 1.0</u>	<u>4.75 to 1.0</u>	<u>4.75 to 1.0</u>	<u>4.50 to 1.0</u>
<u>2019</u>	<u>4.50 to 1.0</u>	<u>4.50 to 1.0</u>	<u>4.50 to 1.0</u>	<u>4.50 to 1.0</u>
<u>2020</u>	<u>4.50 to 1.0</u>	<u>4.25 to 1.0</u>	<u>4.25 to 1.0</u>	<u>4.25 to 1.0</u>
<u>thereafter</u>	<u>4.25 to 1.0</u>	<u>4.25 to 1.0</u>	<u>4.25 to 1.0</u>	<u>4.25 to 1.0</u>

; provided, that for each of the four (4) Fiscal Quarters immediately following a Qualified Acquisition, commencing with the Fiscal Quarter in which such Qualified Acquisition was consummated (such period of increase, the “Leverage Increase Period”), the required ratio set forth above shall be increased by up to 0.25; provided, further that (i) there shall be no more than three Leverage Increase Periods during the term of this Agreement, (ii) there shall be no more than one Leverage Increase Period in effect at any time, (iii) the maximum Total Leverage Ratio shall revert to the then-permitted ratio (without giving effect to such increase) for at least two (2) Fiscal Quarters before a new Leverage Increase Period may be invoked.

8.3 Financial Definitions. As used in this Agreement, the following capitalized terms have the meanings set forth below (all calculations are to be made in accordance with GAAP unless otherwise noted and all calculations are to be made for Borrowers on a consolidated basis):

~~“Acquisition EBITDA” shall mean EBITDA, with respect to any Permitted Acquisition, calculated as follows: (i) for the Fiscal Quarter in which the Permitted Acquisition occurs, an agreed upon pro forma annual EBITDA between Borrowers and Lenders, (ii) for the first full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 4, (iii) for the second full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 2, (iii) for the third full Fiscal Quarter after any Permitted Acquisition is consummated, actual EBITDA of the acquired entity times 1.33, and (iv) for each quarter thereafter, actual trailing twelve-month EBITDA of the acquired entity;~~

~~“Adjusted EBITDA” shall mean the sum of EBITDA plus Acquisition EBITDA, less any actual EBITDA of a Permitted Acquisition from the close of Acquisition through the end of each of the next four (4) Fiscal Quarters reflected in Borrowers’ financial statements, minus EBITDA of any business, property or asset sold, transferred or otherwise disposed of during such period, plus or minus any adjustments mutually agreed upon by Borrowers, Lenders, and the Senior Lender;~~

“Capital Expenditures” means, for any period, the aggregate cost of all capital assets acquired by any Borrower during such period (including gross leases to be capitalized under GAAP and leasehold improvements, but excluding costs of any capital assets acquired as a part of a Permitted Acquisition), as otherwise as determined in accordance with GAAP.

“EBITDA” means, for any period ~~of determination and without duplication, the sum of,~~ for the Borrowers and their Subsidiaries on a consolidated basis, an amount equal to (a) consolidated net income for such period plus (b) the following to the extent deducted in calculating such consolidated net income ~~of Borrowers for such period (computed without regard to any extraordinary items of gain or loss), plus to the extent included in the calculation of:~~ (i) consolidated ~~net income~~ interest charges for such period, (ii) the ~~sum of (A) interest expense, (B) income tax expense determined in accordance with GAAP, (C) depreciation and amortization determined in accordance with GAAP, (D) all other non-cash charges determined in accordance with GAAP acceptable to the Lenders, (E) other one-time~~ provision for federal, state, local, foreign income, franchise, value added, sales or other taxes payable for such period, (iii) depreciation and amortization expense for such period, (iv) to the extent not capitalized, non-recurring transaction expenses incurred after the Eleventh Amendment Closing Date in connection with the consummation of Permitted Acquisitions,

whether or not consummated, in an aggregate amount not to exceed 5% of EBITDA (determined without giving effect to this add back) for such period, (v) to the extent not capitalized, M&A advisor fees and broker's fees, in each case, incurred in connection with Permitted Acquisitions, (vi) legal expenses incurred in connection with assessing claims related to Acquisitions that closed prior to the Eleventh Amendment Closing Date and amounts incurred in connection with the settlement of such claims; provided, that the aggregate amount added back pursuant to this clause (vi) during the term of this Agreement shall not exceed \$1,000,000, (vii) the Expert Auto Repair Amount; provided that the Expert Auto Repair Amount shall only be added back in the one Fiscal Quarter in which the Expert Auto Repair Amount is recognized on the Borrower's financial statements, (viii) to the extent not capitalized, non-recurring income transaction fees and expenses paid during such period (including Contingent Consideration), but only to the extent approved by the Lenders in writing, and (f) other adjustments to EBITDA mutually agreed to by Lenders, the Senior Lender and Borrowers. EBITDA shall be calculated for any Fiscal Quarter, based on the trailing 12-month period incurred after the Eleventh Amendment Closing Date in connection with a Qualifying IPO, (ix) all financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees and related out of pocket expenses incurred as a result of the entering into and funding of the Senior Loans on the Eleventh Amendment Closing Date, (x) any expense to the extent that a corresponding amount is received during such period in cash by the Borrowers or their Subsidiaries under any agreement providing for indemnification or reimbursement of such expenses, (xi) any expense with respect to liability or casualty events or business interruption to the extent reimbursed or advanced to the Borrowers or their Subsidiaries during such period by third party insurance, (xii) pro forma "run rate" cost savings, operating expense reductions and synergies related to Permitted Acquisitions, Dispositions and other specified transactions, restructurings, cost savings initiatives and other initiatives that are reasonably identified and projected by the Borrowers to result from actions that have been taken or with respect to which substantial steps have been taken (in the good faith determination of the Borrowers) within 12 months after the relevant transaction; provided that the aggregate amount added back pursuant to this clause (xii) shall not exceed 5% of EBITDA (determined without giving effect to this add back).

~~Borrowers, Collateral Agent, and Lenders agree that, for the Fiscal Quarter, if any, in which the Expert Auto Repair Amount (as defined below) is recognized by Borrowers in their relevant financial statements, the Expert Auto Repair Amount shall be added back to all calculations of EBITDA. For purposes of this Section, the "Expert Auto Repair Amount" is defined as the amount, which shall not exceed \$1,000,000.00, which is utilized by Borrowers in connection with the settlement of that certain class action lawsuit styled "Expert Auto Repair, Inc. et al. vs. Merchant Processing Solutions, LLC, et al." The add back for calculating EBITDA described in this Section shall be applicable only for the quarter in which the Expert Auto Repair Amount is recognized in Borrowers' financial statements.~~

"Fixed Charge Coverage Ratio" shall mean the ratio at any time of determination and for any period, (i) the sum of (A) Adjusted EBITDA for the twelve (12) month period then ended, minus (B) all unfinanced Capital Expenditures computed on a trailing twelve-month basis, minus (C) dividends or distributions accrued for income tax expenses for such period, minus (D) income tax expenses for such period (including Permitted Tax Distributions), divided by (ii) the sum of (A) actual cash interest payments paid in such period and (B) the current portion of all scheduled principal

payments on Funded Debt ~~coming due in the twelve (12) fiscal months immediately following the end of such~~ during such period. The amount of income tax expense, all dividends or distributions accrued for income tax expense, and cash interest payments will be computed on a trailing twelve-month basis.

“**Funded Debt**” means all Debt outstanding under the Senior Loan, together with any outstanding amounts under all Seller Notes.

“**Total Funded Debt**” means at any time of determination with duplication, all debt obligations of Borrowers including senior debt, subordinated debt, and Seller Notes, but excluding any debt obligations related to or included in Contingent Consideration.

“**Total Leverage Ratio**” means the ratio determined as of the end of any Fiscal Quarter of (i) all Total Funded Debt, to (ii) ~~Adjusted~~ EBITDA.

ARTICLE 9. EVENTS OF DEFAULT AND REMEDIES

9.1 Events of Default. Any of the following events shall be an Event of Default under this Agreement:

(a) **Payments.** The failure of Borrowers to make any payment (i) of principal when due, or (ii) of interest or expenses included in the Obligations within five (5) days of when due.

(b) **Post-Closing Deliveries.** The failure of a Borrower to timely deliver any documents after the Closing Date as may be required in Exhibit 4.1.

(c) **Representations and Warranties.** The making of any representation or warranty by a Borrower or any other party in any Loan Document that was or is incorrect in any material respect as of the date thereof.

(d) **Negative Covenants.** The failure of any Borrower to comply with any of the requirements of ~~Article 8~~ Article 8 hereof; provided, however, as to any such failure that did not arise from an intentional act by any Borrower or any Borrower’s Affiliate and which is reasonably susceptible to being cured, the occurrence of such breach shall not constitute an Event of Default hereunder if such breach is fully cured within thirty (30) days (or ten (10) days, if such breach may be cured by the payment of a specific sum of money) after the earlier of any Borrower’s Knowledge of the facts giving rise thereto or Collateral Agent’s written notice thereof to Borrowers given in accordance with the provisions hereof.

(e) **Financial Covenants.** The failure of a Borrower to comply with any of the requirements of ~~Article 8~~ Article 8.

(f) **Reporting Requirements.** The failure of a Borrower or any other party to timely perform any covenant in the Loan Documents requiring the furnishing of notices, financial reports, or other information to Lenders.

(g) **Other Covenants.** The failure of a Borrower or any other party to observe or perform any covenant contained in any Loan Document, which covenant is not subject to any specific provision in this ~~Article 9~~[Article 9](#); ~~provided, however,~~ as to any such breach that is reasonably susceptible to being cured, the occurrence of such breach shall not constitute an Event of Default hereunder if such breach is fully cured within thirty (30) days (or ten (10) days, if such breach may be cured by the payment of a specific sum of money) after the earlier of a Borrower's Knowledge of the facts giving rise thereto or Lenders' written notice thereof to Borrowers given in accordance with the provisions of this Agreement.

(h) **Voluntary Insolvency Proceedings.** The commencement of an Insolvency Proceeding by or with the consent of a Borrower.

(i) **Involuntary Insolvency Proceedings.** The commencement of an Insolvency Proceeding against a Borrower or a ~~Borrower's~~[Borrower's](#) Property by any Person other than a Borrower or an Affiliate of Borrower, if not dismissed within sixty (60) days.

~~(j) **Discontinuance of Business.** A Borrower's dissolution or discontinuance of its usual business.~~

(j) ~~(*)~~ **Senior Loan Default.** The occurrence of an "Event of Default" under a Senior Loan.

(k) ~~(*)~~ **Default on Other Indebtedness.** A Borrower's failure to make any payment when due (after the expiration of any applicable notice and cure periods) on any Debt not otherwise specified in this ~~Article 9~~[Article 9](#), or the lawful acceleration of any such other Debt, but only as to Debt in excess of ~~\$50,000~~[5,000,000](#) in the aggregate.

~~(m) **Undischarged Judgments.** Existence of a judgment or judgments (i) for the payment of money in excess of \$250,000 in the aggregate awarded by any Governmental Authority against a Borrower or against a Borrower's Property which is not paid, discharged, or bonded within thirty (30) days after entry or, if later, when stipulated for payment, or (ii) awarding equitable relief likely to have a Material Adverse Effect.~~

(l) **Undischarged Judgments.** There is entered against any Borrower or any Subsidiary (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding \$5,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of the claim and does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there

is a period of ten consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect.

(m) ~~(+)~~ **Insolvency.** Borrowers are no longer Solvent on a consolidated basis.

(n) ~~(+)~~ **Attachment.** The issuance of an attachment or other process against any material portion of the Property of a Borrower, unless removed (by bond or otherwise) within ~~twenty~~thirty (~~20~~30) days.

(o) ~~(+)~~ **Insurance.** A Borrower's failure to maintain any insurance required in any Loan Document.

(p) ~~(+)~~ **Contest.** A Borrower's challenge or contest of the validity or enforceability of any Loan Document or the validity, priority, or perfection of any Encumbrance arising under any Loan Document in any action, suit, or proceeding.

(q) ~~(+)~~ **Change of Control.** The occurrence of a Change of Control.

~~(s) **Material Adverse Change.** The occurrence of a Material Adverse Change.~~

9.2 Remedies. Upon the occurrence and continuation of an Event of Default, Lenders and Collateral Agent, may exercise the following remedies:

(a) **Default Rate.** Unless affirmatively waived in writing by Lenders, Interest shall accrue on the Obligations at the Default Rate, whether or not Collateral Agent or any Lender issues a notice of such escalation.

(b) **Acceleration.** Collateral Agent may declare the entire principal amount of all Obligations then outstanding, including interest accrued thereon, to be immediately due and payable without presentment, demand, protest, notice of protest or dishonor, or other notice of default of any kind, all of which are hereby expressly waived.

(c) **Receivership.** Collateral Agent may apply for and have a receiver appointed by a state or federal court of competent jurisdiction to manage, operate, protect and/or preserve any of Borrowers' business or assets, to sell or dispose of any of the Borrowers' business or assets, and/or to collect all revenues and profits thereof, and apply the same as required in this Agreement. Borrowers hereby irrevocably consent to and waive any right to object to or otherwise contest the appointment of a receiver as provided above. Borrowers (i) grant such waiver and consent knowingly after having discussed the implications thereof with counsel, (ii) acknowledge that (A) the uncontested right to have a receiver appointed for the foregoing purposes is considered essential by Collateral Agent in connection with the enforcement of its rights and remedies hereunder and under the other Loan Documents and (B) the availability of such appointment as a remedy under the foregoing circumstances was a material factor in inducing Lenders to extend the Loans, and (iii) agree to enter into any and all stipulations in any legal actions, or agreements or other instruments

in connection with the foregoing, and to cooperate fully with Lenders in connection with the assumption and exercise of control by any receiver.

(d) **Collateral.** Collateral Agent may exercise any remedy regarding its security interest or lien in Collateral securing the Obligations.

(e) **Other Remedies.** Lenders and Collateral Agent shall be free to exercise any other remedy that may be available to them under the Loan Documents or applicable Law. No right, power, or remedy conferred upon or reserved to Collateral Agent or Lenders by this Agreement or any of the other Loan Documents is intended to be exclusive of any other right, power, or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy given hereunder, under any of the other Loan Documents or now or hereafter existing at law, in equity, or by statute.

(f) **No Waivers.** No delay or omission by Collateral Agent or any Lender to exercise any right, power, or remedy accruing upon the occurrence of any Event of Default shall exhaust or impair any such right, power, or remedy or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every right, power, and remedy given by this Agreement and the other Loan Documents to Collateral Agent and Lenders may be exercised from time to time and as often as may be deemed expedient by Collateral Agent and Lenders.

(g) **Application of Proceeds.** All proceeds from the exercise of remedies shall be applied first to expenses due to Collateral Agent and Lenders (*pro rata* among them based on the amounts of such expenses); second, to interest include in the Obligations (allocated Pro Rata); third, to principal of the Obligations (allocated Pro Rata); and fourth, to Borrowers or such other Person who is lawfully entitled thereto.

ARTICLE 10.

COLLATERAL AGENT AND OTHER INTER-LENDER MATTERS

10.1 Appointment and Authority. Each Lender hereby irrevocably appoints CCSD I to act on its behalf as Collateral Agent hereunder and under the other Loan Documents and authorizes Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of Collateral Agent and Lenders, and no Borrower shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

10.2 Rights as a Lender. The Person serving as Collateral Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Collateral Agent, and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Collateral Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with any Borrower or any Affiliate thereof

as if such Person were not Collateral Agent hereunder and without any duty to account therefor to Lenders, provided that the activity is not otherwise prohibited by the Loan Documents.

10.3 Exculpatory Provisions.

(a) **No Implied Duties.** Collateral Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, Collateral Agent:

- (i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;
- (ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Collateral Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that Collateral Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Collateral Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law; and
- (iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to a Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as Collateral Agent or any of its Affiliates in any capacity.

(b) **Standard of Care.** Collateral Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of Lenders as shall be necessary, or as Collateral Agent shall believe in good faith shall be necessary) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. Collateral Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to Collateral Agent in writing by a Borrower or a Lender.

(c) **No Duty of Inquiry.** Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty, or representation made in or in connection with this Agreement or any other Loan Document; (ii) the contents of any certificate, report, or other document delivered hereunder or thereunder or in connection herewith or therewith; (iii) the performance or observance of any of the covenants, agreements, or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default; (iv) the validity, enforceability, effectiveness, or genuineness of this Agreement, any other Loan Document or any

other agreement, instrument or document; or (v) the satisfaction of any condition set forth in any Loan Document, other than to, upon request, confirm receipt of items expressly required to be delivered to Collateral Agent.

10.4 Reliance by Collateral Agent. Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document, or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent, or otherwise authenticated by the proper Person. Collateral Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, that by its terms must be fulfilled to the satisfaction of a Lender, Collateral Agent may presume that such condition is satisfactory to such Lender, unless Collateral Agent shall have received notice to the contrary from such Lender or prior to the making of such Loan. Collateral Agent may consult with legal counsel (who may be counsel for a Borrower), independent accountants, and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants, or experts.

10.5 Delegation of Duties. Collateral Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by Collateral Agent. Collateral Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective employees and agents. The exculpatory provisions of this Article shall apply to any such sub-agent and to the employees and agents of Collateral Agent and any such sub-agent. Collateral Agent shall not be responsible for the negligence or misconduct of any sub-agents, except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that Collateral Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

10.6 Resignation of Collateral Agent.

(a) **Resignation.** Collateral Agent may at any time give notice of its resignation to Lenders and Borrowers. Upon receipt of any such notice of resignation, the Required Lenders (determined for this purpose only without including Collateral Agent as a Lender) shall have the right to appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Collateral Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders as so determined), then the retiring Collateral Agent may (but shall not be obligated to), on behalf of Lenders, appoint a successor Collateral Agent that is a national bank with offices in Nashville, Tennessee. Such resignation shall become effective upon the appointment of, and acceptance of appointment by, a successor Collateral Agent.

(b) **Continued Indemnity.** After the retiring or removed Collateral ~~Agent's~~Agent's resignation, the provisions of this Article and the indemnity provisions of this Agreement and other Loan Documents shall continue in effect for the benefit of such retiring or removed Collateral Agent, its sub-agents, and their respective employees and agents respecting any actions taken or omitted

to be taken by any of them while the retiring or removed Collateral Agent was acting as Collateral Agent.

10.7 Replacement of Collateral Agent in Certain Circumstances. If (i) CCSD I or CCSD II assigns or sells a participation interest (except to the other) in any of the Term Loan held by it as of the Closing Date, and (ii) Harbert has not, as of the time of such assignment or sale, assigned or sold a participation interest in the Term Loan held by it as of the Closing Date, then Harbert may within thirty (30) days by notice to CCSD I and CCSD II and Borrowers remove CCSD I as Collateral Agent and substitute Harbert as Collateral Agent. As the former Collateral Agent, CCSD I would continue to have the residual rights of indemnity that it would have had if it had resigned.

10.8 Non-Reliance on Collateral Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon Collateral Agent or any other Lender or any of their Affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Collateral Agent or any other Lender or any of their Affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.9 Collateral Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law, Collateral Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Collateral Agent shall have made any demand on Borrowers) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

- (i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders and Collateral Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders and Collateral Agent and their respective agents and counsel and all other amounts due Lenders and Collateral Agent under the Loan Documents that are allowed in such judicial proceeding); and
- (ii) to collect and receive any monies or other Property payable or deliverable on any such claims and to distribute the same; and

any custodian, receiver, assignee, trustee, liquidator, sequestrator, or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to Collateral Agent and, in the event that Collateral Agent shall consent to the making of such payments directly to Lenders, to pay to Collateral

Agent any amount due for the reasonable compensation, expenses, disbursements, and advances of Collateral Agent and its agents and counsel, and any other amounts due Collateral Agent under the Loan Documents.

10.10 Exercise of Remedies. Collateral Agent shall proceed as set forth in this Section regarding the exercise of remedies upon an Event of Default.

(a) Unanimous Approval Absent Change. If, at the time of determination, Harbert and CCSD I/CCSD II are equal owners of the entire legal and beneficial interests in the Term Loans, Collateral Agent shall exercise no remedy under any Loan Document without the prior approval of the Required Lenders.

(b) Collateral Agent Judgment if Change. If, at the time of determination, Harbert and CCSD I/CCSD II are not equal owners of the entire legal and beneficial interests in the Term Loans, Collateral Agent shall exercise such remedies and refrain from the exercise of such remedies as it may deem appropriate, and may seek the approval of Lenders on such matters as Collateral Agent may determine.

(c) Reasonable Advice to Lenders. Collateral Agent shall in all cases keep Lenders reasonably apprised of Collateral ~~Agent's~~ Agent's actions in the enforcement of remedies and, to the extent circumstances reasonably permit, shall consult with Lenders regarding such enforcement.

10.11 Administrative Collateral Matters.

(a) **Authority to Release.** Lenders irrevocably authorize Collateral Agent, at its option and in its discretion:

- (i) to release any Encumbrance on any Property granted to or held by Collateral Agent under any Loan Document (x) upon termination of all commitments and payment in full of all Obligations (other than contingent indemnification obligations), (y) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Loan Documents, or (z) if approved, authorized, or ratified in writing by the Required Lenders;
- (ii) to subordinate any Encumbrance on any Property granted to or held by Collateral Agent under any Loan Document to the holder of any Encumbrance on such Property that is permitted by this Agreement; and
- (iii) to release a Borrower from its liability for the Obligations if such Person ceases to be an Affiliate of the remaining Borrower(s) as a result of a transaction permitted under the Loan Documents.

(b) **Confirmations.** Upon request by Collateral Agent at any time, the Required Lenders will confirm in writing Collateral ~~Agent's~~ Agent's authority to release or subordinate its interest in particular types or items of Property.

10.12 No Duty to Monitor Collateral. Collateral Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value, or collectability of the Collateral, the existence, priority, or perfection of Collateral ~~Agent's~~ Agent's Encumbrance thereon, or any certificate prepared by any ~~Loan Party~~ Borrower in connection therewith, nor shall Collateral Agent be responsible or liable to Lenders for any failure to monitor or maintain any portion of the Collateral.

10.13 Sharing Among Lenders.

(a) **Settling Adjustments.** If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its *pro rata* share thereof as provided herein, then the Lender receiving such greater proportion shall (i) notify Collateral Agent of such fact and (ii) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

- (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and
- (ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by Borrowers pursuant to and in accordance with the express terms of this Agreement, or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, other than to Borrowers (as to which the provisions of this paragraph shall apply).

(b) **Borrowers' Agreement.** Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against Borrowers rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of Borrowers in the amount of such participation.

**ARTICLE 11.
GENERAL PROVISIONS**

11.1 Usury Savings Provision. It is the intention of the parties that all consideration under or in connection with this Agreement, the other Loan Documents, and the Obligations, however denominated, and including (without limitation) all interest; commitment, transaction, or

processing fees; late charges; loan charges; and other such charges shall be limited to the maximum lawful amount permitted under applicable state law or, if higher, applicable federal law (the “**Maximum Lawful Amount**”). Such consideration shall be characterized and all provisions of the Loan Documents shall be construed so as to uphold the validity of charges provided for therein and any rates shall be calculated based upon the scheduled maturity of the Obligations and not based upon any prepayment or early maturity by acceleration. If for any reason, any interest and/or other charges paid or contracted to be paid in respect of the Term Loans shall exceed the Maximum Lawful Amount, then, *ipso facto*, the obligation to pay such interest and/or other charges shall be reduced to the Maximum Lawful Amount in effect from time to time, and any amounts collected by Lenders that exceed the Maximum Lawful Amount shall be applied to the reduction of the principal balance of the Term Loans and/or refunded to Borrowers so that at no time shall the interest or loan charges paid or payable in respect of the Term Loans exceed the Maximum Lawful Amount. This provision shall control every other provision herein and in any and all other agreements and instruments now existing or hereafter arising between Borrowers and Lender with respect to the Term Loan.

11.2 Publicity. Borrowers shall not issue any press release, notice, disclosure, or other such publicity regarding the Term Loans or their relationship with Lenders without the prior written consent of Lenders.

11.3 No Reliance on Lender’s Analysis. Borrowers acknowledge and represent that, in connection with the Obligations, they have not relied upon any financial projection, budget, assessment, or other analysis by Lenders or upon any representation by Lenders as to the risks, benefits, or prospects of their business activities or present or future capital needs incidental thereto, all such considerations having been examined fully and independently by Borrowers.

11.4 No Marshaling of Assets. Lenders may proceed against any collateral securing the Obligations or other obligations to Lenders and against parties liable therefor in such order as it may elect, and neither a Borrower nor any surety or guarantor for a Borrower nor any creditor of a Borrower shall be entitled to require Lenders to marshal assets. Borrowers hereby expressly waive the benefit of any rule of law or equity to the contrary.

11.5 Business Days. If any payment date under the Obligations falls on a day that is not a Business Day, or if the last day of any notice period falls on such a day, the payment shall be due and the notice period shall end on the next following Business Day.

11.6 Limitations of Damages. In no event shall Lenders ever be liable to Borrowers for (i) special, consequential, incidental, or other such damages arising from or related to the Term Loans or any of the Loan Documents, or (ii) punitive, exemplary, or other such damages arising from or related to the Term Loans or any of the Loan Documents.

11.7 Notices. All notices and communications relating to this Agreement shall be effective only when made in writing and actually delivered by mail, overnight courier, special courier, telecopier, email or otherwise to the addresses set forth below (or to such other address as a party may direct by a notice that complies with this Section), provided that (i) facsimile transmissions shall be effective only when confirmation of is received from the intended recipient’s facsimile

machine and, (ii) due to uncertainties caused by email volumes, spam filters, and other technical and practical matters, email transmissions shall be effective as notice only when and if receipt thereof is actually confirmed by the intended recipient:

If to Borrowers: I3 Verticals, LLC
Attention: Greg Daily
40 Burton Hills Blvd., Suite 415
Nashville, TN 37215
Email: GregDaily@chargepayment.net

With a copy (which shall not constitute notice) to:
Waller Lansden Dortch & Davis, LLP
Attn: Gerald F. Mace
511 Union Street, Suite 2700
Nashville, Tennessee 37219
Email: gerald.mace@wallerlaw.com

If to Harbert: Harbert Mezzanine Partners III, L.P.
Attn: John C. Harrison
618 Church Street, Suite 500
Nashville, TN 37219
Email: jharrison@harbert.net

And to: Harbert Mezzanine Partners III, L.P.
Attn: David Boutwell
2100 Third Avenue North
Suite 600
Birmingham, Alabama 35203-3371
Email: dboutwell@harbert.net

With a copy (which shall not constitute notice) to:
Bradley Arant Boult Cummings LLP
Attn: John E. Murdock III Roundabout Plaza
1600 Division Street, Suite 700
Nashville, Tennessee 37203
Fax: 615/252-6359
Email: ~~jmurdock@babc.com~~ jmurdock@bradley.com

If to CCSD II: CCSD II, L.P.
c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

If to CCSD I (as Lender or as Collateral Agent):

Claritas Capital Specialty Debt Fund, L.P.
c/o Capital Alignment Funds
40 Burton Hills Blvd., Suite 250
Nashville, TN 37215
Attn: R. Burton Harvey
Email: bharvey@capfunds.com

With a copy (which shall not constitute notice) to:

Bradley Arant Boult Cummings LLP
Attn: John E. Murdock III Roundabout Plaza
1600 Division Street, Suite 700
Nashville, Tennessee 37203
Fax: 615/252-6359
Email: ~~jmurdock@babc.com~~ jmurdock@bradley.com

11.8 Not Fiduciary; No Third Party Beneficiaries. Neither Lenders nor Collateral Agent is a fiduciary of a Borrower under any agreement or for any purpose. This Agreement has been executed for the sole benefit of the parties hereto, and no third party is authorized to rely upon Lenders' or Collateral Agent' rights or duties hereunder.

11.9 Incorporation of Schedules. All Schedules and Exhibits referred to in this Agreement are incorporated herein by this reference.

11.10 Indulgence Not Waiver. Any party's indulgence in a departure from the terms of this Agreement shall not prejudice the party's right to demand strict compliance with this Agreement, absent a written waiver or amendment that would be binding under the terms of this Agreement.

11.11 Assignment. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties, except that (i) Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders, and (ii) Lenders may assign their rights only as permitted in this Section. Any attempted assignment or delegation by Borrowers without the required prior written consent shall be void. Lenders may freely assign the Term Loans or grant participation interests in the Term Loans, in each case in whole or in part; provided, however, (i) no such assignment or participation interest in a Term Loan shall be effective unless and until notice thereof is given to Lenders, Borrowers, and Collateral Agent; (ii) absent the consent of Lenders, Borrowers, and Collateral Agent, no assignment or participation interest may be transferred to a Person whose foreign status would impose any duty of withholding or other burden or restriction upon any of Lenders, Borrowers, or Collateral Agent; and (iii) absent the occurrence and continuation of an Event of Default, Lenders may not, without the written consent of Borrowers (which shall not be unreasonably withheld, delayed, or conditioned), assign a Term Loan or grant a participation interest therein to any Person except to (A) a Lender or an Affiliate of a Lender, or (B) an investment fund or other institutional investor that acquires a major part of a Lender's investment portfolio and which is not (either directly or through an Affiliate) engaged in Borrowers' Line of Business. To avoid doubt, upon and during the

continuation of an Event of Default, Lenders may freely assign the Term Loans or grant participation interests in the Term Loans without Borrowers' consent.

11.12 Entire Agreement. This Agreement and the other written agreements executed by the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior agreements are merged herein; provided, however, if there is a conflict between this Agreement and any other document executed contemporaneously herewith with respect to the Obligations, the provisions of this Agreement shall control.

11.13 Construction. This Agreement has been actively negotiated by the parties with full benefit of counsel and shall not be construed against either party as author. This Agreement shall not be deemed as amended, modified, or waived or construed to vary from its express terms by any course of performance, course of dealing, or usage of trade.

11.14 Requirements of Writing. When this Agreement requires that information be delivered in writing, or when it requires the delivery of information but is silent on the form of a delivery, it means that the required information must be delivered either in written language on paper or delivered as an electronic record in a generally accepted means of storage (*e.g.*, a .pdf file, email text in format accepted by Microsoft Outlook, or faxed image). Oral statements shall not in any event suffice as writings, even if recorded, and regardless of their content.

11.15 Amendments, Waivers, and Consents.

(a) **Procedural Requirements.** No provision of this Agreement or the other Loan Documents shall be amended, modified, or waived, and no related consent, approval, or additional agreement shall be binding, except as evidenced by a written document signed in hand by the party against whom such undertaking is to be enforced. Without limiting the foregoing, oral discussions (even if recorded), voice mail messages, and the text of ordinary electronic mail correspondence (that is, email correspondence that lacks a representation of a handwritten signature) shall not be binding, regardless of their content, its being the agreement of the parties that absent a handwritten signature all such communications should be conclusively regarded as nonbinding. A document signed in hand may be effectively evidenced by an electronic record that qualifies as a writing under this Agreement.

(b) **Approval of Amendments and Waivers.** This Agreement and the other Loan Documents may be amended, and provisions thereof waived, only upon the written agreement of Borrowers and Collateral Agent (except that the agreement of Borrowers shall not be required as to ~~Article 10~~[Article 10](#), except for [Section 10.13\(b\)](#)); provided, however, that no such agreement shall (i) increase the commitment of a Lender to extend any credit to any Borrower, without the written consent of such Lender, (ii) reduce the principal amount of any of the Term Loans or reduce the rate of interest thereon, or reduce fees payable thereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any of the Term Loans, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender adversely affected

thereby, (iv) change Section 2.11, any provision of ~~Article 10~~Article 10, or this Section 11.15(b), without the written consent of all Lenders.

(c) **Lender Consent in Other Capacities.** To avoid doubt, no action taken by a Lender designee on the Governing Body of a Borrower shall constitute a waiver or amendment of any provision of the Loan Documents. To the extent that any such action requires a waiver, consent, or amendment under the Loan Documents, Borrowers shall be responsible to raise the issue and propose or request a formal written waiver, consent, or amendment.

11.16 Time of Essence. Time is of the essence of this Agreement, and all dates and time periods specified herein shall be strictly observed.

11.17 Gender and Number. Words used herein indicating gender or number shall be read as context may require.

11.18 Captions Not Controlling. Captions and headings have been included in this Agreement for the convenience of the parties, and shall not be construed as affecting the content of the respective Sections.

11.19 Counterparts. This Agreement may be executed in counterparts with all signatures or by counterpart signature pages, and it shall not be necessary that the signatures of all parties be contained on any one document. Each counterpart shall be deemed an original, but all of them together shall constitute one and the same instrument.

11.20 Compliance with Anti-Terrorism Laws. Borrowers, each holder of equity of Borrower, and all Beneficial Owners and Affiliates of Borrowers and each such owner of equity are and shall at all times remain in compliance with (i) the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-65; and (ii) other Laws as may be enacted now or in the future relating to anti-terrorism measures.

11.21 Applicable Law. The laws of the State of Tennessee (without giving effect to its conflicts of law principles) and applicable federal law shall govern all matters arising from or related to this Agreement and all other Loan Documents, including the validity, interpretation, construction, performance, and enforcement thereof; provided, however, pursuant to TCA §47-14-119, the substantive laws of the State of Alabama shall govern this Agreement and the other Loan Documents regarding interest, loan charges, commitment fees, brokerage commissions, and other consideration charged by Harbert, except to the extent that federal law upholding such charges may otherwise apply. The parties acknowledge that Harbert's principal office is located in Alabama and that such contacts are sufficient to support the election of Alabama law to the extent stated above.

11.22 Consent to Jurisdiction; Exclusive Venue. Each party to this Agreement irrevocably consents to the jurisdiction of the United States District Court for the Middle

District of Tennessee and of all Tennessee state courts sitting in Davidson County, Tennessee, for the purpose of any litigation to which any Lender may be a party and which arises from or is related to this Agreement or to any other Loan Document that does not expressly provide to the contrary. It is further agreed that venue for any such action shall lie exclusively with such courts, unless (i) Lenders and Collateral Agent agree to the contrary in writing, or (ii) Lenders or Collateral Agent initiate litigation in another court that has personal jurisdiction over the parties to that action or has *in rem* jurisdiction over Property relevant to the action. The parties waive any right to assert that the elected forum is not convenient and any right to raise any other objection to this election of exclusive venue.

11.23 Waiver of Jury Trial. Each party to this Agreement hereby knowingly, voluntarily, and with full benefit of counsel, irrevocably waives any right to obtain a trial by jury in any litigation arising from or related to this Agreement or to any other Loan Document and confirms that the effect of this waiver is that all issues of fact and law in any such litigation shall be determined by a judge acting without a jury. This waiver is a material inducement to the execution of this Agreement and is intended to apply whether such litigation is based upon contract, tort, statute, or any other authority.

11.24 Amended and Restated Agreement. This Agreement is an amendment to and restatement of, and not an extinguishment of, the obligations of the Borrowers under the Existing Borrowers Loan Agreement. All guaranty agreements, liens, assignments and security interests securing the Obligations and the Loan Documents are hereby ratified, confirmed, renewed, extended and brought forward as security for the Obligations described in this Agreement, in addition to and cumulative of all other security.

11.25 Joinder of i3 Management and i3-RS. i3 Management and i3-RS each hereby joins in this Agreement and the other Loan Documents to which the other Existing Borrowers are a party, including joining in (ii) the Term Loan Notes as a "Maker," and (iii) the Security Agreement as a "Debtor," and all such documents are hereby amended to include each of i3 Management and i3-RS as a party thereto. i3 Management and i3-RS each further (i) agrees to make all of the representations and warranties set forth in this Agreement and the other Loan Documents to which it is joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3 Management and i3-RS each agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under this Agreement or the other Loan Documents. In furtherance of the foregoing, i3 Management and i3-RS each agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3 Management and i3-RS.

11.26 Affirmation; Collateral; Consent; Waivers regarding Warrants and Leases.

(a) **Affirmation of Loan Documents.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents. Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Agreement; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

(b) **Collateral.** Each Borrower acknowledges and agrees that it previously has granted, or contemporaneously herewith is granting, to Collateral Agent a continuing security interest in substantially all of its Property pursuant to the Security Agreement. Each Borrower hereby (i) affirms its grant of a security interest in the Collateral (as defined in the Security Agreement) to secure the Obligations, and (ii) acknowledges that Secured Party shall have all rights and remedies of a secured party provided by the UCC.

(c) **Approval of Increase to Senior Debt.** Lenders (i) consent to Borrowers' incurring of Debt pursuant to the Senior Loan Agreement, (ii) agree that such Debt shall be treated as a Senior Loan under this Agreement, and (iii) agree that ~~First~~ Bank of America, N.A. shall be treated as the Administrative Agent under the Senior Loan Agreement.

(d) Waiver of Certain Matters Regarding Issuance of Equity.

(1) Lenders agree that i3 Verticals may issue 120,000 Class P non-voting units of i3 Verticals to Ian Halpern, Chris Toppino, and Henry Lau pursuant to that Asset Purchase Agreement dated as of December 31, 2014, between RentShare, Inc., certain "Owners" thereof, and i3-RS without making any adjustment to the Warrants pursuant to Section 8 thereof.

(e) Certain Matters Regarding Leases.

(1) Lenders hereby waive the requirements of Section 6.13 of this Agreement with respect to (i) the lease by i3-RS of office space located at 115 East 23rd St., Unit 325, New York, New York, (ii) the lease by CP-USDC of office space located at 2761 E. Skelly Drive, Suite 105, Tulsa, Oklahoma, and (iii) the lease by i3 Verticals of office space located at 40 Burton Hills Blvd., Suite 200, Nashville, Tennessee, so long as Borrowers vacate such space on or before April 1, 2015.

(2) Lenders hereby agree that the time for delivering applicable landlord agreements pursuant to Section 6.13 of this Agreement is hereby extended to (i) on or before February

9, 2015, with respect to the lease by i3 Verticals of office space located at 2500 Cumberland Parkway, Atlanta, GA 30339, and (ii) on or before the date of occupancy with respect to the lease by i3 Verticals of office space located at 40 Burton Hills Blvd., Suite 415, Nashville, Tennessee.

(3) Lenders hereby waive the requirements of Section 6.13 of the Loan Agreement with respect to the lease by i3-PBS of office space located at 2859 N. Susquehanna Trail, Shamokin Dam, PA 17876.

(4) Reference is made to that Office Lease Agreement dated January 19, 2011 (the "**Fairways Lease**") between Fairway and Domar Properties, LLC for the premises located at 300 N. Lee Street, Suite 500, Alexandria, VA, 22314 (the "**Lee Premises**"), which Lease contains the grant of a security interest which is not a Permitted Encumbrance. Collateral Agent and Lenders hereby consent to such security interest and waive any Defaults or Events of Default that exist or may arise on account of the granting or existence of such security interest. Borrowers obtained a landlord waiver from the landlord of the Lee Premises, but such waiver is not in form acceptable to Collateral Agent and Lenders in all respects. Borrowers' failure to obtain an acceptable landlord waiver shall not constitute a Default or Event of Default under the Credit Agreement; provided, however, that until Borrowers obtain a landlord waiver acceptable to Collateral Agent and Lenders in all respects, in their reasonable discretion, Borrowers covenant and agree that the value of all assets of Borrowers located on the Lee Premises shall not at any time exceed \$50,000.00.

[The remainder of this page is intentionally left blank.]

This First Amended and Restated Loan Agreement is dated as of the date first written above.

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: _____
Name: _____
Title: _____

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD, GP, LLC,
its General Partner

By: _____
Name: _____
Title: _____

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: _____
Name: _____
Title: _____

[Signatures to First Amended and Restated Loan Agreement Continue]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: _____
Name: _____
Title: _____

[Continued Signatures to First Amended and Restated Loan Agreement]

BORROWERS:

- i3 VERTICALS, LLC
- CP-PS, LLC
- CP-DBS, LLC
- i3 VERTICALS MANAGEMENT SERVICES, INC.
- i3-RS, LLC
- i3-EZPAY, LLC
- i3-LL, LLC
- i3-PBS, LLC
- i3-INFIN, LLC
- i3-BP, LLC
- i3-AXIA, LLC
- i3-RANDALL, LLC
- i3-CSC, LLC
- i3-TS, LLC
- FAIRWAY PAYMENTS, LLC

By: _____
Name: _____
Title: _____

[Continued Signatures to First Amended and Restated Loan Agreement]

Exhibit B

Security Agreement

See attached.

[Schedule/Exhibit to Eleventh Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

Exhibit C

[Schedules updated to reflect the reaffirmation of the representations and warranties made in Article 5 of the Loan Agreement.]

TWELFTH AMENDMENT TO FIRST AMENDED AND RESTATED LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS

This Twelfth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of November 30, 2017 (the "Effective Date"), by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), i3-Axia, LLC, a Delaware limited liability company ("i3-Axia"), i3-Randall, LLC, a Delaware limited liability company ("i3-Randall"), i3-CSC, LLC, a Delaware limited liability company ("i3-CSC"), i3-TS, LLC, a Delaware limited liability company ("i3-TS"), Fairway Payments, LLC, a Virginia limited liability company ("Fairway"), i3-SDCR, Inc., a Delaware corporation ("i3-SDCR"), and SAN DIEGO CASH REGISTER COMPANY, INC., a California corporation ("SDCR") (i3, CP-PS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, i3-BP, i3-Axia, i3-Randall, i3-CSC, i3-TS, and Fairway are the "Existing Borrowers," and the Existing Borrowers, i3-SDCR and SDCR collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. ("Harbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016, as further amended by that Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 30, 2016, as further amended by that Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of December 21, 2016, as further amended by that Ninth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of March 31, 2017, as further amended by that Tenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 1, 2017, and as further amended by that Eleventh Amendment to First Amended and Restated Loan Agreement dated as of October 30, 2017 (as amended, the "Loan Agreement"); and

B. Upon the consummation of the SDCR Acquisition (as defined below), i3-SDCR and SDCR will each become a wholly-owned direct or indirect subsidiary of i3 and wish to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as additional Borrowers or other appropriate parties; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-SDCR and SDCR.** i3-SDCR and SDCR each hereby join in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 21, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include both i3-SDCR and SDCR as parties thereto. i3-SDCR and SDCR both further (i) agree to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which they are joined as of the date hereof; (ii) grant to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of their assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agree that they hereby assume, and are direct obligors primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-SDCR and SDCR agree that they shall be jointly and severally liable with Existing Borrowers, each other, and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-SDCR and SDCR each agree to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-SDCR and SDCR.

3. **SDCR Acquisition.** Borrowers represent and warrant that i3-SDCR has completed the acquisition of all of the outstanding common stock of SDCR (the "SDCR Acquisition") pursuant to and in accordance with that certain Stock Purchase Agreement (the "SDCR Acquisition Agreement") dated as of October 31, 2017, by and among i3-SDCR, Ality R. Richardson individually and as Successor Trustee under that Declaration of Trust dated May 27, 1999, and Ashley J. Richardson. Borrowers represent, warrant, and agree that (i) the SDCR Acquisition qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been or will be satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) other than as provided in Section 3.1 therein, there is no contingent consideration payable under the SDCR Acquisition Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition.

4. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 200,000 Common Units of i3 and 200,000 Class P Units of i3 pursuant to the SDCR Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

6. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

7. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

8. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

9. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

10. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

11. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

12. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents.

13. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

14. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

15. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

i3 VERTICALS, LLC
CP-TOPS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC
i3-AXIA, LLC
i3-RANDALL, LLC
i3-CSC, LLC
i3-TS, LLC
FAIRWAY PAYMENTS, LLC
i3-SDCR, LLC
SAN DIEGO CASH REGISTER COMPANY, INC.

By: /s/ Scott Meriwether

Scott Meriwether
Vice President

[Signatures to Twelfth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to Twelfth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Twelfth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-SDCR and SDCR to the Loan Agreement and certain other Loan Documents.]

THIRTEENTH AMENDMENT TO FIRST AMENDED AND RESTATED LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS

This Thirteenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of December 18, 2017 (the "Effective Date"), by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), i3-Axia, LLC, a Delaware limited liability company ("i3-Axia"), i3-Randall, LLC, a Delaware limited liability company ("i3-Randall"), i3-CSC, LLC, a Delaware limited liability company ("i3-CSC"), i3-TS, LLC, a Delaware limited liability company ("i3-TS"), Fairway Payments, LLC, a Virginia limited liability company ("Fairway"), i3-SDCR, Inc., a Delaware corporation ("i3-SDCR"), SAN DIEGO CASH REGISTER COMPANY, INC., a California corporation ("SDCR"), and i3-CS, LLC, a Delaware limited liability company ("i3-CS") (i3, CP-PS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, i3-BP, i3-Axia, i3-Randall, i3-CSC, i3-TS, Fairway, i3-SDCR and SDCR are the "Existing Borrowers," i3-CS and the Existing Borrowers, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HARBERT MEZZANINE PARTNERS III, L.P. ("Harbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016, as further amended by that Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 30, 2016, as further amended by that Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of December 21, 2016, as further amended by that Ninth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of March 31, 2017, as further amended by that Tenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 1, 2017, as further amended by that Eleventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of October 30, 2017, and as further amended by that Twelfth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of November 30, 2017 (as amended, the "Loan Agreement"); and

B. i3-CS has recently been formed as a wholly-owned direct subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-CS.** i3-CS hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 21, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include i3-CS as a party thereto. i3-CS further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it are joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-CS agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-CS agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-CS.

3. **Court Solutions Acquisition.** Borrowers represent and warrant that i3-CS has completed the acquisition of substantially all of the assets of Court Solutions LLC (the "Court Solutions Acquisition") pursuant to and in accordance with that certain Asset Purchase Agreement (the "Court Solutions Acquisition Agreement") dated as of December 1, 2017, by and among i3-CS, Court Solutions LLC, Richard Garofalo, and Loren Garofalo. Borrowers represent, warrant, and agree that (i) the Court Solutions Acquisition qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been or will be satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) other than as provided in Section 3.1 therein, there is no contingent consideration payable under the Court Solutions Acquisition Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition.

4. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 150,000 Class P Units of i3 pursuant to the Court Solutions Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

6. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

7. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii)

the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

8. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

9. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

10. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

11. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

12. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents.

13. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

14. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

15. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

i3 VERTICALS, LLC
CP-TOPS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC
i3-AXIA, LLC
i3-RANDALL, LLC
i3-CSC, LLC
i3-TS, LLC
FAIRWAY PAYMENTS, LLC
i3-SDCR, LLC
SAN DIEGO CASH REGISTER COMPANY, INC.
i3-CS, LLC

By: /s/ Scott Meriwether
Scott Meriwether
Vice President

[Signatures to Thirteenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to Thirteenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John C. Harrison

Name: John C. Harrison

Title: VP

[Signatures to Thirteenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-CS to the Loan Agreement and certain other Loan Documents]

**FOURTEENTH AMENDMENT TO FIRST AMENDED AND RESTATED
LOAN AGREEMENT AND OMNIBUS AMENDMENT TO LOAN DOCUMENTS**

This Fourteenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents (this "Amendment") is entered into as of February 14, 2018 (the "Effective Date"), by i3 VERTICALS, LLC ("i3"), a Delaware limited liability company; CP-PS, LLC ("CP-PS"), a Delaware limited liability company; CP-DBS, LLC ("CP-DBS"), a Delaware limited liability company, i3 VERTICALS MANAGEMENT SERVICES, INC. ("i3 Management"), a Delaware corporation, i3-RS, LLC ("i3-RS"), a Delaware limited liability company, i3-EZPAY, LLC, a Delaware limited liability company ("i3-EZ"), i3-LL, LLC, a Delaware limited liability company ("i3-LL"), i3-PBS, LLC, a Delaware limited liability company ("i3-PBS"), i3-INFIN, LLC, a Delaware limited liability company ("i3-Infin"), i3-BP, LLC, a Delaware limited liability company ("i3-BP"), i3-Axia, LLC, a Delaware limited liability company ("i3-Axia"), i3-Randall, LLC, a Delaware limited liability company ("i3-Randall"), i3-CSC, LLC, a Delaware limited liability company ("i3-CSC"), i3-TS, LLC, a Delaware limited liability company ("i3-TS"), Fairway Payments, LLC, a Virginia limited liability company ("Fairway"), i3-SDCR, Inc., a Delaware corporation ("i3-SDCR"), SAN DIEGO CASH REGISTER COMPANY, INC., a California corporation ("SDCR"), i3-CS, LLC, a Delaware limited liability company ("i3-CS"), and i3-EMS, LLC a Delaware limited liability company ("i3-EMS") (i3, CP-PS, CP-DBS, i3 Management, i3-RS, i3-EZ, i3-LL, i3-PBS, i3-Infin, i3-BP, i3-Axia, i3-Randall, i3-CSC, i3-TS, Fairway, i3-SDCR, SDCR, and i3-CS are the "Existing Borrowers," i3-EMS and the Existing Borrowers, collectively, "Borrowers"); CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P. ("CCSD I"), a Delaware limited partnership; CCSD II, L.P. ("CCSD II"), a Delaware limited partnership; HERBERT MEZZANINE PARTNERS III, L.P. ("Herbert"), a Delaware limited partnership (together with CCSD I and CCSD II, collectively "Lenders"); and CCSD I, in its capacity as Collateral Agent for Lenders, as provided in the Loan Agreement described below ("Collateral Agent").

RECITALS:

A. Lenders, Collateral Agent, and the Existing Borrowers previously executed that First Amended and Restated Loan Agreement dated as of January 9, 2015, as amended by that First Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 23, 2015, as further amended by that Second Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 25, 2015, as further amended by that Third Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 11, 2015, as further amended by that Fourth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of January 11, 2016, as further amended by that Fifth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of April 29, 2016, as further amended by that Sixth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of May 12, 2016, as further amended by that Seventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of June 30, 2016, as further amended by that Eighth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of December 21, 2016, as further amended by that Ninth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of March 31, 2017, as further amended by that Tenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of August 1, 2017, as further amended by that Eleventh Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of October 30, 2017, as further amended by that Twelfth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of November 30, 2017, and as further amended by that Thirteenth Amendment to First Amended and Restated Loan Agreement and Omnibus Amendment to Loan Documents dated as of December 18, 2017 (as amended, the "Loan Agreement"); and

B. i3-EMS has recently been formed as a wholly-owned direct subsidiary of i3 and wishes to join the Loan Agreement and certain other Loan Documents (as defined in the Loan Agreement) as an additional Borrower or other appropriate party; and

C. Lenders are the holders of the Warrants (as defined in the Loan Agreement); and

D. The parties hereto wish to amend the Loan Agreement and other Loan Documents and to waive certain rights under the Warrants;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions and Rules of Construction.** As used in this Amendment, capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement, and the rules of construction applicable to the Loan Agreement shall apply to this Amendment.

2. **Joinder of i3-EMS.** i3-EMS hereby joins in (i) the Loan Agreement as a "Borrower," (ii) the Term Loan Notes as a "Maker," (iii) that Security Agreement dated as of August 21, 2013, by and among Existing Borrowers and Collateral Agent (the "Security Agreement") as a "Debtor," and all such documents are hereby amended to include i3-EMS as a party thereto. i3-EMS further (i) agrees to make all of the representations and warranties set forth in the Loan Agreement and the other Loan Documents to which it are joined as of the date hereof; (ii) grants to Collateral Agent, for the benefit of Lenders, pursuant to the terms and provisions of the Loan Agreement and the Security Agreement, a valid and enforceable security interest in and to all of its assets constituting Collateral (as defined in the Security Agreement), free and clear of all Encumbrances except as otherwise provided in the Loan Agreement; and (iii) agrees that it hereby assumes, and is a direct obligor primarily liable for, all of the Obligations, whether now or hereafter arising. Without limiting the foregoing, i3-EMS agrees that it shall be jointly and severally liable with Existing Borrowers and any other Borrower for all liabilities and obligations of each such Borrower to Collateral Agent and Lenders irrespective of when such liabilities or obligations first arose under the Loan Agreement or the other Loan Documents. In furtherance of the foregoing, i3-EMS agrees to execute and/or deliver to Collateral Agent such additional loan documents, security instruments, UCC financing statements, and other documents, instruments, certificates or agreements as Collateral Agent may reasonably request to give effect to this joinder of i3-EMS.

3. **Enterprise Merchant Solutions Acquisition.** Borrowers represent and warrant that i3-EMS has completed the acquisition of substantially all of the assets of Enterprise Merchant Solutions, Inc. (the "Enterprise Merchant Solutions Acquisition") pursuant to and in accordance with that certain Asset Purchase Agreement (the "Enterprise Merchant Solutions Acquisition Agreement") dated as of January 31, 2018, by and among i3-EMS, Enterprise Merchant Solutions, Inc., Stephen Ferrante, and Uyentrih Do. Borrowers represent, warrant, and agree that (i) the Enterprise Merchant Solutions Acquisition qualifies as and constitutes a Permitted Acquisition, and all of the conditions set forth in the definition of Permitted Acquisition have been or will be satisfied within the time periods specified therein (or within such shorter time periods as Lenders have permitted), (ii) other than as provided in Section 3.1 therein, there is no contingent consideration payable under the Enterprise Merchant Solutions Acquisition Agreement, and (iii) no Borrower is issuing a Seller Note in connection with such acquisition.

4. **Waiver of Certain Matters Regarding Issuance of Equity.** Lenders agree that i3 may issue up to 200,000 Class P Units of i3 pursuant to the Enterprise Merchant Solutions Acquisition Agreement without making any adjustment to the Warrants pursuant to Section 8 thereof.

5. **Updating of Schedules.** Borrowers hereby reaffirm the warranties and representations made in Article 5 of the Loan Agreement as true and correct given as of the date hereof, subject to (i) matters therein that were expressly disclosed as of a particular date other than the Closing Date and (ii) the matters disclosed in the updated complete set of Schedules to the Loan Agreement attached hereto as Exhibit A.

6. **Borrowers' Release.** Borrowers hereby release Lenders and Collateral Agent from any claim, defense, or right of setoff, known or unknown, that any Borrower may have against any of them as of the execution of this Amendment; provided, however, to avoid doubt, Lenders and Collateral Agent are not released from their future obligations under the Loan Documents.

7. **Borrowers' Affirmations.** Borrowers acknowledge, warrant, and represent that (i) pursuant to the Loan Documents, their obligations to repay the Obligations are absolute and unconditional, and there exists no right

of deduction, setoff, recoupment, counterclaim or defense of any nature whatsoever to payment of the Obligations, (ii) the Loan Documents are valid and enforceable against Borrowers in accordance with their terms (subject to principles of equity and laws applicable to the rights of creditors generally, including bankruptcy laws) and grant valid and perfected security interests and liens in the collateral described therein with the priority required by the Loan Documents, and (iii) no Default or Event of Default presently exists under the Loan Documents.

8. **Expenses.** Borrowers agree to pay any and all costs and expenses (including, without limitation, reasonable attorneys' fees and recording fees) incurred by Collateral Agent and Lenders and arising out of or relating to the preparation and negotiation of this Amendment and the matters contemplated hereby.

9. **Construction of Agreement.** Except as expressly provided herein, the Loan Documents remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to (i) impair the validity, perfection, or priority of any security interest granted therein, or (ii) waive or impair any rights, powers, or remedies of Lenders or Collateral Agent under the Loan Documents.

10. **Assignment.** This Amendment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrowers, Collateral Agent, and Lenders, except that Borrowers may not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lenders. Any attempted assignment or delegation without the required prior consent shall be void.

11. **Entire Agreement.** This Amendment and the other written agreements among the parties represent the entire agreement of the parties concerning the subject matter hereof, and all oral discussions and prior inconsistent agreements are merged herein. In the event of an inconsistency between this Amendment and the provisions of the other Loan Documents, the provisions of this Amendment shall control.

12. **Notices.** Any communications concerning this Agreement or the Obligations shall be addressed as provided in the Loan Documents.

13. **Applicable Law.** This Amendment shall be governed by the substantive laws (excluding conflicts principles) of the State of Tennessee.

14. **Jurisdiction; Venue; Waiver of Jury Trial; Etc.** All matters of jurisdiction, venue, waiver of jury trial, and other general matters shall be determined as provided in the Loan Agreement.

15. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall constitute an original, and may be delivered electronically by facsimile or .pdf image.

[signature pages follow]

BORROWERS:

I3 VERTICALS, LLC
CP-PS, LLC
CP-DBS, LLC
i3 VERTICALS MANAGEMENT SERVICES, INC.
i3-RS, LLC
i3-EZPAY, LLC
i3-LL, LLC
i3-PBS, LLC
i3-INFIN, LLC
i3-BP, LLC
i3-AXIA, LLC
i3-RANDALL, LLC
i3-CSC, LLC
i3-TS, LLC
FAIRWAY PAYMENTS, LLC
i3-SDCR, LLC
SAN DIEGO CASH REGISTER COMPANY, INC.
i3-CS, LLC
i3-EMS, LLC

By: /s/ Scott Meriwether
Scott Meriwether
Vice President

[Signatures to Fourteenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

COLLATERAL AGENT:

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

LENDERS:

CCSD II, L.P.

By: CCSD GP II, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

CLARITAS CAPITAL SPECIALTY DEBT FUND, L.P.

By: CCSD GP, LLC,
its General Partner

By: /s/ R. Burton Harvey

Name: R. Burton Harvey

Title: Managing Partner

[Signatures to Fourteenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

HARBERT MEZZANINE PARTNERS III, L.P.

By: HMP III GP, LLC,
Its General Partner

By: Harbert Mezzanine Partners III GP, LLC,
its Sole Manager

By: Harbert Mezzanine Manager III, Inc.,
its Sole Manager

By: /s/ John Harrison

Name: John Harrison

Title: VP

[Signatures to Fourteenth Amendment to First Amended and Restated Loan Agreement
and Omnibus Amendment to Loan Documents]

EXHIBIT A

[Schedules updated to reflect the joinder of i3-EMS to the Loan Agreement and certain other Loan Documents.]

i3 VERTICALS, LLC

AMENDED & RESTATED EQUITY INCENTIVE PLAN

Effective November 29, 2016

1. Establishment and Purpose

i3 Verticals, LLC, a Delaware limited liability company (the “Company”), hereby establishes the i3 Verticals, LLC Equity Incentive Plan (the “Plan”). The purpose of the Plan is to promote the profitability and growth of the Company by providing equity-based incentives to encourage certain key management and other service providers to the Company to contribute to the Company’s growth and financial success. The Company has reserved a pool of Class P Units through the Plan to be awarded from time to time by the compensation committee of the Company’s board of directors. The Company also contemplates that, in certain circumstances, Class P Units may be issued directly by the Company to individuals who are not described as eligible to receive awards under this Plan.

2. Definitions

Any terms used herein shall have the meanings set forth below or, if not defined herein, as defined in the LLC Agreement, except where the context otherwise indicates:

(a) “Award” means an award of a Class P Unit in the Company.

(b) “Class P Unit” means a Class P Unit in the Company representing a profits interest in the Company as more fully described in Section 3.10 of the LLC Agreement.

(c) “Class P Unit Agreement” means a written document memorializing the Award granted to the Participant pursuant to the Plan.

(d) “Committee” means the “compensation committee” that is appointed by the Board to administer the Plan.

(e) “LLC Agreement” means the Third Amended and Restated Limited Liability Agreement of i3 Verticals, LLC, effective January 15, 2014, and as amended from time to time.

(f) “Management Pool” means the maximum number of Awards set forth in Section 4(a), which number shall not include grants of Class P Units to (1) the Company’s Chief Executive Officer, (2) members of the Company’s Board of Directors, or (3) owners of companies acquired by the Company, in connection with such acquisitions.

(g) “Participant” means an individual granted an Award under the Plan.

3. Administration

(a) Administration of the Plan. The Plan shall be administered by the Committee, which shall have all authorities specified in the Plan and a Class P Unit Agreement, including but not limited to the following authorities:

- (i) *Plan Participation*. The Committee shall have absolute discretion to grant Awards under the Plan and prescribe the form of Class P Unit Agreements evidencing such Awards. The Committee in its discretion may grant Awards to employees, consultants and directors of the Company or an Affiliate of the Company. The Committee may also grant Awards to prospective employees, consultants or directors in connection with hiring, retention or otherwise, provided that vesting of Class P Units may not occur until the Award recipient has commenced providing services to the Company or an Affiliate. An individual who receives an Award under the Plan will be designated a Participant.
- (ii) *Terms of Awards*. The Committee is authorized to: (A) determine the eligible persons to whom, and the time or times at which, Awards shall be granted; (B) determine the number of Class P Units to be covered by each Award; (C) impose such terms, limitations, restrictions and conditions upon any such Award as the Committee shall deem appropriate, including, but not limited to, those relating to the vesting of Awards, if any; and (D) modify or amend outstanding Awards.
- (iii) *Plan and Award Interpretation*. The Committee shall have full power and authority, in its sole and absolute discretion, to administer, construe and interpret the Plan, Class P Unit Agreements and all other documents relevant to the Plan and Awards issued thereunder, to establish, amend, rescind and interpret such rules, regulations, agreements, guidelines and instruments for the administration of the Plan and for the conduct of its business as the Committee deems necessary or advisable, and to correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent the Committee shall deem it desirable to carry it into effect.

(b) Non-Uniform Determinations. The Committee's determinations under the Plan (including, without limitation, determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the Class P Unit Agreements evidencing such Awards) need not be uniform and may be made by the Committee selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

(c) Limited Liability. To the maximum extent permitted by law, the Committee (or any Committee member) shall not be liable for any action taken or decision made in good faith relating to the Plan or any Award thereunder.

(d) Indemnification. To the maximum extent permitted by law and under the LLC Agreement, the Committee (and any member of the Board) shall be indemnified by the Company in respect of all their activities under the Plan.

(e) Effect of Committee's Decision. All actions taken and decisions and determinations made by the Committee on all matters relating to the Plan pursuant to the powers vested in it hereunder shall be in the Committee's sole and absolute discretion and shall be conclusive and binding on all parties concerned.

4. Awards

(a) Reservation of Units. The maximum aggregate number of Class P Units that may be issued pursuant to the Plan is 3,283,808 (the "Management Pool"). This number of Class P Units shall automatically increase at the time that the Company engages in a capital transaction that increases the number of outstanding Units. The Committee will calculate the increase as (i) a number of Class P Units that, when added to the then maximum aggregate number of Class P Units that may be issued pursuant to the Plan, is equal to 12.5% the total number of shares of Units outstanding (as further defined below), on an as converted and fully diluted basis, immediately following such capital transaction, or (ii) such lesser number as determined by the Committee. In no event shall such annual increase exceed 2,500,000 Units. For purposes of this Section, in order to determine the increased Management Pool size, the Company shall take the total number of Units that are issued and outstanding, plus all securities or debt convertible into Units, plus all warrants and any other securities, minus all existing Class P Units that have been granted and remain outstanding under the Management Pool, and divide such number by 0.875. The product shall then be multiplied by 12.5%. This final number shall then be approved by the Committee as the automatic increase to the Class P Units subject to the Plan. The Committee shall also take appropriate action to reflect this increase on the books and records of the Company under Section 3.2 of the LLC Agreement.

(b) Adjustments for Recapitalization, Etc. The number of Class P Units reserved in Section 4(a) for issuance under the Plan shall be adjusted by the Committee by way of increase or decrease, as the Committee deems appropriate, in the event of a recapitalization, split, consolidation or similar transaction involving the equity of the Company.

(c) Determination of Units Awarded Under Plan. An Award of Class P Units to a Participant will count against the number of Units reserved in Section 4(a) hereunder, except in the following circumstances: (i) Class P Units awarded to individuals who are founders of the Company or who provide their services as members of the Board; (ii) Class P Units awarded under the terms of a definitive acquisition agreement entered into by the Company or an Affiliate; or (iii) an issuance of Class P Units under the terms of the LLC Agreement that is not intended to reduce the number of Class P Units reserved hereunder. Certain Class P Units that are issued prior to the date of adoption of the Plan shall be counted against the number of Units reserved in Section 4(a), as indicated on Schedule A attached hereto.

(d) Reissuance of Units. Class P Units that are forfeited for any reason or repurchased by the Company under the terms of a Class P Unit Agreement will again be available for issuance under an Award.

(e) Terms of LLC Agreement. Awards are subject to a Participation Threshold, as defined in the LLC Agreement, which shall be stated in the Class P Unit Agreement, and to the further

terms and conditions provided in the Plan and the Class P Unit Agreement, By accepting an Award under the Plan, a Participant is deemed to have consented to the applicable terms of the LLC Agreement.

(f) Tax Election. Unless stated otherwise in Class P Unit Agreement, Participants shall be directed to make an effective protective election with the Internal Revenue Service under Section 83(b) of the Internal Revenue Code and the regulations promulgated thereunder within 30 days of the grant of an Award. A form of the 83(b) form of election may be provided by the Company.

5. **Termination, Amendment and Modification of the Plan.**

The Plan will continue indefinitely until terminated by the Committee or the Board. The Committee may terminate, amend or modify the Plan or any portion thereof at any time, provided that an amendment that diminishes the rights of a Participant will not be effective with respect to such Participant until executed in writing by the Participant.

6. **Miscellaneous**

(a) Non-Guarantee of Employment or Service. Nothing in the Plan or a Class P Unit Agreement shall confer any right on a Participant to continue in the service of the Company or any of its Affiliates or shall interfere in any way with the right of the Company or any such Affiliate to terminate such service at any time with or without cause or notice and whether or not such termination results in: (i) the failure of any Award to vest; (ii) the forfeiture of any unvested portion of any Award; or (iii) any other adverse effect on a Service Provider's interests under the Plan.

(b) Compliance with Securities Laws. If at any time the Committee determines that the delivery of a Class P Unit under the Plan is or may be unlawful under the laws of any applicable jurisdiction, or federal, state or foreign securities laws, the right to receive Class P Units or a payment pursuant to an Award shall be suspended until the Committee determines that such delivery or payment is lawful. The Company shall have no obligation to effect any registration or qualification of the Class P Units under federal, state or foreign laws.

(c) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any Participant or other person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right set forth for a person holding Class P Units in the LLC Agreement.

(d) Governing Law. The validity, construction and effect of the Plan, a Class P Unit Agreement entered into pursuant to the Plan, and any rules, regulations, determinations or decisions made by the Committee relating to the Plan or such Class P Unit Agreement, and the rights any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with applicable federal laws and the laws of the State

of Tennessee, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction.

(e) Inconsistencies. This Plan, the Class P Unit Agreements and the LLC Agreement are intended to be complementary and shall be interpreted in a manner that construes such instruments as consistent with each other. However, in the event of any inconsistencies between the Plan, a Class P Unit Agreement and the LLC Agreement, the LLC Agreement shall in all cases govern.

(f) No Transfers. No Participant shall transfer any Class P Unit, in whole or in part, or any of its rights under this Plan, except for transfers that are permitted in the LLC Agreement.

(g) Further Assurances. The Committee shall take such further actions as are reasonably deemed by it to be necessary or desirable in order to effectively carry out the intent and purpose of this Plan and the transactions and agreements contemplated hereby.

(h) Non-Waiver; Separability of Provisions. Each provision of this Plan shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Plan which are valid.

(i) Successors and Assigns. Subject to the restrictions on transfer of Class P Units set forth herein, this Plan shall be binding upon and shall inure to the benefit of the Company and the Participants and their respective successors and permitted assigns.

(j) Rights under the LLC Agreement. Notwithstanding anything herein or in the LLC Agreement to the contrary, Participants shall not be entitled to any information rights (including financials) or access to books and records accorded to the Members of the Company, in each case, with respect to the Company, except to the extent required by law.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this the 29th day of November, 2016.

i3 VERTICALS, LLC

/s/ Greg S. Daily

Greg S. Daily, Chief Executive Officer

Schedule A

[On file with the Company]

**FIRST AMENDMENT TO
i3 VERTICALS, LLC
AMENDED AND RESTATED EQUITY INCENTIVE PLAN**

THIS AMENDMENT to the i3 Verticals Amended and Restated Equity Incentive Plan (the “Plan”) is adopted by i3 Verticals, LLC, a Delaware limited liability company (the “Company”) on October 31, 2017.

RECITALS:

WHEREAS, the Plan was established to provide equity-based incentives to key management and other service providers to the Company and was amended and restated by the Company effective November 29, 2016;

WHEREAS, the Company desires to amend the Plan to include terms that are required to enable the Company to issue awards of Class P Units under an exemption for compensatory equity awards available under California Corporations Code § 25102(o); and

WHEREAS, the Company’s board has approved this amendment in the manner required by the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Sections 4(a) and 4(b) are restated as follows:

(a) Reservation of Units. The maximum aggregate number of Class P Units that may be issued pursuant to the Plan is 3,283,808 (the “Management Pool”). This number of Class P Units shall automatically increase at the time that the Company engages in a capital transaction that increases the number of outstanding Units. The Committee will calculate the increase as (i) a number of Class P Units that, when added to the then maximum aggregate number of Class P Units that may be issued pursuant to the Plan, is equal to 12.5% of the total number of shares of Units outstanding (as further defined below), on an as converted and fully diluted basis, immediately following such capital transaction, or (ii) such lesser number as determined by the Committee. In no event shall such annual increase exceed 2,500,000 Units. For purposes of this Section, in order to determine the increased Management Pool size, the Company shall take the total number of Units that are issued and outstanding, plus all securities or debt convertible into Units, plus all warrants and any other securities, minus all existing Class P Units that have been granted and remain outstanding under the Management Pool, and divide such number by 0.875. The product shall then be multiplied by 12.5%. This final number shall then be approved by the Committee as the automatic increase to the Class P Units subject to the Plan. The Committee shall also take appropriate action to reflect this increase on the books and records of the Company under Section 3.2 of the LLC Agreement. Awards of Class P Units to residents of California cannot be made later than ten years after the date of the adoption of this plan by equity holders of the Company.

(b) Adjustments for Recapitalization, Etc. The number of Class P Units reserved in Section 4(a) for issuance under the Plan, and the Class P Units that have been issued under the Plan, shall be proportionately adjusted by the Committee by way of increase or decrease, as the Committee deems appropriate, in the event of a recapitalization, split, consolidation or similar transaction involving the equity of the Company.

2. Section 6(f) is restated as follows:

(f) No Transfers. No Participant shall transfer any Class P Unit, in whole or in part, or any of its rights under this Plan, except for transfers that are permitted in the LLC Agreement and that would also be permissible under the exemption provided in SEC Rule 701.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this the 31st Day of October, 2017.

i3 VERTICALS, LLC

/s/ Clay Whitson

Clay Whitson, Chief Financial Officer

**SECOND AMENDMENT TO
i3 VERTICALS, LLC
AMENDED AND RESTATED EQUITY INCENTIVE PLAN**

This Second Amendment (this "Second Amendment") to the i3 Verticals Amended and Restated Equity Incentive Plan (the "Plan"), dated as of May 7, 2018, and effective as of the Effective Date (as defined below), is adopted by i3 Verticals, LLC, a Delaware limited liability company (the "Company"). All capitalized terms used but not defined in this Second Amendment shall have the meanings ascribed to such terms in the Plan.

RECITALS

WHEREAS, the Plan was established to provide equity-based incentives to key management and other service providers to the Company and was amended and restated by the Company, effective November 29, 2016, as further amended by that certain First Amendment to the Plan, effective October 31, 2017;

WHEREAS, pursuant to Sections 3(a)(ii)(D) and 5 of the Plan, the board of directors of the Company (the "Board"), or a committee thereof (the "Committee"), is authorized to modify or amend the Plan and outstanding Awards, respectively;

WHEREAS, on and following the Effective Date, the Company desires to (i) revise the introductory language of the Plan and definition of Committee in order to allow for administration of the Plan by a party other than the board of directors of the Company or a committee thereof; and (ii) amend the Plan and outstanding Awards of its Class P Units ("Units") in order to provide for "double-trigger" vesting acceleration of such Awards such that an Award will vest upon a Change in Control (as defined below) and the termination of a Participant's employment with or service to the Company by Participant for Good Reason (as defined below) or the Company for any reason other than for Cause (as defined below); and

WHEREAS, the Board has approved this Second Amendment in the manner required by the Plan.

AGREEMENT

NOW, THEREFORE, on and following the Effective Date, the Plan is hereby amended as follows:

1. The third sentence of Section 1 of the Plan shall be deleted in its entirety and replaced with the following:

The Company has reserved a pool of Class P Units through the Plan to be awarded from time to time by the Committee.

2. Section 2(d) of the Plan shall be deleted in its entirety and replaced with the following:

(d) "Committee" means i3 Verticals, Inc., a Delaware corporation (the "Corporation"), either in its capacity as sole manager of the Company or on behalf of itself, as the case may be.

3. Section 4 of the Plan shall be amended by adding the following:

(g) Vesting.

(i) *Terms and Conditions*. Notwithstanding the terms and conditions of any “Vesting” provision of any outstanding Class P Unit Agreement, but subject to the provision by Participant for the payment of all applicable withholding and other taxes to the satisfaction of the Company, all Units subject to Awards held by a Participant shall become vested if and only if such Participant has been continuously employed by the Company or any of its affiliates from the date of the Award through and including the vesting date set forth in such Participant’s Class P Unit Agreement; provided, that each outstanding unvested Award shall vest (A) in full in the event Participant’s death; (B) in full if the Participant’s Service Relationship terminates as a result of Participant’s Disability; provided, that the Award shall become transferable by the Participant only at the times the Award would have vested in accordance with the existing vesting schedule set forth in Participant’s Class P Unit Agreement; or (C) in the event an Award is not otherwise settled in connection with a Change in Control, in full if Participant’s employment with or service to the Company and all of its affiliates (or their respective successors) is terminated (1) by Participant for Good Reason or (2) the Company for any reason other than for Cause, in each case within one (1) year following such Change in Control.

(ii) *Definitions*.

(A) “Cause” means unless otherwise defined in the applicable Class P Unit Agreement, (1) the engaging by the Participant in willful misconduct that is injurious to the Company, or (2) the embezzlement or misappropriation of funds or property of the Company by the Participant. For purposes of this paragraph, no act, or failure to act, on the Participant’s part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant’s action or omission was in the best interest of the Company. Any determination of Cause for purposes of the Plan or any Award shall be made by the Company in its sole discretion. Any such determination shall be final and binding on a Participant.

(B) “Change in Control” means the occurrence of any of the following:

- (1) an acquisition (other than directly from the Corporation) of any voting securities of the Corporation (the “Voting Securities”) by any “Person” (as the term Person is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) immediately after which such Person has “Beneficial Ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of the combined voting power of the then outstanding Voting Securities; provided, however, that in determining whether a Change in Control has occurred, Voting Securities which are acquired in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control. A “Non-Control Acquisition” shall mean an acquisition by (i) an employee benefit plan (or a trust forming a part thereof)

maintained by (A) the Corporation or (B) any affiliate, or (ii) the Corporation or any affiliate;

- (2) during any period of twelve (12) consecutive months, a majority of the members of the Board or other equivalent governing body of the Corporation cease to be composed of individuals (i) who were members of the Board or equivalent governing body on the first day of such period, (ii) whose election or nomination to the Board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of the Board or equivalent governing body, or (iii) whose election or nomination to the Board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of the Board or equivalent governing body; or consummation of: (A) a merger, consolidation or reorganization involving the Corporation, unless (1) the stockholders of the Corporation, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, more than fifty percent (50%) of the combined voting power of the outstanding Voting Securities of the surviving entity or parent (the "Surviving Company") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization; and (2) the individuals who were members of the incumbent Board immediately prior to the execution of the definitive agreement providing for such merger, consolidation or reorganization constitute more than fifty percent (50%) of the members of the board of directors of the Surviving Company; and (B) no Person (other than the Corporation, any Subsidiary, any employee benefit plan (or any trust forming a part thereof) maintained by the Corporation, the Surviving Company or any Subsidiary, or any Person who, immediately prior to such merger, consolidation or reorganization, had beneficial ownership of thirty-five percent (35%) or more of the then outstanding Voting Securities unless, as a result of such merger, consolidation or reorganization, such Person acquired or would acquire additional voting securities of the Surviving Company representing additional voting power) has beneficial ownership of thirty-five percent (35%) or more of the combined voting power of the Surviving Company's then outstanding Voting Securities; (B) a complete liquidation or dissolution of the Corporation; or (C) the sale of all or substantially all of the assets of the Corporation to any Person (other than a transfer to an affiliate).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the “Subject Person”) acquired beneficial ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Corporation which, by reducing the number of Voting Securities outstanding, increased the proportional number of shares beneficially owned by the Subject Person; provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Corporation, and after such share acquisition by the Corporation, the Subject Person becomes the beneficial owner of any additional Voting Securities beneficially owned by the Subject Person, then a Change in Control shall occur.

Notwithstanding the foregoing, no acquisition of Company securities by the Corporation shall constitute a “Change in Control” unless the Corporation itself undergoes a “Change in Control” in the same transaction or series of transactions.

(C) “Disability” means that Participant is permanently unable to perform the essential duties of Participant’s occupation.

(D) “Good Reason” means, unless otherwise provided in an applicable Award Agreement or other contractual agreement between the Participant and the Company, (1) a material reduction in Participant’s title, authority, reporting status or responsibilities, which is not cured within ten (10) days after written notice thereof to the Company or its affiliates (or their successor), (2) any reduction in Participant’s annual base salary or bonus opportunity as in effect immediately prior to a Change in Control; or (3) the relocation of the office at which Participant is to perform the majority of Participant’s duties following a Change in Control to a location more than fifty (50) miles from the office at which Participant worked immediately prior to the Change in Control.

4. On and after the Effective Date, the vesting conditions or related terms of any Award of Class P Units, pursuant to a Class P Unit Agreement or otherwise, that previously attached to Class P Units immediately prior to any amendment to the Company’s limited liability company agreement or any Change in Control, including without limitation any merger between the Company, Holdings, or any affiliate of the Company or Holdings, and taking into account the modifications pursuant to this Second Amendment, shall continue in effect with respect to any equity or other consideration issued to such Participant as a result of such amendment to the Company’s limited liability company agreement or such merger.

5. This Second Amendment shall be effective on and following the date that the Corporation’s registration statement on Form S-1 (the “Registration Statement”) is declared effective (the “Effective Date”) by the Securities and Exchange Commission (the “SEC”). If the Registration Statement is not declared effective by the SEC, this Second Amendment shall be void ab initio.

6. All other terms and conditions of the Plan or any outstanding Class P Unit Agreement shall be unchanged and remain in full force and effect, except to the extent modified by the foregoing.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the date first written above.

i3 VERTICALS, LLC

/s/ Clay Whitson

Clay Whitson, Chief Financial Officer

Signature Page to Second Amendment to Amended and Restated Equity Incentive Plan of i3 Verticals, LLC

i3 VERTICALS, INC.
2018 EQUITY INCENTIVE PLAN

i3 VERTICALS, INC.
2018 EQUITY INCENTIVE PLAN

Section 1. Purpose.

This plan shall be known as the i3 Verticals, Inc. 2018 Equity Incentive Plan (the “Plan”). The purpose of the Plan is to promote the interests of i3 Verticals, Inc., a Delaware corporation (the “Company”), its Subsidiaries and its stockholders by (i) attracting and retaining key officers, employees, and directors of, and consultants to, the Company and its Subsidiaries and Affiliates; (ii) motivating such individuals by means of performance-related incentives to achieve long-range performance goals; (iii) enabling such individuals to participate in the long-term growth and financial success of the Company; (iv) encouraging ownership of stock in the Company by such individuals; and (v) linking their compensation to the long-term interests of the Company and its stockholders.

Section 2. Definitions.

As used in the Plan, the following terms shall have the meanings set forth below:

(a) **“Affiliate”** means (i) any entity that, directly or indirectly, is controlled by the Company, (ii) any entity in which the Company has a significant equity interest, (iii) an affiliate of the Company, as defined in Rule 12b-2 promulgated under Section 12 of the Exchange Act, and (iv) any entity in which the Company has at least fifty percent (50%) of the combined voting power of the entity’s outstanding voting securities, in each case as designated by the Board as being a participating employer in the Plan.

(b) **“Award”** means any Option, Stock Appreciation Right, Restricted Share Award, Restricted Stock Unit, Performance Award, Other Stock-Based Award or other award granted under the Plan, whether singly, in combination or in tandem, to a Participant by the Committee (or the Board) pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Committee (or the Board) may establish or which are required by applicable legal requirements.

(c) **“Award Agreement”** means any written agreement, contract or other instrument or document evidencing any Award.

(d) **“Board”** means the Board of Directors of the Company.

(e) **“Cause”** means, unless otherwise defined in an applicable Award Agreement, (i) the engaging by the Participant in willful misconduct that is injurious to the Company or its Subsidiaries or Affiliates, or (ii) the embezzlement or misappropriation of funds or property of the Company or its Subsidiaries or Affiliates by the Participant. For purposes of this paragraph, no act, or failure to act, on the Participant’s part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant’s action or omission was in the best interest of the Company. Any determination of Cause for purposes of the Plan or any Award shall be made by the Committee in its sole discretion. Any such determination shall be final and binding on a Participant.

(f) **“Change in Control”** means any of the following events:

(i) an acquisition (other than directly from the Company) of any voting securities of the Company (the “Voting Securities”) by any “Person” (as the term Person is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) immediately after which such Person has “Beneficial Ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of the combined voting power of the then outstanding Voting Securities; provided, however, that in determining whether a Change in Control has occurred, Voting Securities which are acquired in a “Non-Control Acquisition” (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control. A “Non-Control Acquisition” means an acquisition by (i) an employee benefit plan (or a trust forming a part thereof) maintained by (A) the Company or (B) any Subsidiary, or (ii) the Company or any Subsidiary;

(ii) during any period of twelve (12) consecutive months, a majority of the members of the Board or other equivalent governing body of the Company cease to be composed of individuals (A) who were members of the Board or equivalent governing body on the first day of such period, (B) whose election or nomination to the Board or equivalent governing body was approved by individuals referred to in clause (A) above constituting at the time of such election or nomination at least a majority of the Board or equivalent governing body, or (C) whose election or nomination to the Board or other equivalent governing body was approved by individuals referred to in clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of the Board or equivalent governing body; or

(iii) consummation of:

(A) A merger, consolidation or reorganization involving the Company, unless,

(1) The stockholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, more than fifty percent (50%) of the combined voting power of the outstanding Voting Securities of the surviving entity or parent (the “Surviving Corporation”) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization; and

(2) The individuals who were members of the incumbent Board immediately prior to the execution of the definitive agreement providing for such merger, consolidation or reorganization constitute more than fifty percent (50%) of the members of the board of directors of the Surviving Corporation; and

(3) No Person (other than the Company, any Subsidiary, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation or any Subsidiary, or any Person who, immediately prior to such merger, consolidation or reorganization, had Beneficial Ownership of thirty-five percent (35%) or more of the then outstanding Voting Securities unless, as a result of such merger, consolidation or reorganization, such Person acquired or would acquire additional voting securities of the Surviving Corporation representing additional voting power) has Beneficial Ownership of thirty-five percent (35%) or more of the combined voting power of the Surviving Corporation's then outstanding Voting Securities.

(B) A complete liquidation or dissolution of the Company; or

(C) The sale of all or substantially all of the assets of the Company to any Person (other than a transfer to a Subsidiary).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities outstanding, increased the proportional number of shares Beneficially Owned by the Subject Person, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

Unless otherwise provided in an applicable Award Agreement, solely for the purpose of determining the timing of any payments pursuant to any Award constituting a "deferral of compensation" subject to Section 409A of the Code, a Change in Control shall be limited to a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the assets of the Company" as such terms are defined in Section 1.409A-3(i)(5) of the U.S. Treasury Regulations. No Award Agreement shall define a Change in Control in such a manner that a Change in Control would be deemed to occur prior to the actual consummation of the event or transaction that results in a change of control of the Company (e.g., upon the announcement, commencement, or stockholder approval of any event or transaction that, if completed, would result in a change in control of the Company).

(g) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "**Committee**" means a committee of the Board composed of not less than two Non-Employee Directors, each of whom shall be (i) a "non-employee director" for purposes of Exchange Act Section 16 and Rule 16b-3 thereunder, and (ii) "independent" within the meaning of the listing standards of the Nasdaq Global Select Market.

(i) **“Consultant”** means any natural person that provides bona fide services to the Company, and such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities.

(j) **“Director”** means a member of the Board.

(k) **“Disability”** means, unless otherwise defined in an applicable Award Agreement, a disability that would qualify as a total and permanent disability under the Company’s then current long-term disability plan.

(l) **“Dividend Equivalents”** means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

(m) **“Employee”** means a current or prospective officer or employee of the Company or of any Subsidiary or Affiliate.

(n) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time.

(o) **“Exercise Price”** means the purchase price payable to purchase one Share upon the exercise of an Option or the price by which the value of a SAR shall be determined upon exercise, pursuant to Section 1(gg).

(p) **“Fair Market Value”** with respect to the Shares, means, for purposes of a grant of an Award as of any date, (i) the closing sales price of the Shares on the Nasdaq Global Select Market, or any other such exchange or market on which the shares are traded, on such date, or in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported (or in either case, such other price based on actual trading on the applicable date that the Committee determines is appropriate) or (ii) in the event there is no public market for the Shares on such date, the fair market value as determined, in good faith, by the Committee in its sole discretion, and for purposes of a sale of a Share as of any date, the actual sales price on that date.

(q) **“Good Reason”** means, unless otherwise provided in an applicable Award Agreement or other contractual agreement between the Participant and the Company, (1) a material reduction in Participant’s title, authority, reporting status or responsibilities, which is not cured within ten (10) days after written notice thereof to the Company or its affiliates (or their successor), (2) any reduction in Participant’s annual base salary or bonus opportunity as in effect immediately prior to a Change in Control; or (3) the relocation of the office at which Participant is to perform the majority of Participant’s duties following a Change in Control to a location more than fifty (50) miles from the office at which Participant worked immediately prior to the Change in Control.

(r) **“Incentive Stock Option”** means an option to purchase Shares from the Company that is granted under Section 6 of the Plan and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

- (s) **“Non-Employee Director”** means a member of the Board who is not an officer or employee of the Company or any Subsidiary or Affiliate.
- (t) **“Non-Qualified Stock Option”** means an option to purchase Shares from the Company that is granted under Sections 6 or 10 of the Plan and is not intended to be an Incentive Stock Option.
- (u) **“Option”** means an Incentive Stock Option or a Non-Qualified Stock Option.
- (v) **“Other Stock-Based Award”** means any Award granted under Sections 9 or 10 of the Plan.
- (w) **“Participant”** means any Employee, Director, Consultant or other person who receives an Award under the Plan.
- (x) **“Performance Award”** means any Award granted under Section 8 of the Plan.
- (y) **“Person”** means any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.
- (z) **“Restricted Stock”** means any Share granted under Sections 7 or 10 of the Plan subject to certain vesting conditions and other restrictions.
- (aa) **“Restricted Stock Unit”** means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Committee to be of equal value as of such settlement date, subject to certain vesting conditions and other restrictions.
- (bb) **“Retirement”** means, unless otherwise defined in an applicable Award Agreement, retirement of a Participant from the employ or service of the Company or any of its Subsidiaries or Affiliates in accordance with the terms of the applicable Company retirement plan or, if a Participant is not covered by any such plan, the Participant’s voluntary termination of employment on or after such Participant’s 65th birthday.
- (cc) **“SEC”** means the Securities and Exchange Commission or any successor thereto.
- (dd) **“Section 16”** means Section 16 of the Exchange Act and the rules promulgated thereunder and any successor provision thereto as in effect from time to time.
- (ee) **“Service Relationship”** means any relationship as a full-time employee, part-time employee, director or other key person (including Consultants) of the Company or any Subsidiary or any successor entity (e.g., a Service Relationship shall be deemed to continue without interruption in the event an individual’s status changes from full-time employee to part-time employee or Consultant).

(ff) **“Shares”** means shares of the Class A common stock, \$0.0001 par value per share, of the Company.

(gg) **“Stock Appreciation Right”** or **“SAR”** means a stock appreciation right granted under Sections 6 or 10 of the Plan that entitles the holder to receive, with respect to each Share encompassed by the exercise of such SAR, the amount determined by the Committee and specified in an Award Agreement. In the absence of such a determination, the holder shall be entitled to receive, with respect to each Share encompassed by the exercise of such SAR, the excess of the Fair Market Value on the date of exercise over the Fair Market Value on the date of grant.

(hh) **“Subsidiary”** means any Person (other than the Company) of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company.

(ii) **“Substitute Awards”** means Awards granted pursuant to Section 12.2 solely in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

(jj) **“Vesting Period”** means the period of time specified by the Committee during which vesting restrictions for an Award are applicable.

Section 3. Administration.

3.1 *Authority of Committee.* The Plan shall be administered by the Committee, which shall be appointed by and serve at the pleasure of the Board; provided, however, with respect to Awards to Non-Employee Directors, all references in the Plan to the Committee shall be deemed to be references to the Board. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority in its discretion to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of Shares to be covered by, or with respect to which payments, rights or other matters are to be calculated in connection with Awards; (iv) determine the timing, terms, and conditions of any Award; (v) accelerate the time at which all or any part of an Award may be settled or exercised; (vi) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (viii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (ix) except to the extent prohibited by Section 6.2 or any other provision of the Plan, amend or modify the terms of any Award at or after grant with or without the consent of the holder of the Award; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the

administration of the Plan, subject to the exclusive authority of the Board under Section 14 hereunder to amend or terminate the Plan.

3.2 *Committee Discretion Binding.* Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Subsidiary or Affiliate, any Participant and any holder or beneficiary of any Award.

3.3 *Action by the Committee.* The exercise of an Option or receipt of an Award shall be effective only if an Award Agreement shall have been duly executed and delivered on behalf of the Company following the grant of the Option or other Award by the Committee. Subject to the Charter of the Committee and applicable legal requirements (including the rules and regulations of the Nasdaq Global Select Market), the Committee may make such rules and regulations for the conduct of its business as it shall deem advisable.

3.4 *Delegation.* Subject to the terms of the Plan and applicable law, the Committee may delegate to one or more officers or managers of the Company or of any Subsidiary or Affiliate, or to a Committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to or to cancel, modify or waive rights with respect to, or to alter, discontinue, suspend or terminate Awards held by Participants who are not officers or directors of the Company for purposes of Section 16 or who are otherwise not subject to such Section.

3.5 *No Liability.* No member of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

Section 4. Shares Available for Awards.

4.1 *Shares Available.* Subject to the remaining provisions of this Section 4.1 and Section 4.2 hereof, the maximum number of Shares with respect to which Awards may be granted under the Plan (the "Share Reserve") shall be [_____], of which [_____] shall be available for grant as Incentive Stock Options.

(a) Subject to the provisions of Section 4.2 hereof, the number of Shares available for issuance under the Plan will automatically be increased on the first trading day of January each calendar year during the term of the Plan, beginning with calendar year 2019, in an amount equal to four percent (4%) of the outstanding shares of all classes of the Company's common stock (including both Class A common stock and Class B common stock) on the last trading day in December of the immediately preceding calendar year, unless the Board, no later than the last trading day in December of the immediately preceding calendar year, determines that the increase shall be less than four percent (4%). For the avoidance of doubt, the number of Shares available for grant as Incentive Stock Options shall not be increased pursuant to this Section 4.1(a).

(b) For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the

exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Shares or otherwise terminated (other than by exercise) under the Plan shall be added back to the Share Reserve for issuance under the Plan.

4.2 *Adjustments.* In the event that any unusual or non-recurring transactions, including an unusual or non-recurring dividend or other distribution (whether in the form of an extraordinary cash dividend or a dividend of Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares, then the Committee shall in an equitable and proportionate manner (and, as applicable, in such equitable and proportionate manner as is consistent with Sections 422 and 409A of the Code and the regulations thereunder) either: (i) adjust any or all of (1) the aggregate number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted under the Plan; (2) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards under the Plan, provided that the number of shares subject to any Award shall always be a whole number; and (3) the grant or exercise price with respect to any Award under the Plan; (ii) provide for an equivalent award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect; or (iii) make provision for a cash payment to the holder of an outstanding Award.

4.3 *Substitute Awards.* Any Shares issued by the Company as Substitute Awards in connection with the assumption or substitution of outstanding grants from any acquired company shall not reduce the Share Reserve.

4.4 *Sources of Shares Deliverable Under Awards.* Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of issued Shares which have been reacquired by the Company.

Section 5. Eligibility.

Any Employee, Director or Consultant shall be eligible to be designated a Participant; provided, however, that Non-Employee Directors shall only be eligible to receive Awards granted consistent with Section 10.

Section 6. Stock Options and Stock Appreciation Rights.

6.1 *Grant.* Subject to Section 6.2, other applicable provisions of the Plan and other applicable legal requirements, the Committee shall have sole and complete authority to determine the Participants to whom Options and SARs shall be granted, the number of Shares subject to each such Award, the Exercise Price and the conditions and limitations applicable to the exercise of each Option and SAR. An Option may be granted with or without a related SAR. A SAR may be granted with or without a related Option. The grant of an Option or SAR shall occur when the Committee by resolution, written consent or other appropriate action determines to grant such Option or SAR for a particular number of Shares to a particular Participant at a particular Exercise Price, or such

later date as the Committee shall specify in such resolution, written consent or other appropriate action. The Committee shall have the authority to grant Incentive Stock Options, or to grant Non-Qualified Stock Options, or to grant both types of Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with Section 422 of the Code, as from time to time amended, and any regulations implementing such statute. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

6.2 *Price.* The Committee in its sole discretion shall establish the Exercise Price at the time each Option or SAR is granted. Except in the case of Substitute Awards, the Exercise Price of an Option or SAR may not be less than one hundred percent (100%) of the Fair Market Value of the Shares with respect to which the Option or SAR is granted on the date of grant of such Option or SAR. Notwithstanding the foregoing and except as permitted by the provisions of Section 4.2 hereof, the Committee shall not have the power to (i) amend the terms of previously granted Options or SARs to reduce the Exercise Price thereof, (ii) cancel such Options or SARs in exchange for cash or a grant of either substitute Options or SARs with a lower Exercise Price than the cancelled Award, or any other Award, (iii) take any other action with respect to an Option or SAR that would be treated as a repricing under the rules and regulations of the Nasdaq Global Select Market or such other principal securities exchange on which the Shares are traded, in each case without the approval of the Company's shareholders.

6.3 *Term.* Subject to the Committee's authority under Section 3.1 and the provisions of Section 6.5, each Option and SAR and all rights and obligations thereunder shall expire on the date determined by the Committee and specified in the Award Agreement. The Committee shall be under no duty to provide terms of like duration for Options or SARs granted under the Plan. Notwithstanding the foregoing and except as provided in Section 6.4(a) hereof, no Option or SAR shall be exercisable after the expiration of ten (10) years from the date such Option or SAR was granted.

6.4 *Exercise.*

(a) Each Option and SAR shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter. The Committee shall have full and complete authority to determine whether an Option or SAR will be exercisable in full at any time or from time to time during the term of the Option or SAR, or to provide for the exercise thereof in such installments, upon the occurrence of such events and at such times during the term of the Option or SAR as the Committee may determine. The Committee may provide, at or after grant, that the period of time over which an Option, other than an Incentive Stock Option, or SAR may be exercised shall be automatically extended if on the scheduled expiration of such Award, the Participant's exercise of such Award would violate applicable securities law; *provided, however*, that during the extended exercise period the Option or SAR may only be exercised to the extent such Award was exercisable in accordance with its terms immediately prior to such scheduled expiration date; *provided further*, however, that such extended exercise period shall end not later than thirty (30) days after the exercise of such Option or SAR first would no longer violate such laws.

(b) The Committee may impose such conditions with respect to the exercise of Options or SARs, including without limitation, any relating to the application of federal, state or foreign securities laws or the Code, as it may deem necessary or advisable. The exercise of any Option granted hereunder shall be effective only at such time as the sale of Shares pursuant to such exercise will not violate any state or federal securities or other laws.

(c) An Option or SAR may be exercised in whole or in part at any time, with respect to whole Shares only, within the period permitted thereunder for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option or SAR, delivered to the Company at its principal office, and payment in full to the Company at the direction of the Committee of the amount of the Exercise Price for the number of Shares with respect to which the Option is then being exercised.

(d) Payment of the Exercise Price shall be made (i) in cash or cash equivalents, (ii) at the discretion of the Committee, by transfer, either actually or by attestation, to the Company of unencumbered Shares previously acquired by the Participant valued at the Fair Market Value of such Shares on the date of exercise (or next succeeding trading date, if the date of exercise is not a trading date), together with any applicable withholding taxes, such transfer to be upon such terms and conditions as determined by the Committee, (iii) by a combination of such cash (or cash equivalents) and such Shares, or (iv) at the discretion of the Committee and subject to applicable securities laws, by (A) delivering a notice of exercise of the Option and simultaneously selling the Shares thereby acquired, pursuant to a brokerage or similar agreement approved in advance by proper officers of the Company, using the proceeds of such sale as payment of the Exercise Price, together with any applicable withholding taxes or (B) withholding Shares otherwise deliverable to the Participant pursuant to the Option having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price together with any applicable withholding taxes. Until the optionee has been issued the Shares subject to such exercise, he or she shall possess no rights as a stockholder with respect to such Shares.

(e) Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the Shares to be purchased pursuant to the exercise of an Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Award Agreement) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Award Agreement or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned Shares through the attestation method, the number of Shares transferred to the optionee upon the exercise of the Option shall be net of the number of attested Shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Options may be permitted through the use of such an automated system.

(f) At the Committee's discretion, the amount payable as a result of the exercise of a SAR may be settled in cash, Shares or a combination of cash and Shares. A fractional Share shall not be deliverable upon the exercise of a SAR but a cash payment will be made in lieu thereof.

6.5 *Ten Percent Stock Rule.* Notwithstanding any other provisions in the Plan, if at the time an Option is otherwise to be granted pursuant to the Plan, the optionee or rights holder owns directly or indirectly (within the meaning of Section 424(d) of the Code) Shares of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of Stock of the Company or its parent or Subsidiary or Affiliate corporations (within the meaning of Section 422(b)(6) of the Code), then any Incentive Stock Option to be granted to such optionee or rights holder pursuant to the Plan shall satisfy the requirement of Section 422(c)(5) of the Code, and the Exercise Price shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Shares of the Company, and such Option by its terms shall not be exercisable after the expiration of five (5) years from the date such Option is granted.

Section 7. Restricted Stock and Restricted Stock Units.

7.1 *General.* The Committee may grant Restricted Stock, or the right to purchase Restricted Stock, to any Participant, subject to the Company's right to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares) if conditions the Committee specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Committee establishes for such Award. In addition, the Committee may grant to Participants Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement. The Committee will determine and set forth in the Award Agreement the terms and conditions for each Restricted Stock and Restricted Stock Unit Award, subject to the conditions and limitations contained in the Plan.

7.2 Restricted Stock.

(a) Voting Rights; Dividends. Participants holding shares of Restricted Stock will be entitled to all voting rights to which holders of unrestricted Shares are entitled and all ordinary cash dividends paid with respect to such Shares, unless the Committee provides otherwise in the Award Agreement. In addition, unless the Committee provides otherwise, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid.

(b) Stock Certificates/Book Entry. At the time of a Restricted Share Award, a certificate representing the number of Shares awarded thereunder shall be registered in the name of the grantee. Such certificate shall be held by the Company or any custodian appointed by the Company for the account of the grantee subject to the terms and conditions of the Plan, and shall bear such a legend setting forth the restrictions imposed thereon as the Committee, in its discretion, may determine. The foregoing to the contrary notwithstanding, the Committee may, in its discretion, provide that a Participant's ownership of Restricted Stock prior to the lapse of any transfer restrictions

or any other applicable restrictions shall, in lieu of such certificates, be evidenced by a “book entry” (i.e., a computerized or manual entry) in the records of the Company or its designated agent in the name of the Participant who has received such Award, and confirmation and account statements sent to the Participant with respect to such book-entry Shares may bear the restrictive legend referenced in the preceding sentence. Such records of the Company or such agent shall, absent manifest error, be binding on all Participants who receive Restricted Share Awards evidenced in such manner. The holding of Restricted Stock by the Company or such agent, or the use of book entries to evidence the ownership of Restricted Stock, in accordance with this Section 7.2(a), shall not affect the rights of Participants as owners of the Restricted Stock awarded to them, nor affect the restrictions applicable to such shares under the Award Agreement or the Plan, including the transfer restrictions.

7.3 *Restricted Stock Units.*

(a) Settlement. The Committee may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant’s election, in a manner intended to comply with Section 409A.

(b) Stockholder Rights. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

(c) Dividend Equivalents. If the Committee provides, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the Award Agreement.

Section 8. Performance Awards.

8.1 *Grant.* The Committee shall have sole and complete authority to determine the Participants who shall receive a Performance Award, which shall consist of a right that is (i) denominated in cash or Shares (including but not limited to Restricted Stock and Restricted Stock Units), (ii) valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine.

8.2 *Terms and Conditions.* Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award, and may amend specific provisions of the Performance Award; provided, however, that such amendment may not adversely affect existing Performance Awards made within a performance

period commencing prior to implementation of the amendment without the consent of the affected Participants. No Performance Award shall have a term in excess of ten (10) years.

8.3 *Payment of Performance Awards.* Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with the procedures established by the Committee, on a deferred basis. Notwithstanding the foregoing, the Committee may, in its discretion, waive any performance goals and/or other terms and conditions relating to a Performance Award. A Participant's rights to any Performance Award may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of in any manner, except by will or the laws of descent and distribution, and/or except as the Committee may determine at or after grant, but no transfers for consideration shall be permitted.

8.4 *Performance Criteria.* The Committee may grant Performance Awards to Participants based solely upon the attainment of performance targets related to one or more performance goals selected by the Committee from among the goals specified below.

- (a) earnings before interest, taxes, depreciation and/or amortization (EBITDA) or adjusted EBITDA;
- (b) operating income or profit;
- (c) operating efficiencies;
- (d) return on equity, assets, capital, capital employed or investment;
- (e) after tax operating income;
- (f) net income;
- (g) earnings or book value per Share;
- (h) cash flow(s), funds from operations and adjusted funds from operations (as described from time to time in the Company's financial statements);
- (i) total sales or revenues or sales or revenues per employee;
- (j) production (separate work units or SWUs);
- (k) stock price or total shareholder return;
- (l) dividends;
- (m) debt reduction;
- (n) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals and goals relating to acquisitions or divestitures; or

- (o) any combination thereof.

Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or any Subsidiary, operating unit, business segment or division of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or Shares outstanding, or to assets or net assets. The Committee may appropriately adjust any evaluation of performance under criteria set forth in this Section 8.4 to exclude any of the following events that occurs during a performance period: (i) asset impairments or write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) any items that are "unusual in nature" or "infrequently occurring" within the meaning of generally accepted accounting principles or other extraordinary items that are included within management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year, (vi) the effect of adverse governmental or regulatory action, or delays in governmental or regulatory action; (vii) any other event either not directly related to the operations of the Company or not within the reasonable control of the Company's management; and (viii) any other similar item or event selected by the Committee in its sole discretion. Adjustments made pursuant to this Section 8.4 shall not be considered an amendment for purposes of Section 8.2 or Section 13.2.

Section 9. Other Stock-Based Awards.

The Committee shall have the authority to determine the Participants who shall receive an Other Stock-Based Award, which shall consist of any right that is (i) not an Award described in Sections 6 or 7 above and (ii) an Award of Shares or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as deemed by the Committee to be consistent with the purposes of the Plan. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Stock-Based Award. No Other Stock-Based Award shall have a term in excess of ten (10) years.

Section 10. Non-Employee Director Awards.

10.1 *Awards Generally.* The Board may provide that all or a portion of a Non-Employee Director's annual retainer, meeting fees and/or other awards or compensation as determined by the Board, be payable (either automatically or at the election of a Non-Employee Director) in the form of Non-Qualified Stock Options, SARs, Restricted Stock, Restricted Stock Units and/or Other Stock-Based Awards, including unrestricted Shares. The Board shall determine the terms and conditions of any such Awards, including the terms and conditions which shall apply upon a termination of the Non-Employee Director's Service Relationship, and shall have full power and authority in its discretion to administer such Awards, subject to the terms of the Plan and applicable law. With respect to such Awards, all references in the Plan to the Committee shall be deemed to be references to the Board.

10.2 *Non-Employee Director Limits.* Notwithstanding anything herein to the contrary, the aggregate value of all compensation paid or granted, as applicable, to any individual for service as a Non-Employee Director with respect to any calendar year, including equity Awards granted and cash fees paid by the Company to such Non-Employee Director, shall not exceed seven hundred thousand dollars (\$700,000) in value, calculating the value of any equity Awards granted during such calendar year based on the grant date fair value of such Awards for financial reporting purposes. The Board may make exceptions to the applicable limit in this Section 10.3 for individual Non-Employee Directors in extraordinary circumstances, such as where any such individual Non-Employee Directors are serving on a special litigation or transactions committee of the Board, as the Board may determine in its discretion, provided that the Non-Employee Director receiving such additional compensation may not participate in the decision to award such compensation involving such Non-Employee Director.

Section 11. Termination of Employment.

The Committee shall have the full power and authority to determine the terms and conditions that shall apply to any Award upon a termination of employment or other Service Relationship with the Company, its Subsidiaries and Affiliates, including a termination by the Company with or without Cause, by a Participant voluntarily, or by reason of death, Disability or Retirement, and may provide such terms and conditions in the Award Agreement or in such rules and regulations as it may prescribe.

Section 12. Change in Control.

12.1 *Assumption or Replacement of Awards by Successor.* Except as otherwise provided in an Award Agreement or other contractual agreement between the Company (or an Affiliate) and the applicable Participant, in the event that the Company is subject to a Change in Control, outstanding Awards acquired under the Plan shall be subject to the agreement evidencing the Change in Control, which need not treat all outstanding Awards in an identical manner. Such agreement, without the Participant's consent, shall provide for one or more of the following with respect to all outstanding Awards as of the effective date of such Change in Control:

(a) the continuation or assumption of an outstanding Award by the successor or acquiring entity (if any) of such Change in Control (or by its parents, if any), which continuation or assumption, will be binding on all selected Participants; *provided* that the exercise price and the number and nature of shares issuable upon exercise of any such Option or SAR, or any Award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code and/or Section 409A of the Code, as applicable; *provided further*, that , if, within twelve months after the Company obtains actual knowledge that a Change in Control has occurred, a Participant's Service Relationship is terminated by the Company or an Affiliate (or any of their successors) without Cause or by the Participant for Good Reason, all continued or assumed Awards of such Participant shall vest, become immediately exercisable and payable and have all restrictions lifted;

(b) the substitution by the successor or acquiring entity in such Change in Control (or by its parents, if any) of equivalent awards with substantially the same terms for such outstanding Awards (except that the exercise price and the number and nature of shares issuable upon exercise

of any such Option or SAR, or any Award that is subject to Section 409A of the Code, will be adjusted appropriately pursuant to Section 424(a) of the Code and/or Section 409A of the Code, as applicable); *provided* that if, within twelve months after the Company obtains actual knowledge that a Change in Control has occurred, a Participant's Service Relationship is terminated by the Company or an Affiliate (or any of their successors) without Cause or by the Participant for Good Reason, all substituted Awards of such Participant shall vest, become immediately exercisable and payable and have all restrictions lifted;

(c) the full or partial acceleration of exercisability or vesting and accelerated expiration of an outstanding Award and lapse of the Company's right to repurchase or re-acquire shares acquired under an Award or lapse of forfeiture rights with respect to shares acquired under an Award; and

(d) the settlement of the full value of such outstanding Award (whether or not then vested or exercisable) in cash, cash equivalents, or securities of the successor entity (or its parent, if any) with a Fair Market Value equal to the required amount, followed by the cancellation of such Awards; *provided however*, that such Award may be cancelled if such Award has no value, as determined by the Committee, in its discretion. Subject to Section 409A of the Code, such payment may be made in installments and may be deferred until the date or dates the Award would have become exercisable or vested. Such payment may be subject to vesting based on the Participant's continued service, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which the Award would have become vested or exercisable. For purposes of this Section 12.1(e), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

The Board shall have full power and authority to assign the Company's right to repurchase or re-acquire or forfeiture rights to such successor or acquiring corporation. In addition, in the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Change in Control, the Committee will notify the Participant in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period. Awards need not be treated similarly in a Change in Control.

12.2 *Assumption of Awards by the Company.* The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the purchase price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) and/or Section 409A of the Code). In the event the Company elects to grant a new

Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

12.3 *Non-Employee Directors' Awards.* Notwithstanding any provision to the contrary herein, in the event of a Change in Control, the vesting of all Awards granted to Non-Employee Directors will accelerate and such Awards will become exercisable (as applicable) in full prior to the consummation of such event at such times and on such conditions as the Committee determines.

Section 13. Amendment and Termination.

13.1 *Amendments to the Plan.* The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time (and in accordance with Section 409A of the Code with regard to Awards subject thereto); provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement (including the rules and regulations of the principal securities market or exchange on which the Shares are traded) for which or with which the Board deems it necessary or desirable to comply.

13.2 *Amendments to Awards.* Subject to the restrictions of Section 6.2, the Committee may waive any conditions or rights under, amend any terms of or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively (and in accordance with Section 409A of the Code with regard to Awards subject thereto); provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary.

13.4 *Recoupment of Awards.* Any Award granted pursuant to this Plan shall be subject to mandatory repayment by the Participant to the Company (i) to the extent set forth in any Award Agreement, (ii) to the extent that such Participant is, or in the future becomes, subject to (a) any "clawback" or recoupment policy adopted by the Company or any Affiliate thereof to comply with the requirements of any applicable laws, rules or regulations, including pursuant to final rules adopted by the SEC pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, or otherwise, or (b) any applicable laws which impose mandatory recoupment, under circumstances set forth in such applicable laws, including the Sarbanes-Oxley Act of 2002.

Section 14. General Provisions.

14.1 *Limited Transferability of Awards.* No Award shall be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant, except by will or the laws of descent and distribution and/or, in the case of Non-Qualified Stock Options or SARs only, as may be provided by the Committee in its discretion at or after grant in the Award Agreement, but in no event shall an Award be transferred to a third party for consideration. No transfer of an Award by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the

will and/or such other evidence as the Committee may deem necessary or appropriate to establish the validity of the transfer.

14.2 *Dividend Equivalents.* Subject to Section 4.2, no dividend equivalent rights shall be granted with respect to Options or SARs, but in the sole and complete discretion of the Committee, any other Award may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis. All dividend or dividend equivalents which are not paid currently may, at the Committee's discretion, accrue interest, be reinvested into additional Shares, or, in the case of dividends or dividend equivalents credited in connection with Performance Awards, be credited as additional Performance Awards and paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award.

14.3 *Compliance with Section 409A of the Code.* No Award (or modification thereof) shall provide for deferral of compensation that does not comply with Section 409A of the Code unless the Committee, at the time of grant, specifically provides that the Award is not intended to comply with Section 409A of the Code. Notwithstanding any provision of this Plan to the contrary, if one or more of the payments or benefits received or to be received by a Participant pursuant to an Award would cause the Participant to incur any additional tax or interest under Section 409A of the Code, the Committee may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of section 409A of the Code. In the event that it is reasonably determined by the Board or Committee that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code; which, if the Participant is a "specified employee" within the meaning of the Section 409A, shall be the first day following the six-month period beginning on the date of Participant's termination of employment. Unless otherwise provided in an Award Agreement or other document governing the issuance of such Award, payment of any Performance Award intended to qualify as a "short term deferral" within the meaning of Section 1.409A-1(b)(4)(i) of the U.S. Treasury Regulations shall be made between the first day following the close of the applicable Performance Period and the last day of the "applicable 2 ½ month period" as defined therein. Notwithstanding the foregoing, each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on him or her, or in respect of any payment or benefit delivered in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and the Corporation shall not have any obligation to indemnify or otherwise hold any Participant harmless from any of such taxes or penalties.

14.4 *No Rights to Awards.* No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each Participant.

14.5 *Share Certificates.* All certificates for Shares or other securities of the Company or any Subsidiary or Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem

advisable under the Plan or the rules, regulations and other requirements of the SEC or any state securities commission or regulatory authority, any stock exchange or other market upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

14.6 *Withholding.* A Participant may be required to pay to the Company or any Subsidiary or Affiliate and the Company or any Subsidiary or Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan, or from any compensation or other amount owing to a Participant, the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding or other tax-related obligations in respect of an Award, its exercise or any other transaction involving an Award, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. Without limiting the generality of the foregoing, the Committee may in its discretion permit a Participant to satisfy or arrange to satisfy, in whole or in part, the tax obligations incident to an Award by: (a) electing to have the Company withhold Shares or other property otherwise deliverable to such Participant pursuant to the Award (provided, however, that the amount of any Shares so withheld shall not exceed the amount necessary to satisfy required federal, state local and foreign withholding obligations using the maximum or other applicable statutory withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income) and/or (b) tendering to the Company Shares owned by such Participant (or by such Participant and his or her spouse jointly) and purchased or held for the requisite period of time, in each case (x) as may be required to avoid the Company's or the Affiliates' or Subsidiaries' incurring an adverse accounting charge and (y) based on the Fair Market Value of the Shares on the wage payment date as determined by the Committee. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

14.7 *Award Agreements.* Each Award hereunder shall be evidenced by an Award Agreement that shall be delivered to the Participant and may specify the terms and conditions of the Award and any rules applicable thereto. In the event of a conflict between the terms of the Plan and any Award Agreement, the terms of the Plan shall prevail. The Committee shall, subject to applicable law, determine the date an Award is deemed to be granted. The Committee or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements or other documents evidencing Awards under this Plan and may, but need not, require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant, including by electronic signature or other electronic indication of acceptance, and that such Participant agree to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the agreement or other document evidencing such Award.

14.8 *No Limit on Other Compensation Arrangements.* Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options, SARs, Restricted Stock, Restricted Stock Units, Other Stock-Based Awards or other types of Awards provided for hereunder.

14.9 *No Right to Employment.* The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Subsidiary or Affiliate. Further, the Company or a Subsidiary or Affiliate may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in an Award Agreement.

14.10 *No Rights as Stockholder.* Subject to the provisions of the Plan and the applicable Award Agreement, no Participant or holder or beneficiary of any Award shall have any rights as a stockholder with respect to any Shares to be distributed under the Plan until such person has become a holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Stock hereunder, the applicable Award Agreement shall specify if and to what extent the Participant shall not be entitled to the rights of a stockholder in respect of such Restricted Stock.

14.11 *Data Privacy.* As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "Data"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 14.11 in writing, without cost, by contacting the local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Committee's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents in this Section 14.11. For

more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

14.12 *Governing Law.* The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to conflicts of laws principles.

14.13 *Severability.* If any provision of the Plan or any Award is, or becomes, or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

14.14 *Other Laws.* The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover the same under Exchange Act Section 16(b), and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary.

14.15 *No Trust or Fund Created.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary or Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Subsidiary or Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary or Affiliate.

14.16 *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

14.17 *Headings.* Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 15. Term of the Plan.

15.1 *Effective Date.* The Plan shall be effective as of _____, 2018 (the “Effective Date”), provided it has been approved by the Company’s shareholders.

15.2 *Expiration Date.* No new Awards shall be granted under the Plan after the tenth (10th) anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable

Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the tenth (10th) anniversary of the Effective Date.

**i3 VERTICALS, INC.
2018 EQUITY INCENTIVE PLAN
NOTICE OF STOCK OPTION GRANT**

i3 Verticals, Inc. (the “Company”), pursuant to its 2018 Equity Incentive Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”) an option (the “Option”) to purchase the number of shares of Class A common stock of the Company (“Shares”) set forth below. The Option is subject to the terms and conditions set forth in this Notice of Stock Option Grant (the “Grant Notice”), the Stock Option Award Agreement attached hereto as Exhibit A (the “Agreement”) and the Plan, which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in the Grant Notice and the Agreement.

Participant:

Grant Date:

Exercise Price per Share: \$

Total Number of Shares Subject to the Option: shares

Expiration Date:

Vesting Schedule:

Type of Option: [Non-Qualified Stock Option][Incentive Stock Option]

By accepting (whether in writing, electronically or otherwise) the Option, Participant acknowledges and agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety and fully understands all provisions thereof. Participant understands that Participant’s employment or consulting relationship with the Company (or an Affiliate) is for an unspecified duration, can be terminated at any time (i.e., is “at-will”), except where otherwise prohibited by applicable law, and that nothing in this Grant Notice, the Agreement or the Plan changes the nature of that relationship. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan, the Grant Notice or the Agreement.

i3 VERTICALS, INC.

PARTICIPANT

By: _____

By: _____

Its: _____

Print Name: _____

EXHIBIT A

**i3 VERTICALS, INC.
STOCK OPTION AWARD AGREEMENT**

Unless otherwise defined in this Stock Option Award Agreement (this “Agreement”), any capitalized terms used herein will have the meaning ascribed to them in the i3 Verticals, Inc. 2018 Equity Incentive Plan, as amended from time to time (the “Plan”). Participant has been granted an option to purchase Shares (the “Option”) of i3 Verticals, Inc. (the “Company”), subject to the terms, restrictions and conditions of the Plan, the Notice of Stock Option Grant (the “Notice”) and this Agreement.

**ARTICLE I
GENERAL**

The Option is subject to the terms and conditions set forth in this Agreement and in the Grant Notice and the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

**ARTICLE II
GRANT OF OPTION**

2.1 Grant of Option. In consideration of Participant’s past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the “Grant Date”), the Company has granted to Participant the Option to purchase any part or all of an aggregate of the number of Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustments as provided in Section 4.2 of the Plan. If the Grant Notice indicates that the Option is intended to qualify as an “incentive stock option”, the provisions of the plan applicable to Incentive Stock Options shall apply.

2.2 Exercise Price. The Exercise Price shall be as set forth in the Grant Notice.

2.3 Consideration to the Company. In consideration of the grant of the Option by the Company, Participant agrees to render faithful and efficient services to the Company or any Subsidiary. Nothing in the Plan, the Grant Notice or this Agreement shall confer upon Participant any right to continue in the employ or service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

ARTICLE III
PERIOD OF EXERCISABILITY

3.1 Commencement of Exercisability. Subject to the provisions of Article III, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice. The Option shall not be exercisable prior to the applicable vesting date.

(a) Participant acknowledges that the vesting of the Option pursuant to this Agreement and the Grant Notice is subject to Participant's continuing Service Relationship. Except as otherwise provided in this Section 3.1, Participant's right to vest in the Option will terminate as of the date on which Participant's Service Relationship is terminated.

(b) Notwithstanding Section 3.1(a), upon the termination of the Participant's Service Relationship with the Company on account of the Participant's death or Disability, one hundred percent (100%) of the Option that has not yet vested shall vest and be exercisable at such time as set forth in the Grant Notice and this Article III.

(c) Notwithstanding anything contained herein to the contrary, upon the occurrence of a Change in Control in which this Option is not continued or assumed, or with respect to which a substituted award is not issued to the Participant, in each case under the terms and conditions set forth in Section 12.1(a) or (b) of the Plan, this Option shall become vested with respect to one hundred percent of the Shares covered hereby (to the extent not previously forfeited or canceled) and to the extent not exercised prior to the effective time of the Change in Control transaction, shall be canceled in exchange for a payment with respect to each Share covered by this Option in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per Share in the Change in Control, reduced by the exercise price per Share covered by this Option (which payment may, for the avoidance of doubt, be \$0, in the event the per share exercise price of the Option is greater than the per share consideration in connection with the Change in Control). The Committee may provide that Options whose vesting will be accelerated pursuant to this Section 3.1(c) may be exercisable for a period of time determined by the Committee prior to the effective time of the Change in Control.

3.2 Duration of Exercisability. The Option shall remain vested and exercisable until it becomes unexercisable under Section 3.3 hereof. Participant is responsible for keeping track of these exercise periods following Participant's termination of its Service Relationship for any reason. The Company will not provide further notice of such periods.

3.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration date set forth in the Grant Notice;

(b) Except as the Committee may otherwise approve, in the event the Participant's Service Relationship is terminated other than for Cause or by reason of Participant's death or Disability, the expiration of three (3) months from the date of the termination of the Participant's Service Relationship;

(c) Except as the Committee may otherwise approve, the expiration of one (1) year from the date of the termination of the Participant's Service Relationship by reason of Participant's death or Disability; or

(d) Except as the Committee may otherwise approve, on the date of the termination of the Participant's Service Relationship by the Company for Cause, or if earlier, the date on which the basis for a termination for Cause existed; or

(e) The Option is cancelled pursuant to Section 3.1(c).

In the case of (a) or (b) above, the period of time over which this Option may be exercised shall be automatically extended if on the scheduled expiration of the Option, the Participant's exercise of such Option would violate applicable securities law; provided, however, that during the extended exercise period the Option may only be exercised to the extent the Option was exercisable in accordance with its terms immediately prior to such scheduled expiration date; and provided further, that such extended exercise period shall end not later than thirty (30) days after the exercise of such Option first would no longer violate such laws.

ARTICLE IV EXERCISE OF OPTION

4.1 Person Eligible to Exercise. Unless otherwise provided by the Committee in its sole discretion, during the lifetime of Participant, only Participant may exercise the Option or any portion thereof. After the death of Participant, the Option may, prior to the time when the Option becomes unexercisable under Section 3.3 hereof, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

4.2 Manner of Exercise. The Option may be exercised, in whole or in part, at the times set forth in Article III solely by delivery to the Secretary of the Company (or any other person or entity designated by the Company), during regular business hours in person, by mail, via electronic mail or facsimile or by other authorized method of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 3.3 hereof:

(a) An exercise notice in a form specified by the Committee, stating that the Option or portion thereof is thereby exercised and complying with all applicable rules established by the Committee;

(b) The receipt by the Company of full payment for the Shares with respect to which the Option or portion thereof is exercised, in such form of consideration permitted under Section 4.3 hereof that is acceptable to the Committee;

(c) The payment of any applicable withholding tax in accordance with Section 4.4;

(d) Any other written representations or documents as may be required in the Committee's sole discretion to effect compliance with applicable law; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 hereof by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the Option. Notwithstanding any of the foregoing, the Committee shall have the right to specify all conditions of the manner of exercise, which conditions may vary by Participant and which may be subject to change from time to time.

4.3 Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof:

(a) Cash or check;

(b) With the consent of the Committee, surrender of Shares (including, without limitation, Shares otherwise issuable upon exercise of the Option that are withheld by the Company) held for such period of time as may be required by the Committee in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof;

(c) With the consent of the Committee and subject to Section 5.17, through the delivery of a notice that Participant has placed a market sell order with a broker designated by the Company with respect to the Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option Exercise Price; provided that payment of such proceeds is then made to the Company at such time as may be required by the Committee, but in any event not later than the settlement of such sale; or

(d) Any other form of legal consideration acceptable to the Committee.

4.4 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company and its Subsidiaries may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other cash compensation payable to Participant;

(iii) with the consent of the Committee, by requesting that the Company withhold a net number of Shares issuable upon the exercise of the Option having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on a rate not to exceed the maximum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with the consent of the Committee, by tendering to the Company Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries due upon the exercise of the Option based on a rate not to exceed the maximum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(v) with the consent of the Committee, through the delivery of a notice that Participant has placed a market sell order with a broker designated by the Company with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; provided that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Committee, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the Option, in the event Participant fails to provide timely payment of all sums required pursuant to Section 4.4(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 4.4(a)(ii) or Section 4.4(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the exercise of the Option to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the exercise of the Option or any other taxable event related to the Option.

(c) Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the

Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit, and are under no obligation, to structure the Option to reduce or eliminate Participant's tax liability.

4.5 Conditions to Issuance of Stock. The Company shall not be required to issue or deliver any Shares purchased upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions: (A) the admission of such Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, that the Committee shall, in its absolute discretion, deem necessary or advisable, (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Committee shall, in its absolute discretion, determine to be necessary or advisable, (D) the receipt by the Company of full payment for such shares of Stock, which may be in one or more of the forms of consideration permitted under Section 4.3 hereof, and (E) the receipt of full payment of any applicable withholding tax in accordance with Section 4.4 by the Company or its Subsidiary with respect to which the applicable withholding obligation arises.

4.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any shares of Stock purchasable upon the exercise of any part of the Option unless and until certificates representing such shares of Stock (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). No adjustment will be made for a dividend or other right for which the record date is prior to the date of such issuance, recordation and delivery, except as provided in Section 4.2 of the Plan.

ARTICLE V OTHER PROVISIONS

5.1 Administration. The Committee shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to applicable law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

5.2 Whole Shares. The Option may be exercised only for whole shares of Stock.

5.3 Option Not Transferable. Subject to Section 4.1 hereof, the Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and

distribution, unless and until the shares of Stock underlying the Option have been issued, and all restrictions applicable to such shares of Stock have lapsed. Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

5.4 Adjustments. Upon the occurrence of certain events relating to the Shares contemplated by Section 4.2 of the Plan (including, without limitation, an extraordinary cash dividend on such Shares), the Committee shall make such adjustments as the Committee deems appropriate in the number of Shares subject to the Option, the exercise price of the Option and the kind of securities that may be issued upon exercise of the Option. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and Section 4.2 of the Plan.

5.5 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 5.5, either party may hereafter designate a different address for notices to be given to that party. Any notice that is required to be given to Participant shall, if Participant is then deceased, be given to the person entitled to exercise the Option pursuant to Section 4.1 hereof by written notice under this Section 5.5. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

5.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.7 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

5.8 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all applicable laws, including, without limitation, the provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to applicable law. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to applicable law.

5.9 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board, provided that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Option in any material way without the prior written consent of Participant.

5.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 5.3 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

5.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

5.13 Section 409A. This Award is not intended to constitute “deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Committee determines that this Award (or any portion thereof) may be subject to Section 409A, the Committee shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Committee determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A. Nothing in the Plan or this Agreement shall be construed to make the Company liable to Participant for any tax, interest, or penalties that Participant might owe as a result of the grant, holding, vesting, exercise, or payment of this Option or any Stock related thereto.

5.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

5.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Stock as a general unsecured creditor with respect to options, as and when exercised pursuant to the terms hereof.

5.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to applicable law, each of which shall be deemed an original and all of which together shall constitute one instrument.

5.17 Broker-Assisted Sales. In the event of any broker-assisted sale of shares of Stock in connection with the payment of the exercise price as provided in Section 4.4(c) or withholding taxes as provided in Section 4.4(a)(v) or Section 4.4(c) : (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation or exercise of the Option, as applicable, occurs or arises, or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation or exercise price, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation or exercise price; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises, an amount sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

5.18 Award Subject to Company Clawback or Recoupment. The Option shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's Service Relationship that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's Option (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's Option.

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** ("Agreement") is effective as of May 5, 2014 (the "Effective Date") by and between **CHARGE PAYMENT, LLC**, a Delaware limited liability Company (the "Company"), and **CLAY M. WHITSON** ("Employee").

WITNESSETH:

WHEREAS, Company desires to employ Employee as the chief financial officer of the Company, and Employer desires to accept such employment;

WHEREAS, the Company and Employee wish to memorialize their understanding of the terms of the Employee's employment with the Company, the financial obligations of the Company to the Employee, and to specify certain rights, responsibilities and duties of Employee;

WHEREAS, the Company and Employee desire to memorialize their understanding of the rights, duties and responsibilities of the parties;

NOW, THEREFORE, based upon the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE I. RESPONSIBILITIES

Beginning on the Effective Date, Employee will be employed by Company to serve as chief financial officer of the Company with the powers and responsibilities set forth for such position in that certain Third Amended and Restated Operating Agreement, dated January 14, 2014 (the "Operating Agreement"), of the Company and such other duties as may be delegated or assigned by the chief executive officer of the Company or by the managing board of the Company (the "Board"). Employee accepts employment upon the terms set forth in this Agreement and will perform such duties diligently to the best of his abilities in a manner that promotes the interests and goodwill of the Company. Employee will faithfully devote his best efforts and his working time to and for the benefit of the Company; provided, however, that Employee may, at his option, devote reasonable time and attention to civic, charitable, business or social organizations or speaking engagements as he deems appropriate and that does not reasonably interfere with the performance of his duties hereunder. Nothing in this Agreement shall be construed to prohibit Employee from investing in other businesses, so long as such investment activity is passive, is consistent with Employee's duties hereunder and is permissible under Section 4.1. Employee is currently a member of the Company's Board, and the Company will take all reasonable efforts to ensure that Employee is annually elected to the Company's Board.

ARTICLE II. COMPENSATION**Section 2.1 GENERAL TERMS.**

(a) *Base compensation.* For the twelve-month period beginning May 5, 2014, the Company shall provide basic compensation to the Employee at the rate of \$200,000 payable in accordance with the Company's ordinary payroll policies. Thereafter, base compensation shall be continued for the term of Employee's employment, but the rate thereof shall be reviewed annually by the board of directors of

the Company (the "Board") or the compensation committee of the Board. Any increases that are memorialized in the minutes of the Board shall be incorporated herein by reference without further action by the Employee or Company.

(b) *Bonus.* Employee shall be paid each year a bonus of 50% of the amount specified in Section 2.1(a), provided that Employee has satisfactorily achieved the objective performance criteria that is established for Employee for each fiscal year of the Company. The Board shall reasonably determine whether Employee has achieved such performance objectives, and the Company shall pay the bonus not later than two and a half months following the end of the fiscal year for which the bonus applies or, if later, upon the determination by the Company that the performance criteria has been satisfied. The Board may, in its sole discretion, authorize payment of a pro rata bonus for performance which is greater or lesser than the performance objectives that had been prescribed for any year, considering the actual performance of Employee, the business and financial condition of the Company and the operating results achieved. Upon the occurrence of a Change in Control (as defined in Section 7.2), however, the bonus amount paid for each fiscal year of the Company shall in all events be at least the amount of highest bonus that had been determined by the Board (whether or not paid to Employee prior to the Change in Control) during any of the three fiscal years that precede the Change in Control.

Section 2.2 REIMBURSEMENT. It is acknowledged by the parties that Employee, in connection with the services to be performed by him pursuant to the terms of this Agreement, will be required to make payments for travel, communications, entertainment of business associates and similar expenses. The Company will reimburse Employee for all reasonable, documented expenses of types authorized by the Company and incurred by Employee in the performance of his duties hereunder. Employee will comply with such budget limitations and approval and reporting requirements with respect to expenses as the Company may establish from time to time.

Section 2.3 EMPLOYEE BENEFITS.

(a) *General.* During the term of this Agreement, Company shall provide Employee with employee and fringe benefits under any and all employee benefit plans and programs which are from time to time generally made available to the executive employees of the Company, including, without limitation, health and disability benefits. Provided, however, that nothing in this Agreement shall require the Company to maintain such plans or programs nor prohibit the Company from terminating, amending or modifying such plans and programs, as the Company, in its sole discretion, may deem advisable. In all events, including but not limited to, the funding, operation, management, participation, vesting, termination, amendment or modification of such plans and programs, the rights and benefits of Employee shall be governed solely by the terms of the plans and programs, as provided in such plans, programs or any contract or agreement related thereto. Nothing in this Agreement shall be deemed to amend or modify any such plan or program.

To the extent required by any plan, Employee's participation in the plan or its benefits may be contingent upon an employee contribution or salary reduction agreement. Failure of Employee to make such required contribution or execute a salary reduction agreement will result in Employee not participating or benefiting under said plan for the applicable plan year. Any employee contribution, through a salary reduction agreement or otherwise, which Employee is required or permitted to make shall be paid out of Employee's salary or if the plan so permits, his bonus, if any.

(b) *Death Benefits.* In the event of Employee's death during the term of this Agreement, the Company shall provide to Employee's spouse and dependent children, at the expense of the Company and for a period of 12 months after Employee's death, medical and dental benefits comparable to those provided by the terms and conditions of the Company's then existing medical and dental benefit plans, if any. Thereafter, the Company will extend continuation coverage benefits to Employee's spouse and dependent children, as required under federal or state law (i.e., COBRA) upon the loss of coverage occurring at the expiration of the 12 month term.

(c) *Vacation Leave.* The Company and Employee acknowledge and agree that Employee shall be entitled to receive five weeks paid vacation time during each calendar year for the term of this Agreement. The Company and Employee further acknowledge and agree that subsequent vacation levels may be modified by the mutual agreement of the parties to this Agreement.

Section 2.4 EQUITY GRANTS. As partial compensation for Employee's service as a Director of the Company, the Company has previously granted Employee 83,722 Class P Units (the "Director Units") of the Company, pursuant to the terms of that certain Class P Unit Agreement, dated January 14, 2014 (the "Director Unit Agreement"), with such Director Units to be subject at all times to the terms of the Director Unit Agreement and the Operating Agreement. In addition, as partial compensation for Employee's service as Chief Financial Officer and Treasurer of the Company, the Company has granted Employee 334,887 Class P Units (the "CFO Units") of the Company, pursuant to the terms of that certain Class P Unit Agreement, dated January 14, 2014 (the "CFO Unit Agreement"), with such CFO Units to be subject at all times to the terms and conditions of the CFO Unit Agreement and Operating Agreement.

ARTICLE III. NONDISCLOSURE OF CONFIDENTIAL INFORMATION

Section 3.1 DEFINITIONS. For purposes of this Agreement, "Confidential Information" is any data or information that is unique to the Company, proprietary, competitively sensitive, and not generally known by the public, including, but not limited to, the Company's business plan, customers, prospective customers ("prospective customers" is understood to mean those potential customers with whom or with which the Company is engaged in active discussion about a business relationship), training manuals, product development plans, bidding and pricing procedures, market plans and strategies, business plans and projections, internal performance statistics, financial data, confidential information concerning employees of the Company, operational or administrative plans, policy manuals, terms and conditions of contracts and agreements, and all similar information related to the business of the Company's customers or potential customers or suppliers, other than information that is publicly available. The term "Confidential Information" shall not apply to information which is (i) already in Employee's possession (unless such information was obtained by Employee from the Company in the course of Employee's employment by the Company); (ii) received by Employee from a third party with no restriction on disclosure or (iii) required to be disclosed by any applicable law or by an order of a court of competent jurisdiction.

Section 3.2 USE AND DISCLOSURE. Employee recognizes and acknowledges that the Confidential Information constitutes valuable, special and unique assets of the Company and its affiliates. Except as required to perform Employee's duties as an employee of the Company, and during the period that Employee is employed by the Company, or until such sooner time that any item described in Section

3.1 ceases to be Confidential Information through no act of Employee in violation of this Agreement, Employee will not use or disclose any Confidential Information of the Company.

ARTICLE IV. NONCOMPETITION

Section 4.1 RESTRICTION. In consideration for the benefits Employee is receiving hereunder, Employee hereby acknowledges, and for other good and valuable consideration, agrees that during the period beginning on the date hereof and ending one (1) year after the termination of Employee's employment with the Company for any reason, Employee, directly or indirectly, shall not (i) compete with the Company to provide merchant credit card authorization processing and settlement services, Automated Teller Machines, debit services, check guarantee services, payroll processing services, payment systems and related commerce, or gift and loyalty card processing, for any company that provides as its principle business electronic payment processing equipment to any of the customers or clients of the Company wherever located who are either customers or clients of the Company or who have been identified as potential customers or clients of the Company as of the termination of Employee's employment; (ii) solicit or hire any employee of the Company; or (iii) interfere with, disrupt or attempt to disrupt any present or prospective business relationship, contractual or otherwise, related to or arising from any merchant account or any agreement, relationship or contractual arrangement between the Company and any merchant; provided, however, nothing herein shall prevent Employee from contracting with any such merchant in a manner that does not interfere with, disrupt or attempt to disrupt any contractual relationship between such person and the Company; and further provided that such restrictions shall not prohibit Employee from investing in any business (including any business meeting the description in (i) above), so long as such investment activity is passive and consistent with Employee's duties as an officer and director of the Company and his duties hereunder, including, without limitation, Employee's current, passive investment in edo Interactive, Inc. (including the future exercise of any options and/or warrants or conversion of any securities into common stock).

Section 4.2 REMEDIES. Employee agrees and acknowledges that the violation of the covenants in Section 4.1 would cause irreparable injury to the Company and that the remedy at law for any violation or threatened violation would be inadequate and that the Company shall be entitled to temporary and permanent injunctive relief or other equitable relief without the necessity of proving actual damages. Employee represents that enforcement of a remedy by way of injunction will not prevent him from earning a livelihood. Employee further represents and admits that time periods contained in Section 4.1 are reasonably necessary to protect the interests of the Company and would not unfairly or unreasonably restrict Employee. Such relief shall be in addition to any other remedies available to Company, including specifically without intending any limitation, the recovery of damages.

Section 4.3 REFORMATION AND SEVERANCE. If a judicial determination is made that any of the provisions of Section 4.1 constitutes an unreasonable or otherwise unenforceable restriction against Employee, it shall be rendered void only to the extent that such judicial determination finds such provisions to be unreasonable or otherwise unenforceable. In this regard, the parties hereby agree that any judicial authority construing this Agreement shall be empowered to sever any portion of the prohibited business activity from the coverage of this restriction and to apply the restriction to the remaining portion of the business activities not so severed by such judicial authority.

ARTICLE V. TERM OF AGREEMENT

This Agreement shall continue in full force and effect for a period of one (1) year commencing on the Effective Date. At the beginning of each month after the Effective Date, the term of this Agreement shall automatically be extended for an additional month so that the term of the Agreement on such date is a period of 12 months.

ARTICLE VI. TERMINATION

Section 6.1 TERMINATION. Employee's employment hereunder will terminate prior to the time set forth in Article V hereof upon the occurrence of the following events:

(a) *By Company Without Cause.* The Company may terminate this Agreement at any time without "Cause", as defined in Section 6.1(c) below, upon written notice to Employee. At the time of such termination, Company will both (i) pay to Employee the amount of compensation then in effect under Section 2.1, and (ii) continue to provide Employee with the benefits described in Section 2.3(a) for the term of the Agreement, as determined under Article V, provided that any partial month remaining in the term of the Agreement shall be treated as a full month. In addition, Employee shall receive any bonuses that have been earned under Section 2.1(b) but have not been paid. Employee also shall be entitled to receive expense reimbursements under Section 2.2 hereof for expenses incurred in the performance of his duties prior to termination. A termination of this Agreement without Cause will be deemed to have occurred if the Company provides written notice of such to the Employee, or otherwise prevents the Employee from performing his duties hereunder, unless termination of this Agreement is due to the circumstances described in any of paragraphs Section 6.1(b), (c), (d) or (e).

(b) *By Employee Without Cause.* Employee may terminate this Agreement at any time for any reason upon written notice. At the time of such termination, Company will pay to Employee the amount of compensation determined under Section 2.1, such amounts to be adjusted pro rata for the portion of the term of the Agreement completed on the date of termination. Employee shall also be entitled to reimbursement pursuant to Section 2.2 for expenses incurred in the performance of his duties hereunder prior to termination.

(c) *By Company With Cause.* This Agreement may be terminated by Company at any time upon written notice for any of the following reasons (collectively, such reasons to be defined as "Cause"):

- I. conviction of the Employee for a felony which in the reasonable judgment of the Board materially affects Employee's ability to perform his duties pursuant to this Agreement;
- II. commission by Employee of an act of fraud, embezzlement, or material dishonesty against the Company or its affiliates;
- III. intentional neglect of or material inattention to Employee's duties, which neglect or inattention remains uncorrected for more than fifteen days following written notice from the Board detailing the Board's concern; or
- IV. the Employee taking any actions which would have a material detrimental effect on the Company or its affiliates or in any way materially harm the reputation of the

Company or its affiliates, and such actions are not cured within fifteen days of the Employee receiving written notification thereof.

At the time of such termination, Company will pay to Employee the amount of compensation determined under Section 2.1(a), such amounts to be adjusted pro rata for the portion of the term of the Agreement completed on the date of termination; provided, however, that if such termination occurs after a Change in Control (as defined in Section 7.2), then Employee will receive the amounts specified in Section 7.1. Employee shall also be entitled to reimbursement pursuant to Section 2.2 for expenses incurred in the performance of his duties hereunder prior to termination.

(d) *Termination on Death.* In the event of Employee's death, this Agreement will be deemed to have terminated on the date of his death. At the time of such termination, Company will pay to the testamentary trusts created by Employee's will, or if there are no such trusts, to his estate, the amount of compensation determined under Section 2.1 that is in effect at the time of termination, such amount to be adjusted pro rata for the portion of the term of the Agreement completed on the date of termination. Company will additionally make a one-time payment in an amount equal to 50% of the annual amount payable under Section 2.1(a) at the time of Employee's death. Company shall also pay to such testamentary trusts or Employee's estate reimbursement pursuant to Section 2.2 for expenses incurred in the performance of his duties hereunder prior to termination.

(e) *Termination on Disability.* This Agreement will terminate immediately in the event Employee becomes physically or mentally disabled. Employee will be deemed disabled if, as a result of Employee's incapacity due to physical or mental illness, Employee shall have been absent from his duties with the Company on a full-time basis for 120 consecutive business days. At the time of such termination, Company will pay to Employee the amount of compensation determined under Section 2.1 that is in effect at the time of termination, such amount to be adjusted pro rata for the portion of the term of the Agreement completed on the date of termination. In addition, Employee shall, on the date of such termination, be entitled to receive a one-time payment in an amount equal to 50% of the annual amount payable under Section 2.1(a) at the time of termination. Employee shall also be entitled to reimbursement pursuant to Section 2.2 for expenses incurred in the performance of his duties hereunder prior to termination.

(f) *By Employee for Good Reason.* Employee may upon 10 days prior written notice terminate this Agreement for "Good Reason", as defined below. At the time of such termination, Company shall continue to pay salary to Employee at the periodic rate that is in effect at the time of notice pursuant to Section 2.1 for the term of the Agreement until the effective date of termination. In addition, Company will provide Employee with each of the severance benefits described in Section 6.1 (a) and all expense reimbursements under Section 2.2 for expenses incurred in the performance of his duties prior to and contemporaneously with termination. Termination for "Good Reason" for purposes of this Section 6.1(f), is a termination of employment either before or after a Change in Control (defined in Section 7.2) under any of the following circumstances:

- I. A material diminution in Employee's position, responsibilities or status from that which was previously in effect;

- II. A reduction in Employee's compensation that is payable pursuant to Section 2.1 or a substantial reduction in benefits provided to Employee that are described in Section 2.3, as such amounts were previously in effect.
- III. Relocation of Employee to a location that is more than 35 miles from the location of the Company's headquarters on the date this Agreement is executed.

Section 6.2 INTERNAL REVENUE CODE SECTION 409A.

(a) The Company and Employee intend that the payments and benefits provided for in this Agreement either be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), or be provided in a manner that complies with Section 409A of the Code, and any ambiguity herein shall be interpreted so as to be consistent with the intent of this Section 6.2. In the event taxes, penalties or interest are imposed on Employee pursuant to Code Section 409A (collectively, "409A Payments"), then the Company shall fully indemnify Employee for or with respect to such 409A Payments, plus such additional "gross up" amount as may be necessary to make Employee whole for any taxes payable with respect to the amounts paid pursuant to such indemnification.

(b) Notwithstanding anything contained herein to the contrary, all severance or similar payments and benefits hereunder, other than any amounts payable by reason of Employee's death or disability, shall be paid or provided only if termination of Employee's employment constitutes a "separation from service" from the Company within the meaning of Section 409A of the Code and the regulations and guidance promulgated thereunder (determined after applying the presumptions set forth in Treas. Reg. § 1.409A-1(h)(1)). The Company and Employee further intend that all severance or similar payments and benefits under this Agreement shall satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code, including those provided under Treas. Reg. §§ 1.409A-1(b)(4) (regarding short-term deferrals), 1.409A-1(b)(9)(iii) (regarding certain separation pay plans), and 1.409A-1(b)(9)(v) (regarding reimbursements and certain other separation payments). Each payment or installment of severance or similar payments provided under this Agreement will be treated as a separate "payment" for purposes of Code Section 409A.

(c) If, upon the termination of Employee's employment with the Company, (i) Employee is a Specified Employee (as defined herein) of a public company (as defined for purposes of Code Section 409(a)(2)(B)(i)) and (ii) any severance or similar payments or benefits provided in this Agreement constitute nonqualified deferred compensation under Code Section 409A because they do not qualify for any available exemptions, then the amount of such nonqualified deferred compensation that otherwise would be paid within the first six months following such termination of employment shall instead shall be withheld and paid in a single lump sum payment on the first regularly scheduled payroll date immediately following the date that is six months after the date of such termination, without adjustment for the delay in payment. For purposes of this Agreement, a "Specified Employee" means a "specified employee" as defined for purposes of Code Section 409A(a)(2)(B)(i), as amended from time to time. The foregoing shall not apply with respect to any amounts payable hereunder by reason of Employee's death or disability.

(d) Notwithstanding anything to the contrary in this Agreement: (a) in-kind benefits and reimbursements provided under this Agreement during any calendar year shall not affect in kind benefits

or reimbursements to be provided in any other calendar year, other than an arrangement providing for the reimbursement of medical expenses referred to in Section 105(b) of the Code, and are not subject to liquidation or exchange for another benefit; (b) reimbursement requests must be timely submitted by Employee and, if timely submitted, reimbursement payments shall be promptly made to Employee following such submission, but in no event later than December 31st of the calendar year following the calendar year in which the expense was incurred; and (c) in no event shall Employee be entitled to any reimbursement payments after December 31st of the calendar year following the calendar year in which the expense was incurred. The preceding sentence shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to Employee.

(e) In the event that following the date hereof the Company or Employee reasonably determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code, the Company and Employee shall work together to adopt such amendments to this Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other commercially reasonable actions necessary or appropriate to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

ARTICLE VII. CHANGE IN CONTROL TERMINATION PAYMENT

Section 7.1 TERMINATION PAYMENT.

(a) *Amount.* Notwithstanding anything to the contrary contained in Article VI hereof, if within the 6 month period following a Change in Control (as defined in Section 7.2), Employee's employment with the Company terminates for any reason, then the Company will pay Employee a lump sum payment (the "Termination Payment") which is the sum of the following:

- I. One times Employee's annual base compensation determined by reference to his base salary in effect at the time of Change In Control.
- II. One times the annual bonus described in Section 2.1(b).
- III. Continuation of benefits described in Section 2.3 for a period of one year following termination of employment.

(b) *Time for Payment; Interest.* The Termination Payment made under this Section 7.1 shall be paid to Employee in a single lump sum within ten days following the date of termination. The Company's obligation to pay to Employee any amounts under this Section 7.1, including without limitation the Termination Payment will bear interest at the prime rate as quoted in The Wall Street Journal plus 2%, and all accrued and unpaid interest will bear interest at the same rate, all of which interest will be compounded annually.

(c) *Golden Parachute Tax.* In the event it shall be reasonably determined in good faith by Employer that any payment or distribution by Employer to or for the benefit of Employee (whether paid

or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (such excise tax, the "Excise Tax"), and such Payment can be rendered exempt from the Excise Tax pursuant to the stockholder approval provisions of Section 280G(b)(5) of the Code and the Treasury Regulations promulgated thereunder, then Employer and Employee shall fully cooperate and together take all steps reasonably necessary in compliance with Section 280G(b)(5) of the Code and the Treasury Regulations promulgated thereunder, including providing adequate disclosure to the stockholders of Employer (within the meaning of Section 280G(b)(5)(B)(ii) of the Code and the Treasury Regulations promulgated thereunder) and conducting a vote of all the stockholders of Employer (within the meaning of Treasury Regulation Section 1.2800-1, Q/A-7(b)) so that in the event the stockholder approval requirements of Section 280G(b)(5)(B)(i) of the Code are met in connection with such stockholder vote, no Payment would be subject to the Excise Tax, without regard to whether or not such stockholder approval requirements are actually met in connection with such stockholder vote.

Section 7.2 CHANGE IN CONTROL. A Change In Control will be deemed to have occurred for purposes hereof, if:

(a) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, other than a trustee or other fiduciary holding securities under an employee benefit plan of Company or a corporation controlling the Company or owned directly or indirectly by the stockholders of Company in substantially the same proportions as their ownership of Company stock, becomes the "beneficial owner" (as defined in SEC Rule 13d-3), directly or indirectly, of securities of Company representing more than 40% of the total voting power represented by Company's then outstanding Voting Securities (as defined below), or

(b) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or

(c) the members of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities) more than 65% of the total voting power represented by the Voting Securities outstanding immediately after such merger or consolidation, or the members of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by Company of all or substantially all of its assets. For purposes of this section "Voting Securities" shall mean any securities of Company or its survivor which vote generally in the election of its directors.

Section 7.3 NO RIGHT TO CONTINUED EMPLOYMENT. This Article VII will not give Employee any right of continued employment or any right to compensation or benefits from the Company except the rights specifically stated herein.

Section 7.4 ARBITRATION. Any dispute arising under this Article VII will be resolved in the manner provided in Article VIII.

ARTICLE VIII. ARBITRATION

Section 8.1 SCOPE. The Company and Employee acknowledge and agree that any claim or controversy arising out of or relating to Article VII of this Agreement shall be settled by non-binding arbitration in Nashville, Tennessee, in accordance with the National Rules of the American Arbitration Association for the Resolution of Employment Disputes in effect on the date of the event giving rise to the claim or controversy. The Company and Employee further acknowledge and agree that either party must request arbitration of any claim or controversy within 60 days of the date of the event giving rise to the claim or controversy by giving written notice of the party's request for arbitration. Failure to give notice of any claim of controversy within 60 days of the event giving rise to the claim or controversy shall constitute waiver of the claim or controversy.

Section 8.2 PROCEDURES. All claims or controversies subject to arbitration shall be submitted to arbitration within six months from the date that a written notice of request for arbitration is effective. All claims or controversies shall be resolved by a panel of three arbitrators who are licensed to practice law in the State of Tennessee and who are experienced in the arbitration of labor and employment disputes. These arbitrators shall be selected in accordance with the National Rules of the American Arbitration Association for the Resolution of Employment Disputes in effect at the time the claim or controversy arises. The arbitrators shall issue a written decision with respect to all claims or controversies within 30 days from the date the claims or controversies are submitted to arbitration. The parties shall be entitled to be represented by legal counsel at any arbitration proceedings. Employee and the Company acknowledge and agree that the Company will bear the cost of the arbitration proceeding, including any stenographic recording, and each party shall be responsible for paying its own attorneys' fees, if any, unless the arbitrators determine otherwise.

Section 8.3 ENFORCEMENT. The Company and Employee acknowledge and agree that the arbitration provisions in this Agreement may be specifically enforced by either party, and that submission to arbitration proceedings may be compelled by any court of competent jurisdiction. The Company and Employee further acknowledge and agree that the decision of the arbitrators may be specifically enforced by either party in any court of competent jurisdiction.

Section 8.4 LIMITATIONS. Notwithstanding the arbitration provisions set forth herein, Employee and the Company acknowledge and agree that nothing in this Agreement shall be construed to require the arbitration of any claim or controversy arising under Articles III or IV of this Agreement. These provisions shall be enforceable by any court of competent jurisdiction and shall not be subject to arbitration except by mutual written consent of the parties signed after the dispute arises, any such consent, and the terms and conditions thereof, then becoming binding on the parties. Employee and the Company further acknowledge and agree that nothing in this Agreement shall be construed to require arbitration of any claim for workers' compensation or unemployment compensation.

ARTICLE IX. GENERAL TERMS

Section 9.1 NOTICES. All notices and other communications hereunder will be in writing or by written telecommunication, and will be deemed to have been duly given if delivered personally or if sent by overnight courier or by written telecommunication, to the relevant address set forth below, or to such other address as the recipient of such notice or communication will have specified to the other party hereto in accordance with this Section:

If to the Company to:
Charge Payment, LLC
30 Burton Hills, Suite 550
Nashville, TN 37215
Attn: Greg Daily

If to Employee, to:
Clay M. Whitson
4410 Forsythe Place
Nashville, TN 37205

Section 9.2 WITHHOLDING; NO OFFSET. All payments required to be made by the Company under this Agreement to Employee will be subject to the withholding of such amounts, if any, relating to federal, state and local taxes as may be required by law. No payment under this Agreement will be subject to offset or reduction attributable to any amount Employee may owe to the Company or any other person, except as required by law.

Section 9.3 ENTIRE AGREEMENT; MODIFICATION. This Agreement and the Director Unit Agreement and CFO Unit Agreement constitute the complete and entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties. The parties have executed this Agreement based upon the express terms and provisions set forth herein and have not relied on any communications or representations, oral or written, which are not set forth in this Agreement.

Section 9.4 AMENDMENT. The covenants or provisions of this Agreement may not be modified by an subsequent agreement unless the modifying agreement: (i) is in writing; (ii) contains an express provision referencing this Agreement; (iii) is signed and executed on behalf of the Company by an officer of the Company other than Employee; (iv) is approved by resolution of the Board; and (v) is signed by Employee.

Section 9.5 LEGAL CONSULTATION. Both parties have been accorded a reasonable opportunity to review this Agreement with legal counsel prior to executing this Agreement. Company agrees to reimburse Employee for any legal fees incurred by Employee as a result of the preparation, review and negotiation of this Agreement, up to a maximum of \$10,000.00.

Section 9.6 CHOICE OF LAW. This Agreement and the performance hereof will be construed and governed in accordance with the laws of the State of Tennessee, without regard to its choice of law principles.

Section 9.7 SUCCESSORS AND ASSIGNS. The obligations, duties and responsibilities of Employee under this Agreement are personal and shall not be assignable. In the event of Employee's death or disability, this Agreement shall be enforceable by Employee's estate, executors or legal representatives.

Section 9.8 WAIVER OF PROVISIONS. Any waiver of any terms and conditions hereof must be in writing and signed by the parties hereto. The waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any subsequent breach of the same or any other terms and conditions hereof.

Section 9.9 SEVERABILITY. The provisions of this Agreement shall be deemed severable, and if any portion shall be held invalid, illegal or enforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties provided that the substance of the economic relationship created by this Agreement remains materially unchanged.

Section 9.10 REMEDIES. The parties hereto acknowledge and agree that upon any breach by Employee of his obligations under either of Articles III and IV hereof, the Company will have no adequate remedy at law, and accordingly will be entitled to specific performance and other appropriate injunctive and equitable relief. No remedy set forth in this Agreement or otherwise conferred upon or reserved to any party shall be considered exclusive of any other remedy available to any party, but the same shall be distinct, separate and cumulative and may be exercised from time to time as often as occasion may arise or as may be deemed expedient.

Section 9.11 COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or PDF format shall be as effective as the delivery of a manually executed counterpart of this Agreement.

Section 9.12 COMPANY. The term Company shall mean Charge Payment, LLC and any affiliate or other entity in which the Company owns, directly or indirectly, more than a 50% interest.

[Execution Page Follows]

EXECUTION PAGE

IN WITNESS WHEREOF, Company and Employee have caused this Agreement to be executed on the day and year indicated below to be effective on the day and year first written above.

EMPLOYEE:

/s/ Clay M. Whitson

Clay M. Whitson

COMPANY:

Charge Payment, LLC

By: /s/ Thomas H. Bryant

Its: Secretary

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of [●], 2018, by and among i3 Verticals, Inc., a Delaware corporation (the “Company”), and the director and/or officer of the Company whose name appears on the signature page of this Agreement (“Indemnitee”).

RECITALS

A. Highly competent persons are becoming more reluctant to serve publicly-held corporations as directors or officers or in other capacities unless they are provided with reasonable protection through insurance or indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporations.

B. The Board of Directors of the Company (the “Board”) has determined that the Company should act to assure its directors and officers that there will be increased certainty of such protection in the future.

C. It is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

D. Indemnitee is willing to serve, to continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified.

E. In consideration of the benefits received and to be received by the Company in connection with actions taken and to be taken by the Board and by the officers of the Company, the Company has determined that it is in the best interest of the Company for the reasons set forth above to be a party to this Agreement and to provide indemnification to the directors and officers of the Company in connection with their service to and activities on behalf of the Company and its respective subsidiaries.

F. The Company acknowledges that for purposes of this Agreement the directors and officers of the Company who enter into this Agreement are serving in such capacities at the request of the Company.

G. The Company further acknowledges that such directors and officers are willing to serve, to continue to serve and to take on additional service for or on behalf of the Company, thereby benefiting the Company and its subsidiaries, on the condition that the Company enter into, and provide indemnification pursuant to, this Agreement.

AGREEMENT

In consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. DEFINITIONS.

(a) For purposes of this Agreement:

(i) "Affiliate" shall mean any corporation, partnership, joint venture, trust or other entity in respect of which Indemnitee is or was or will be serving as a director or officer directly or indirectly at the request of the Company, and including, but not limited to, service with respect to an employee benefit plan.

(ii) "Disinterested Director" shall mean a director of the Company who is not or was not a party to the Proceeding in respect of which indemnification is being sought by Indemnitee.

(iii) "Expenses" shall include all attorneys' fees and costs, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses incurred in connection with asserting or defending claims.

(iv) "fines" shall include any excise taxes assessed on Indemnitee with respect to any employee benefit plan.

(v) "Independent Counsel" shall mean a law firm or lawyer that neither is presently nor in the past year has been retained to represent: (i) the Company or Indemnitee in any matter material to any such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder in any matter material to such other party. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any firm or person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement. All Expenses of the Independent Counsel incurred in connection with acting pursuant to this Agreement shall be borne by the Company.

(vi) "Losses" shall mean all expenses, liabilities, losses and claims (including attorneys' fees, judgments, fines, excise taxes under the Employee Retirement Income Security Act of 1974, as amended from time to time, penalties and amounts to be paid in settlement) incurred in connection with any Proceeding.

(vii) "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative.

(b) For purposes of this Agreement, a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement; the term "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the corporation

which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and references to the "Company" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify Indemnitee in its capacity as a director, officer, or employee or agent, so that Indemnitee shall stand in the same position under this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

2. SERVICE BY INDEMNITEE. Indemnitee agrees to begin or continue to serve the Company or any Affiliate as a director and/or officer. Notwithstanding anything contained herein, this Agreement shall not create a contract of employment between the Company and Indemnitee, and the termination of Indemnitee's relationship with the Company or an Affiliate by either party hereto shall not be restricted by this Agreement.

3. INDEMNIFICATION. The Company agrees to indemnify Indemnitee for, and hold Indemnitee harmless from and against, any Losses or Expenses at any time incurred by or assessed against Indemnitee arising out of or in connection with the service of Indemnitee as a director or officer of the Company or of an Affiliate (collectively referred to as an "Officer or Director of the Company") to the fullest extent permitted by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification. Without diminishing the scope of the indemnification provided by this Section, the rights of indemnification of Indemnitee provided hereunder shall include but shall not be limited to those rights set forth hereinafter.

4. ACTION OR PROCEEDING OTHER THAN AN ACTION BY OR IN THE RIGHT OF THE COMPANY. Indemnitee shall be entitled to the indemnification rights provided herein if Indemnitee is a person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any Proceeding (other than an action by or in the right of the Indemnitee (unless approved in advance in writing by the Board) or the Company) by reason of (a) the fact that Indemnitee is or was an Officer or Director of the Company or any other entity which Indemnitee is or was or will be serving at the request of the Company, or (b) anything done or not done by Indemnitee in any such capacity.

5. ACTIONS BY OR IN THE RIGHT OF THE COMPANY. Indemnitee shall be entitled to the indemnification rights provided herein if Indemnitee is a person who was or is a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any Proceeding brought by or in the right of the Company to procure a judgment in its favor by reason of (a) the fact that Indemnitee is or was an Officer or Director of the Company or any Affiliate, or (b) anything done or not done by Indemnitee in any such capacity. Pursuant to this Section, Indemnitee shall be indemnified against Losses or Expenses incurred or suffered by Indemnitee or on Indemnitee's behalf in connection with the defense or settlement of any Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing provisions of this Section, no such indemnification shall be made in respect of any claim, issue or matter as to which Delaware law

expressly prohibits such indemnification by reason of an adjudication of liability of Indemnitee to the Company unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Losses and Expenses which the Court of Chancery or such other court shall deem proper.

6. INDEMNIFICATION FOR LOSSES AND EXPENSES OF PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been wholly successful on the merits or otherwise in any Proceeding referred to in Sections 3, 4 or 5 hereof on any claim, issue or matter therein, Indemnitee shall be indemnified against all Losses and Expenses incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company agrees to indemnify Indemnitee to the maximum extent permitted by law against all Losses and Expenses incurred by Indemnitee in connection with each successfully resolved claim, issue or matter. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden of proving any lack of success and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved. For purposes of this Section and without limitation, the termination of any such claim, issue or matter by dismissal with or without prejudice shall be deemed to be a successful resolution as to such claim, issue or matter.

7. PAYMENT FOR EXPENSES OF A WITNESS. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of the fact that Indemnitee is or was an Officer or Director of the Company or any Affiliate, as the case may be, a witness in any Proceeding, the Company agrees to pay to Indemnitee all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

8. ADVANCEMENT OF EXPENSES AND COSTS. All Expenses incurred by or on behalf of Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding within twenty (20) days after the receipt by the Company of a statement or statements from Indemnitee requesting from time to time such advance or advances, whether or not a determination to indemnify has been made under Section 9. Indemnitee's entitlement to such advancement of Expenses shall include those incurred in connection with any Proceeding by Indemnitee seeking an adjudication or award in arbitration pursuant to this Agreement. The financial ability of Indemnitee to repay an advance shall not be a prerequisite to the making of such advance. Such statement or statements shall reasonably evidence such Expenses incurred (or reasonably expected to be incurred) by Indemnitee in connection therewith and shall include or be accompanied by a written undertaking by or on behalf of Indemnitee to repay such amount if it shall ultimately be determined that Indemnitee is not entitled to be indemnified therefor pursuant to the terms of this Agreement.

9. PROCEDURE FOR DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION.

(a) When seeking indemnification under this Agreement (which shall not include in any case the right of Indemnitee to receive payments pursuant to Section 7 and Section 8 hereof, which shall not be subject to this Section 9), Indemnitee shall submit a written request for indemnification to the Company. Determination of Indemnitee's entitlement to indemnification shall be made promptly, but in no event later than sixty (60) days after receipt by the Company of Indemnitee's written request for indemnification. The Secretary of the Company shall, promptly upon receipt of Indemnitee's request for indemnification, advise the Board that Indemnitee has made such request for indemnification.

(b) The entitlement of Indemnitee to indemnification under this Agreement shall be determined, with respect to a person who is a director or officer at the time of such determination, in the specific case (1) by the Board by a majority vote of the Disinterested Directors, even though less than a quorum, or (2) by a committee of the Disinterested Directors designated by majority vote of the Disinterested Directors, even though less than a quorum, or (3) if there are no Disinterested Directors, or if such Disinterested Directors so direct, by Independent Counsel, or (4) by the stockholders. The entitlement of the Indemnitee to indemnification shall be determined with respect to any person who is not a director or officer at the time of such determination by any means reasonably determined by the Company.

(c) In the event the determination of entitlement is to be made by Independent Counsel, such Independent Counsel shall be selected by the Board and approved by Indemnitee. Upon failure of the Board to so select such Independent Counsel or upon failure of Indemnitee to so approve, such Independent Counsel shall be selected by the American Arbitration Association of New York, New York or such other person as such Association shall designate to make such selection.

(d) If a determination is made pursuant to Section 9(b) that Indemnitee is not entitled to indemnification to the full extent of Indemnitee's request, Indemnitee shall have the right to seek entitlement to indemnification in accordance with the procedures set forth in Section 10 hereof.

(e) If a determination with respect to entitlement to indemnification shall not have been made within sixty (60) days after receipt by the Company of such request, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be absolutely entitled to such indemnification, absent (i) misrepresentation by Indemnitee of a material fact in the request for indemnification or (ii) a final judicial determination that all or any part of such indemnification is expressly prohibited by law.

(f) The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of NOLO CONTENDERE or its equivalent, shall not, of itself, adversely affect the rights of Indemnitee to indemnification hereunder except as may be specifically provided

herein, or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, or create a presumption that (with respect to any criminal action or proceeding) Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(g) For purposes of any determination of good faith hereunder, Indemnitee shall be deemed to have acted in good faith if in taking such action Indemnitee relied on the records or books of account of the Company or an Affiliate, including financial statements, or on information supplied to Indemnitee by the officers of the Company or an Affiliate in the course of their duties, or on the advice of legal counsel for the Company or an Affiliate or on information or records given or reports made to the Company or an Affiliate by an independent certified public accountant or by an appraiser or other expert selected with reasonable care to the Company or an Affiliate. The Company shall have the burden of establishing the absence of good faith. The provisions of this Section 9(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(h) The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Company or an Affiliate shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

10. REMEDIES IN CASES OF DETERMINATION NOT TO INDEMNIFY OR TO ADVANCE EXPENSES.

(a) In the event that (i) a determination is made that Indemnitee is not entitled to indemnification hereunder, (ii) advances are not made pursuant to Section 8 hereof or (iii) payment has not been timely made following a determination of entitlement to indemnification pursuant to Section 9 hereof, Indemnitee shall be entitled to seek a final adjudication either through an arbitration proceeding or in an appropriate court of the State of Delaware or any other court of competent jurisdiction of Indemnitee's entitlement to such indemnification or advance.

(b) In the event a determination has been made in accordance with the procedures set forth in Section 9 hereof, in whole or in part, that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration referred to in Section 10(a) shall be DE NOVO and Indemnitee shall not be prejudiced by reason of any such prior determination that Indemnitee is not entitled to indemnification, and the Company shall bear the burdens of proof specified in Sections 6 and 9 hereof in such proceeding.

(c) If a determination is made or deemed to have been made pursuant to the terms of Section 9 or 10 hereof that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration in the absence of (i) a misrepresentation of a material fact by Indemnitee or (ii) a final judicial determination that all or any part of such indemnification is expressly prohibited by law.

(d) To the extent deemed appropriate by the court, interest shall be paid by the Company to Indemnitee at a reasonable interest rate for amounts which the Company indemnifies or is obliged to indemnify Indemnitee for the period commencing with the date on which Indemnitee requested indemnification (or reimbursement or advancement of any Expenses) and ending with the date on which such payment is made to Indemnitee by the Company.

11. **EXPENSES INCURRED BY INDEMNITEE TO ENFORCE THIS AGREEMENT.** All Expenses incurred by Indemnitee in connection with the preparation and submission of Indemnitee's request for indemnification hereunder shall be borne by the Company. In the event that Indemnitee is a party to or intervenes in any proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee, if Indemnitee prevails in whole in such action, shall be entitled to recover from the Company, and shall be indemnified by the Company against, any Expenses incurred by Indemnitee. If it is determined that Indemnitee is entitled to indemnification for part (but not all) of the indemnification so requested, Expenses incurred in seeking enforcement of such partial indemnification shall be reasonably prorated among the claims, issues or matters for which Indemnitee is entitled to indemnification and for claims, issues or matters for which Indemnitee is not so entitled.

12. **NON-EXCLUSIVITY.** The rights of indemnification and to receive advances as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under any law, certificate of incorporation, by-law, other agreement, vote of stockholders or resolution of directors or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office. To the extent Indemnitee would be prejudiced thereby, no amendment, alteration, rescission or replacement of this Agreement or any provision hereof shall be effective as to Indemnitee with respect to any action taken or omitted by such Indemnitee in Indemnitee's position with the Company or an Affiliate or any other entity which Indemnitee is or was serving at the request of the Company prior to such amendment, alteration, rescission or replacement.

13. **DURATION OF AGREEMENT.** This Agreement shall apply to any claim asserted and any Losses and Expenses incurred in connection with any claim asserted on or after the effective date of this Agreement and shall continue until and terminate upon the later of: (a) ten years after Indemnitee has ceased to occupy any of the positions or have any of the relationships described in Section 3, 4 or 5 hereof; or (b) one year after the final termination of all pending or threatened Proceedings of the kind described herein with respect to Indemnitee. This Agreement shall be binding upon the Company and its respective successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisee, executors, administrators or other legal representatives.

14. **MAINTENANCE OF D&O INSURANCE.**

(a) The Company hereby covenants and agrees with Indemnitee that, so long as Indemnitee shall continue to serve as an Officer or Director of the Company, and for a reasonable period of time thereafter, the Company shall use commercially reasonable efforts to maintain in full

force and effect (taking into account the scope and amount of coverage available relative to the cost thereof) directors' and officers' liability insurance, issued by one or more reputable insurers, providing coverage for officers and directors of the Company or any of its subsidiaries, that is substantially comparable in scope and amount to the coverage available for any other director or officer of the Company (collectively, "D&O Insurance").

(b) In all policies of D&O Insurance, Indemnatee shall be named as an insured in such a manner as to provide Indemnatee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors or officers most favorably insured by such policy.

(c) Notwithstanding anything to the contrary set forth in (a) above, the Company shall have no obligation to maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium cost for such insurance is disproportionate to the amount of coverage provided or the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

15. SEVERABILITY. Should any part, term or condition hereof be declared illegal or unenforceable or in conflict with any other law, the validity of the remaining portions or provisions hereof shall not be affected thereby, and the illegal or unenforceable portions hereof shall be and hereby are redrafted to conform with applicable law, while leaving the remaining portions hereof intact.

16. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

17. HEADINGS. Section headings are for convenience only and do not control or affect meaning or interpretation of any terms or provisions hereof.

18. MODIFICATION AND WAIVER. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto.

19. NO DUPLICATIVE PAYMENT. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnatee has otherwise actually received such payment (net of Expenses incurred in collecting such payment) under any insurance policy, contract, agreement or otherwise.

20. NOTICES. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be deemed to have been given at the time when mailed, enclosed in a registered or certified postpaid envelope, in any general or branch office of the United States Postal Service, or sent by Federal Express or other similar overnight courier service, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice.

(a) If to Indemnitee, to the address appearing on the signature page hereof.

(b) If to the Company to:

i3 Verticals, Inc.
40 Burton Hills Blvd., Suite 415
Nashville, Tennessee 37215
Attention: General Counsel

21. **GOVERNING LAW.** The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware without regard to its conflicts of law rules.

22. **ENTIRE AGREEMENT.** Subject to the provisions of Section 12 hereof, this Agreement constitutes the entire understanding between the parties and supersedes all proposals, commitments, writings, negotiations and understandings, oral and written, and all other communications between the parties relating to the subject matter hereof. This Agreement may not be amended or otherwise modified except in writing duly executed by all of the parties. A waiver by any party of any breach or violation of this Agreement shall not be deemed or construed as a waiver of any subsequent breach or violation thereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

I3 VERTICALS, INC.

By: _____

Name: _____

Title: _____

INDEMNITEE

Name: _____

Address: _____

City and State: _____

Email Address: _____

[Signature Page to Indemnification Agreement]

i3 Verticals, Inc.
LIST OF SUBSIDIARIES

<u>Name of Subsidiary</u> <i>(Including d/b/a name, if applicable)</i>	<u>Jurisdiction of Incorporation</u>	<u>Doing Business As Name</u>
CP-DBS, LLC	Delaware	PaySchools
CP-PS, LLC	Delaware	
Fairway Payments, LLC	Virginia	Fairway Payments
i3-Axia, LLC	Delaware	Axia Payments
i3-BP, LLC	Delaware	Bill & Pay
i3-CS, LLC	Delaware	Court Solutions
i3-CSC, LLC	Delaware	
i3-EMS, LLC	Delaware	EMS
i3-EZPay, LLC	Delaware	EZPay
i3-Infin, LLC	Delaware	Infintech
i3-LL, LLC	Delaware	Local Level
i3-PBS, LLC	Delaware	Practical Business Solutions; RU Practical
i3-Randall, LLC	Delaware	Randall Data Systems
i3-RS, LLC	Delaware	Place
i3-TS, LLC	Delaware	
i3 Verticals, LLC	Delaware	
i3 Verticals Management Services, Inc.	Delaware	
i3-SDCR, Inc.	Delaware	
San Diego Cash Register Company, Inc.	California	SDCR