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

FORM 10-Q

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

For the quarterly period ended June 30, 2026

OR

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

For the transition period from to

Commission file number: 001-38532

i3 Verticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**82-4052852**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
40 Burton Hills Blvd., Suite 415	
Nashville, TN	**37215**
(Address of principal executive offices)	(Zip Code)

(615) 465-4487

(Registrant's telephone number, including area code)

N/A

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.0001 Par Value	IIIV	Nasdaq Global Select Market

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 6, 2026, there were 18,019,748 outstanding shares of Class A common stock, $0.0001 par value per share, and 8,302,261 outstanding shares of Class B common stock, $0.0001 par value per share.

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PART I. - FINANCIAL INFORMATION

Item 1. Financial Statements

i3 Verticals, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands, except share amounts)

	June 30, 2026	September 30, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 2,647	$ 66,672
Accounts receivable, net	48,519	58,467
Settlement assets	36	411
Prepaid expenses and other current assets	12,270	12,075
Total current assets	63,472	137,625
Property and equipment, net	6,627	7,181
Restricted cash	2,760	250
Capitalized software, net	50,983	48,314
Goodwill	282,284	248,469
Intangible assets, net	153,599	135,797
Deferred tax asset	46,595	49,058
Operating lease right-of-use assets	4,495	4,577
Other assets	16,169	7,140
Total assets	$ 626,984	$ 638,411
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable	$ 4,384	$ 6,248
Accrued expenses and other current liabilities	21,026	24,525
Settlement obligations	36	411
Deferred revenue	25,285	37,678
Current portion of operating lease liabilities	1,907	1,827
Total current liabilities	52,638	70,689
Long-term debt, less current portion	114,276	—
Long-term tax receivable agreement obligations	32,192	32,191
Operating lease liabilities, less current portion	2,689	2,964
Other long-term liabilities	24,859	14,844
Total liabilities	226,654	120,688
Commitments and contingencies (see Note 11)		
Stockholders' equity		
Preferred stock, par value $0.0001 per share, 10,000,000 shares authorized; 0 shares issued and outstanding as of both June 30, 2026 and September 30, 2025	—	—
Class A common stock, par value $0.0001 per share, 150,000,000 shares authorized; 18,241,855 and 23,983,125 shares issued and outstanding as of June 30, 2026 and September 30, 2025, respectively	2	2
Class B common stock, par value $0.0001 per share, 40,000,000 shares authorized; 8,381,681 shares issued and outstanding as of both June 30, 2026 and September 30, 2025	1	1
Additional paid-in capital	156,844	271,310
Accumulated earnings	123,700	118,270
Total stockholders' equity	280,547	389,583
Non-controlling interest	119,783	128,140
Total equity	400,330	517,723
Total liabilities and equity	$ 626,984	$ 638,411

See Notes to the Interim Condensed Consolidated Financial Statements

i3 Verticals, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In thousands, except share and per share amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Revenue	$ 53,067	$ 51,901	$ 163,256	$ 158,257
Operating expenses				
Costs of services (excluding depreciation and amortization)	16,314	16,733	51,034	48,889
Selling, general and administrative	28,858	33,018	84,905	85,779
Depreciation and amortization	7,349	6,989	21,917	20,848
Change in fair value of contingent consideration	1,438	(26)	940	440
Total operating expenses	53,959	56,714	158,796	155,956
(Loss) income from operations	(892)	(4,813)	4,460	2,301
Other expenses (income)				
Interest expense	1,820	806	3,342	1,932
Other income	(9,903)	(4,601)	(10,534)	(7,020)
Total other income	(8,083)	(3,795)	(7,192)	(5,088)
Income (loss) before income taxes	7,191	(1,018)	11,652	7,389
Provision for (benefit from) income taxes	1,313	(22)	2,495	3,272
Net income (loss) from continuing operations	5,878	(996)	9,157	4,117
Net (loss) income from discontinued operations, net of income taxes	(217)	19,421	(355)	18,185
Net income	5,661	18,425	8,802	22,302
Net income (loss) from continuing operations attributable to non-controlling interest	2,258	(586)	3,497	1,653
Net (loss) income from discontinued operations attributable to non-controlling interest	(79)	6,129	(125)	5,865
Net income attributable to non-controlling interest	2,179	5,543	3,372	7,518
Net income (loss) from continuing operations attributable to i3 Verticals, Inc.	3,620	(410)	5,660	2,464
Net (loss) income from discontinued operations attributable to i3 Verticals, Inc.	(138)	13,292	(230)	12,320
Net income attributable to i3 Verticals, Inc.	$ 3,482	$ 12,882	$ 5,430	$ 14,784
Net income (loss) per share attributable to Class A common stockholders from continuing operations:				
Basic	$ 0.19	$ (0.02)	$ 0.26	$ 0.10
Diluted	$ 0.19	$ (0.03)	$ 0.25	$ 0.10
Net (loss) income per share attributable to Class A common stockholders from discontinued operations:				
Basic	$ (0.01)	$ 0.55	$ (0.01)	$ 0.52
Diluted	$ (0.01)	$ 0.55	$ (0.01)	$ 0.49
Weighted average shares of Class A common stock outstanding:				
Basic, for continuing operations	19,419,792	24,345,826	21,638,108	23,909,714
Diluted, for continuing operations	19,543,611	32,983,325	22,285,629	24,823,635
Basic, for discontinued operations	19,419,792	24,345,826	21,638,108	23,909,714
Diluted, for discontinued operations	27,801,473	24,345,826	30,019,789	34,183,267

See Notes to the Interim Condensed Consolidated Financial Statements

i3 Verticals, Inc.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

(In thousands, except share amounts)

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity
	Shares	Amount	Shares	Amount				
Balance at September 30, 2025	23,983,125	$ 2	8,381,681	$ 1	$ 271,310	$ 118,270	$ 128,140	$ 517,723
Equity-based compensation	—	—	—	—	5,178	—	—	5,178
Net income	—	—	—	—	—	484	463	947
Distributions to non-controlling interest holders	—	—	—	—	—	—	93	93
Exercise or release of equity-based awards	149,250	—	—	—	(2,283)	—	—	(2,283)
Repurchases of Class A common stock	(1,522,838)	—	—	—	(38,317)	—	—	(38,317)
Allocation of equity to non-controlling interests	—	—	—	—	3,861	—	(3,861)	—
Balance at December 31, 2025	22,609,537	2	8,381,681	1	239,749	118,754	124,835	483,341
Equity-based compensation	—	—	—	—	4,619	—	—	4,619
Net income	—	—	—	—	—	1,464	730	2,194
Distributions to non-controlling interest holders	—	—	—	—	—	—	29	29
Exercise or release of equity-based awards	152,591	—	—	—	(968)	—	—	(968)
Repurchases of Class A common stock	(2,220,736)	—	—	—	(50,979)	—	—	(50,979)
Allocation of equity to non-controlling interests	—	—	—	—	4,739	—	(4,739)	—
Balance at March 31, 2026	20,541,392	2	8,381,681	1	197,160	120,218	120,855	438,236
Equity-based compensation	—	—	—	—	5,136	—	—	5,136
Net income	—	—	—	—	—	3,482	2,179	5,661
Exercise of equity-based awards	13,021	—	—	—	(115)	—	—	(115)
Repurchases of Class A common stock	(2,312,558)	—	—	—	(48,588)	—	—	(48,588)
Allocation of equity to non-controlling interests	—	—	—	—	3,251	—	(3,251)	—
Balance at June 30, 2026	18,241,855	$ 2	8,381,681	$ 1	$ 156,844	$ 123,700	$ 119,783	$ 400,330

See Notes to the Interim Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

(In thousands, except share amounts)

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Non-Controlling Interest	Total Equ
	Shares	Amount	Shares	Amount				
Balance at September 30, 2024	23,882,035	$ 2	10,032,676	$ 1	$ 279,335	$ 100,397	$ 135,624	$ 515,3
Equity-based compensation	—	—	—	—	3,814	—	—	3,8
Net income	—	—	—	—	—	2,056	1,052	3,1
Redemption of common units in i3 Verticals, LLC	17,577	—	(17,577)	—	237	—	(237)	
Establishment of liabilities under a tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	14	—	—	
Exercise or release of equity-based awards	34,423	—	—	—	29	—	—	
Repurchases of Class A common stock	(496,785)	—	—	—	(11,190)	—	—	(11,1
Allocation of equity to non-controlling interests	—	—	—	—	293	—	(293)	
Balance at December 31, 2024	23,437,250	2	10,015,099	1	272,532	102,453	136,146	511,1
Equity-based compensation	—	—	—	—	3,932	—	—	3,9
Net (loss) income	—	—	—	—	—	(154)	923	7
Adjustments to accrued distributions to non-controlling interest holders	—	—	—	—	—	—	283	2
Redemption of common units in i3 Verticals, LLC	813,782	—	(813,782)	—	11,493	—	(11,493)	
Recapitalization from contribution to i3 Verticals, LLC	—	—	(369,256)	—	(5,689)	—	5,689	
Establishment of liabilities under a tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	143	—	—	1
Exercise or release of equity-based awards	149,328	—	—	—	(2,179)	—	—	(2,1
Repurchases of Class A common stock	(13,370)	—	—	—	(423)	—	—	(4
Allocation of equity to non-controlling interests	—	—	—	—	3,063	—	(3,063)	
Balance at March 31, 2025	24,386,990	2	8,832,061	1	282,872	102,299	128,485	513,6
Equity-based compensation	—	—	—	—	7,396	—	—	7,3
Net income	—	—	—	—	—	12,882	5,543	18,4
Distributions to non-controlling interest holders	—	—	—	—	—	—	(630)	(6
Redemption of common units in i3 Verticals, LLC	368,857	—	(368,857)	—	5,340	—	(5,340)	
Establishment of liabilities under a tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	281	—	—	2
Exercise of equity-based awards	88,794	—	—	—	(1,644)	—	—	(1,6
Repurchases of Class A common stock	(1,063,726)	—	—	—	(26,366)	—	—	(26,3
Allocation of equity to non-controlling interests	—	—	—	—	232	—	(232)	
Balance at June 30, 2025	23,780,915	$ 2	8,463,204	$ 1	$ 268,111	$ 115,181	$ 127,826	$ 511,1

See Notes to the Interim Condensed Consolidated Financial Statements

i3 Verticals, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

	Nine months ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income	$ 8,802	$ 22,302
Adjustments to reconcile net income from operating activities:		
Depreciation and amortization	21,917	22,788
Equity-based compensation	14,933	15,142
Amortization of debt issuance costs	647	746
Provision for deferred income taxes	1,708	3,644
Gain on sale of businesses	—	(25,299)
Gain on investment	(9,868)	—
Non-cash lease expense	1,576	1,933
Changes in non-cash contingent consideration expense from original estimate	940	1,743
Other non-cash adjustments to net income	2,858	36
Changes in operating assets and liabilities	(5,099)	(51,311)
Net cash provided by (used in) operating activities	38,414	(8,276)
Cash flows from investing activities:		
Expenditures for property and equipment	(2,032)	(1,516)
Proceeds from sale of property and equipment	448	1,501
Expenditures for capitalized software	(6,536)	(6,301)
Purchases of merchant portfolios and residual buyouts	—	(12)
Acquisitions of businesses, net of cash acquired	(60,000)	(11,000)
Proceeds from sale of Healthcare RCM Business, net of cash sold	—	96,102
Net cash (used in) provided by investing activities	(68,120)	78,774
Cash flows from financing activities:		
Proceeds from revolving credit facility	227,833	58,024
Payments on revolving credit facility	(113,557)	(58,024)
Payments to extinguish exchangeable notes	—	(26,223)
Payments of debt issuance costs	—	(249)
Payments for repurchases of Class A common stock, including related excise taxes	(136,895)	(37,604)
Net payments for settlement obligations	(375)	(614)
Cash paid for contingent consideration	—	(800)
Payments for required distributions to members or on behalf of members for tax obligations	(2,219)	(24,849)
Payments for required distributions to members under the Tax Receivable Agreement	(2,524)	(9,954)
Proceeds from stock option exercises	129	150
Payments for employees' tax withholdings from net settled stock option exercises and RSU releases	(4,576)	(4,140)
Net cash used in financing activities	(32,184)	(104,283)
Net decrease in cash, cash equivalents and restricted cash	(61,890)	(33,785)
Cash, cash equivalents and restricted cash at beginning of period	67,333	89,597
Cash, cash equivalents and restricted cash at end of period	$ 5,443	$ 55,812
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 2,486	$ 763
Cash paid for income taxes, net of refunds	$ 3,209	$ 35,112

See Notes to the Interim Condensed Consolidated Financial Statements

(In thousands)

The following tables provide reconciliations of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets to that shown in the condensed consolidated statements of cash flows:

	September 30,	
	2025	2024
Beginning balance		
Cash and cash equivalents	$ 66,672	$ 86,541
Settlement assets	411	632
Restricted cash	250	2,424
Total cash, cash equivalents, and restricted cash	$ 67,333	$ 89,597

	June 30,	
	2026	2025
Ending balance		
Cash and cash equivalents	$ 2,647	$ 55,544
Settlement assets	36	18
Restricted cash	2,760	250
Total cash, cash equivalents, and restricted cash	$ 5,443	$ 55,812

The Company engaged in the following significant non-cash investing and financing activities during the nine months ended June 30, 2026 and 2025 which are reported on a consolidated basis. See Note 2 for significant non-cash investing and financing activities from discontinued operations for major captions on the condensed consolidated financial statements.

	Nine months ended June 30,	
	2026	2025
Acquisition date fair value of contingent consideration in connection with business combinations	$ 7,600	$ 1,260
Right-of-use assets obtained in exchange for operating lease obligations	$ 1,494	$ 288
Excise taxes accrued on share repurchases	$ 1,364	$ 375
Conversion of note receivable to equity investment	$ 293	$ —

See Notes to the Interim Condensed Consolidated Financial Statements

1. ORGANIZATION AND OPERATIONS

i3 Verticals, Inc. (the “Company”) was formed as a Delaware corporation on January 17, 2018. The Company was formed for the purpose of completing an initial public offering (“IPO”) of its Class A common stock and other related transactions in order to carry on the business of i3 Verticals, LLC and its subsidiaries. i3 Verticals, LLC was founded in 2012 and delivers software solutions seamlessly integrated with our proprietary payment facilitator platform to customers in strategic vertical markets. The Company’s headquarters are located in Nashville, Tennessee, with operations throughout the United States. Unless the context otherwise requires, references to “we,” “us,” “our,” “i3 Verticals” and the “Company” refer to i3 Verticals, Inc. and its subsidiaries, including i3 Verticals, LLC.

In connection with the IPO, the Company completed certain reorganization transactions, which, among other things, resulted in i3 Verticals, Inc. being the sole managing member of i3 Verticals, LLC (the “Reorganization Transactions”). Following the completion of the IPO and Reorganization Transactions, the Company is a holding company and the principal asset that it owns are the common units of i3 Verticals, LLC. i3 Verticals, Inc. operates and controls all of i3 Verticals, LLC's operations and, through i3 Verticals, LLC and its subsidiaries, conducts i3 Verticals, LLC's business. i3 Verticals, Inc. has a majority economic interest in i3 Verticals, LLC. As the sole managing member of i3 Verticals, LLC, i3 Verticals, Inc. consolidates the financial results of i3 Verticals, LLC and reports a non-controlling interest representing the Common Units of i3 Verticals, LLC held by owners other than i3 Verticals, Inc. (the “Continuing Equity Owners”).

2. DISCONTINUED OPERATIONS

Healthcare RCM Business Divestiture

During the three months ended June 30, 2025, i3 Verticals, LLC and i3 Healthcare Solutions, LLC, a wholly-owned subsidiary of i3 Verticals, LLC (“Healthcare RCM Seller,” and collectively with i3 Verticals, LLC, the “Healthcare RCM Seller Parties”), completed the sale of the equity interests of certain wholly-owned subsidiaries of the Healthcare RCM Seller (the “Healthcare RCM Acquired Entities”) which owned and operated the Company's healthcare revenue cycle management business, including its associated proprietary technology (the “Healthcare RCM Business”), to Infinx, Inc. (“Healthcare RCM Buyer” or "Infinx"), a Texas corporation, pursuant to the terms of that certain Securities Purchase Agreement dated as of May 5, 2025, by and among Healthcare RCM Buyer and the Healthcare RCM Seller Parties (the “Healthcare RCM Purchase Agreement;” the transactions contemplated by the Healthcare RCM Purchase Agreement, the “Healthcare RCM Transactions”). In addition, immediately prior to the sale of the equity interests of the Healthcare RCM Acquired Entities pursuant to the Healthcare RCM Purchase Agreement, i3 Verticals, LLC and certain of its subsidiaries contributed and/or assigned certain assets and certain liabilities related to the Healthcare RCM Business to the Healthcare RCM Acquired Entities. The purchase price payable by Healthcare RCM Buyer to Healthcare RCM Seller for the equity interests of the Healthcare RCM Acquired Entities was $96,252, paid in cash at closing, after giving effect to post-closing net working capital, indebtedness and cash adjustments. The Healthcare RCM Business comprised the majority of the Company's former Healthcare segment.

At the closing of the transactions contemplated by the Healthcare RCM Purchase Agreement, the Company entered into a transition services agreement with Infinx ("Infinx TSA"), pursuant to which, among other things, the Company or affiliates thereof provided certain information technology and operational transition services to Infinx for a period of time after the closing, and an employee leasing agreement with Infinx ("Infinx ELA"), pursuant to which the Company leased employees of the Healthcare RCM Business to Infinx for a limited period of time following the closing in accordance with the terms thereof. The obligations under the Infinx TSA were substantially completed in the first quarter of fiscal 2026. The Infinx ELA completed on July 31, 2025. Revenue earned under the Infinx TSA and Infinx ELA are reported in other income and expenses incurred for which the Company is reimbursed through the Infinx TSA and Infinx ELA are reported in selling, general and administrative expenses within the Company's condensed consolidated statements of operations. Income under the Infinx TSA was not significant during the three and nine months ended June 30, 2026, and was $3,919 during both the three and nine months ended June 30, 2025.

Aggregate costs incurred related to the sale of the Healthcare RCM Business during the year ended September 30, 2025 that were not considered incremental direct costs to transact the sale, were approximately $1,332 and were expensed as incurred. These costs were primarily incurred during the third fiscal quarter of the fiscal year ended September 30, 2025 and include fees for third-party advisory, consulting, legal and professional services, as well as other items associated with the sale of the Healthcare RCM Business. The expenses are reflected within selling, general and administrative expenses within the Company's condensed consolidated statements of operations.

(in thousands, except unit, share and per share amounts)

The financial results of the Healthcare RCM Business are included in income from discontinued operations, net of income taxes on the Company's condensed consolidated statements of operations. The following table presents financial results of Healthcare RCM Business for the three and nine months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Revenue	$ —	$ 3,601	$ —	$ 22,463
Operating expenses				
Costs of services (excluding depreciation and amortization)	—	3,023	—	14,553
Selling, general and administrative	—	2,491	—	7,317
Depreciation and amortization	—	275	—	1,940
Change in fair value of contingent consideration	—	10	—	1,302
Total operating expenses	—	5,799	—	25,112
Loss from operations	—	(2,198)	—	(2,649)
Other expenses (income)	250	(25,960)	419	(25,998)
(Loss) income before income taxes from discontinued operations	(250)	23,762	(419)	23,349
(Benefit from) provision for income taxes	(33)	4,337	(64)	4,620
Net (loss) income from discontinued operations	(217)	19,425	(355)	18,729
Net (loss) income from discontinued operations attributed to non-controlling interest	(79)	6,130	(125)	6,041
Net (loss) income from discontinued operations attributable to i3 Verticals, Inc.	$ (138)	$ 13,295	$ (230)	$ 12,688

(in thousands, except unit, share and per share amounts)

The Company has elected to not separately disclose discontinued operations on its condensed consolidated statement of cash flows. The following table presents cash flows from discontinued operations for major captions on the condensed consolidated financial statements:

	Nine Months Ended June 30, 2025	
Depreciation and amortization	$	1,940
Equity-based compensation	$	3,112
Gain on sale of Healthcare RCM Business	$	(25,960)
Non-cash lease expense	$	702
Increase in non-cash contingent consideration expense from original estimate	$	1,302
Contingent consideration paid in excess of original estimates	$	(700)
Expenditures for property and equipment	$	(156)
Expenditures for capitalized software	$	(263)
Proceeds from sale of Healthcare RCM Business, net of cash sold	$	96,102
Cash paid for contingent consideration	$	(800)

The following table presents significant non-cash investing and financing activities for major captions on the consolidated financial statements:

	Nine Months Ended June 30, 2025	
Right-of-use assets obtained in exchange for operating lease obligations	$	266

Merchant Services Business Divestiture

During the year ended September 30, 2024, the Company made the strategic decision to discontinue a significant segment of its operations constituting its Merchant Services Business (as defined below). In this regard, on September 20, 2024, i3 Verticals, LLC, and i3 Holdings Sub, Inc., a wholly-owned subsidiary of i3 Verticals, LLC (“Corporation Seller,” and collectively with i3 Verticals, LLC, the “Merchant Services Sellers”) completed the transactions (such closing, the “Closing”) contemplated by that certain Securities Purchase Agreement dated as of June 26, 2024 (the “Merchant Services Purchase Agreement”), by and among i3 Verticals, LLC, Corporation Seller, the Company (solely for the purpose of providing a guaranty of the obligations of Merchant Services Sellers as set forth in the Merchant Services Purchase Agreement), Payroc Buyer, LLC (“Merchant Services Buyer” or "Payroc"), and Payroc WorldAccess, LLC (solely for the purpose of providing a guaranty of the obligations of Merchant Services Buyer as set forth in the Merchant Services Purchase Agreement). Pursuant to the terms of the Merchant Services Purchase Agreement, the Merchant Services Sellers sold to Merchant Services Buyer the equity interests of certain direct and indirect wholly-owned subsidiaries of the Merchant Services Sellers (the “Merchant Services Acquired Entities”) primarily comprising the Company’s merchant services business, including its associated proprietary technology (the “Merchant Services Business”), after giving effect to the contribution of certain assets and the assignment of certain liabilities associated with the Merchant Services Business from i3 Verticals, LLC and certain affiliates to the Merchant Services Acquired Entities pursuant to a contribution agreement which was entered into immediately prior to the Closing (collectively, the "Merchant Services Transactions"). Pursuant to the terms of the Merchant Services Purchase Agreement, Merchant Services Buyer paid to the Merchant Services Sellers an aggregate purchase price of approximately $439,516 paid in cash at closing, after giving effect to post-closing net working capital, indebtedness and cash adjustments. The Merchant Services Business comprised the Company's entire former Merchant Services segment and a small portion of the Company's former Software and Services segment.

In connection with the closing of the Merchant Services Transactions, the Company entered into a transition services agreement with Payroc ("Payroc TSA"), pursuant to which, among other things, the Company or affiliates thereof provides certain information technology and operational transition services to Payroc for a period of time after the closing, and a processing services agreement with Payroc ("Payroc PSA"), pursuant to which the parties provide certain payment processing services to customers of each party following the closing in accordance with the terms thereof. The obligations under the Payroc TSA were substantially complete as of December 31, 2025. The obligations under the Payroc PSA are planned to be complete in the first quarter of fiscal 2029. Revenue earned under the Payroc TSA and Payroc PSA are reported in other income, and expenses incurred for which the Company is reimbursed through the Payroc TSA and Payroc PSA are reported in selling, general and administrative expenses within the Company's condensed consolidated statements of operations. Income under the Payroc TSA and Payroc PSA was not significant during the three and nine months ended June 30, 2026, and was $318 and $1,274 during the three and nine months ended June 30, 2025, respectively.

(in thousands, except unit, share and per share amounts)

The financial results of the Merchant Services Business are included in income from discontinued operations, net of income taxes on the Company’s consolidated statements of operations. The following table presents financial results of Merchant Services Business for the three and nine months ended June 30, 2025:

	Three Months Ended June 30, 2025	Nine Months Ended June 30, 2025
Revenue	$ —	$ —
Operating expenses		
Costs of services (excluding depreciation and amortization)	—	—
Selling, general and administrative	—	—
Depreciation and amortization	—	—
Total operating expenses	—	—
Income from operations	—	—
Other expenses	4	661
Loss before income taxes from discontinued operations	(4)	(661)
Benefit from income taxes	—	(117)
Net loss from discontinued operations	(4)	(544)
Net loss from discontinued operations attributed to non-controlling interest	(1)	(176)
Net loss from discontinued operations attributable to i3 Verticals, Inc.	$ (3)	$ (368)

The Company has elected to not separately disclose discontinued operations on its condensed consolidated statement of cash flows. The following table presents cash flows from discontinued operations for major captions on the condensed consolidated financial statements:

	Nine Months Ended June 30, 2025
Adjustments to gain on sale of Merchant Services Business	661

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no changes to our significant accounting policies described in the Annual Report on Form 10-K for the year ended September 30, 2025, filed with the SEC on November 21, 2025, that have had a material impact on our condensed consolidated financial statements and related notes.

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 (“SEC”). 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 June 30, 2026 and for the three and nine months ended June 30, 2026 and 2025. The results of operations for the three and nine months ended June 30, 2026 and 2025 are not necessarily indicative of the operating results for the full year.

As permitted by the rules and regulations of the SEC, certain information and disclosures otherwise included in the notes to the consolidated financial statements have been condensed or omitted from the summary of significant accounting policies. The Company believes the disclosures are adequate to make the information presented not misleading. It is recommended that these interim condensed consolidated financial statements be read in conjunction with the Company's consolidated financial statements and related footnotes included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2025 filed with the SEC on November 21, 2025.

Principles of Consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its subsidiary companies. All intercompany accounts and transactions have been eliminated in consolidation.

Restricted Cash

Restricted cash represents funds held in escrow related to acquisitions or held-on-deposit with the processing bank pursuant to agreements to cover potential merchant losses. It is presented as long-term assets on the accompanying condensed consolidated balance sheets since the initial terms of the related agreements extend beyond the next twelve months. The Company includes restricted cash along with the cash and cash equivalents balance for presentation in the consolidated statements of cash flows.

Reclassifications

Discontinued operations

The results of operations for the Company's Merchant Services Business and Healthcare RCM Business have been reclassified as discontinued operations for all periods presented in the condensed consolidated statements of operations. Refer to Note 2 for additional information.

Change in presentation of cash flows

During the third quarter of 2026, the Company adopted the condensed presentation of cash flows permitted for interim period financial statements. The Company changed its presentation of cash flows associated with operating activities within the Condensed Consolidated Statements of Cash Flows. This change has no impact on net cash provided by (used in) operating activities, investing activities or financing activities. Comparative amounts have been reclassified to conform to the current period presentation. This change has no impact on the Condensed Consolidated Balance Sheet, Condensed Consolidated Statements of Operations or Condensed Consolidated Statement of Changes in Equity.

(in thousands, except unit, share and per share amounts)

The following tables present the effects of the change in presentation within the Condensed Consolidated Statements of Cash Flows:

	Nine months ended June 30, 2025		
	As Previously Reported	Adjustment	As Adjusted
Cash flows from operating activities:			
Adjustments to gain on sale of Merchant Services Business	$ 661	$ (661)	$ —
Gain on sale of Healthcare RCM Business	$ (25,960)	$ 25,960	$ —
Gain on sale of businesses	$ —	$ (25,299)	$ (25,299)
Changes in operating assets:			
Accounts receivable	$ 1,955	$ (1,955)	$ —
Prepaid expenses and other current assets	$ (922)	$ 922	$ —
Other assets	$ (1,023)	$ 1,023	$ —
Changes in operating liabilities:			
Accounts payable	$ (677)	$ 677	$ —
Accrued expenses and other current liabilities	$ (37,450)	$ 37,450	$ —
Acquisition escrow obligations	$ (2,174)	$ 2,174	$ —
Deferred revenue	$ (7,597)	$ 7,597	$ —
Operating lease liabilities	$ (2,561)	$ 2,561	$ —
Other long-term liabilities	$ (102)	$ 102	$ —
Contingent consideration paid in excess of original estimates	$ (760)	$ 760	$ —
Changes in operating assets and liabilities	$ —	$ (51,311)	$ (51,311)

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 or specific basis, or net realizable value. Inventories were $2,798 and $2,516 at June 30, 2026 and September 30, 2025, respectively, and are included within prepaid expenses and other current assets on the accompanying condensed consolidated balance sheets.

Acquisitions

The operating results of an acquisition are included in the consolidated statements of operations from the date of such acquisition. Acquisitions completed during the nine months ended June 30, 2026 contributed $4,600 and $63 of revenue and net income, respectively, to the results in the Company's condensed consolidated statements of operations for the nine months ended June 30, 2026.

Revenue Recognition and Deferred Revenue

The Company recognizes revenue as each performance obligation is satisfied in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606").

Arrangements may contain multiple performance obligations, such as payment authorization services, transaction settlement services, hardware, software products, SaaS, maintenance, and professional installation and training services. Revenues are allocated to each performance obligation based on the standalone selling price of each good or service. 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 performance obligations, the Company applies significant judgment in determining the allocation of the transaction price at inception of the arrangement and uses the standalone selling prices for the majority of the Company's revenue recognition.

Revenue is recognized net of any taxes collected from clients, which are subsequently remitted to governmental authorities.

Software and other related revenue

Software and other related revenue includes software-as-a-service (“SaaS”), transaction-based fees, ongoing software maintenance and support, software licenses, other professional services related to the Company's software offerings, sales of equipment, non-software related maintenance plans or professional services, bundled performance obligations for software sales and equipment leasing and other revenues.

Revenues from the Company’s software are recognized when the related performance obligations are satisfied. In accordance with ASC 606, sales of software licenses considered to be intellectual property are categorized as functional or symbolic. The key distinction is whether the license represents a right to use (functional) or a right to access (symbolic) intellectual property. The Company generates sales of one-time software licenses, which are considered functional intellectual property, and right to access license sales, which are considered symbolic intellectual property. Revenue from functional intellectual property is recognized at a point in time, when control of the software license transfers to the customer, while revenue from symbolic intellectual property is recognized over time, as control transfers to the customer. The Company also generates revenue from maintenance services related to these software licenses, which is recognized over time, over the term of the agreement. The Company also offers access to its software under SaaS arrangements, which represent services arrangements, and under which customers do not have the right to take possession of the software. Revenue from SaaS arrangements is recognized over time, over the term of the agreement.

Contracts with professional services, such as training or installation, are evaluated to determine if the customer can benefit from these services independently, whether they can be provided by other available resources, or whether they are separately identifiable from other contract promises. If professional services are determined to be distinct, the revenue allocable to the service obligations are recognized over time as we perform the services. Professional services fees are typically billed on a time and material or a milestone basis as defined within contract terms. Revenue for milestone basis contracts is recognized either at milestone completion or by measuring progress-to-completion, generally using labor hours, depending on the language in the contracts.

Revenues are also derived from a variety of transaction fees, which are charged for transacting within our software solutions and fees for other miscellaneous services. Revenues derived from such fees are recognized at the time of the transactions and are recognized over time when they represent stand ready obligations.

Revenue from the sale of equipment is recognized at a point in time, upon transfer of control to the customer, after which there are no further performance obligations remaining to be satisfied.

Revenue from hardware maintenance agreements is recognized over time, over the term of the agreement.

Revenue from bundled performance obligations for software sales and equipment leasing is recognized over time as a single performance obligation. Lease income is recognized in accordance with ASC 842, and the leased equipment is classified as fixed assets and depreciated over its useful life.

Proprietary payments revenue

Proprietary payments revenue includes discount fees and other related fixed transaction or service fees.

(in thousands, except unit, share and per share amounts)

Discount fees represent a percentage of the dollar amount of each credit or debit transaction processed or a specified per transaction amount, depending on the card type. The Company frequently enters into agreements with customers under which the customer engages the Company to provide both payment authorization services and transaction settlement services for all of the cardholder transactions of the customer, regardless of which issuing bank and card network to which the transaction relates. The Company's core performance obligations are to stand ready to provide continuous access to the Company's payment authorization services and transaction settlement services in order to be able to process as many transactions as its customers require on a daily basis over the contract term. These services are stand ready obligations, as the nature of the promise is to stand ready to process an undetermined quantity of transactions. Under a stand ready obligation, the Company's performance obligation is defined by each time increment rather than by the underlying activities satisfied over time based on days elapsed. Because the service of standing ready is substantially the same each day and has the same pattern of transfer to the customer, the Company has determined that its stand ready performance obligation comprises a series of distinct days of service. Discount fees are recognized over time based on the volume or transaction count at the time the merchants' transactions are processed.

The Company follows the requirements of ASC 606-10-55 Revenue from Contracts with Customers—Principal versus Agent Considerations, which states that the determination of whether a company should recognize revenue based on the gross amount billed to a customer or the net amount retained is a matter of judgment that depends on the facts and circumstances of the arrangement. The determination of gross versus net recognition of revenue requires judgment that depends on whether the Company controls the good or service before it is transferred to the merchant or whether the Company is acting as an agent of a third party. The assessment is provided separately for each performance obligation identified. Under its agreements, the Company incurs interchange and network charges from the third-party card issuers and card networks, respectively, related to the provision of payment authorization services. The Company has determined that it is acting as an agent with respect to these payment authorization services, based on the following factors: (1) the Company has no discretion over which card issuing bank will be used to process a transaction and is unable to direct the activity of the merchant to another card issuing bank, and (2) interchange and card network rates are pre-established by the card issuers or card networks, and the Company has no latitude in determining these fees. Therefore, revenue allocated to the payment authorization performance obligation is presented net of interchange and card network fees paid to the card issuing bank and card network, respectively, for the three and nine months ended June 30, 2026 and 2025.

Disaggregation of revenue

The following table presents revenue from contracts with customers for continuing operations disaggregated by categories that reflect how economic factors affect the nature, amount, timing, and uncertainty of revenues and cash flows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Software and other related revenue	$ 39,778	$ 38,801	$ 120,969	$ 117,663
Proprietary payments revenue	13,289	13,100	42,287	40,594
Total revenue	$ 53,067	$ 51,901	$ 163,256	$ 158,257

Contract Assets

The Company bills for certain software and related services sales and fixed fee professional services upon pre-determined milestones in the contracts. Therefore, the Company may have contract assets other than trade accounts receivable for performance obligations that are partially completed, which would typically represent consulting services provided before a milestone is completed in a contract. Additionally, contract assets also include software licenses sold as a right to use license but paid for under a non-cancellable subscription model. Under this structure, the license revenue is recognized upfront while a portion of the revenue is unbilled. Unbilled amounts associated with these professional services and software licenses sold under the subscription model are presented as accounts receivable as the Company has an unconditional right to payment for services performed.

As of June 30, 2026 and September 30, 2025, the Company’s contract assets from contracts with customers was $9,567 and $9,211, respectively.

Contract Liabilities

Deferred revenue represents amounts billed to customers by the Company for services contracts. Payment is typically collected at the start of the contract term. 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. The terms for most of the Company's contracts with a deferred revenue component are one year. Substantially all of the Company's deferred revenue is anticipated to be recognized within the next year.

(in thousands, except unit, share and per share amounts)

The following tables present the changes in deferred revenue as of and for the nine months ended June 30, 2026 and 2025, respectively:

Balance at September 30, 2025	$ 38,486
Deferral of revenue	15,133
Recognition of unearned revenue	(15,999)
Balance at December 31, 2025	37,620
Deferral of revenue	12,921
Recognition of unearned revenue	(14,408)
Balance at March 31, 2026	36,133
Deferral of revenue	7,530
Recognition of unearned revenue	(15,101)
Balance at June 30, 2026	$ 28,562

Balance at September 30, 2024	$ 39,156
Deferral of revenue	16,881
Recognition of unearned revenue	(13,645)
Balance at December 31, 2024	42,392
Deferral of revenue	9,841
Recognition of unearned revenue	(14,973)
Balance at March 31, 2025	37,260
Deferral of revenue	8,844
Recognition of unearned revenue	(15,527)
Balance at June 30, 2025	$ 30,577

Use of Estimates

The preparation of condensed consolidated financial statements and related disclosures 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, determination of performance obligations for revenue recognition, 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. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Segment Information

The Company has identified its Chief Executive Officer as the Company's Chief Operating Decision Maker ("CODM"). The Company’s CODM reviews discrete financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance which is based on consolidated information about our revenues, income from operations, and other key financial data. All significant operating decisions are made by analyzing the Company as a single operating segment and as a result, the Company determined that it operates as a single reportable segment. See Note 13 to our condensed consolidated financial statements for additional information.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740)—Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 will provide improvements to the income tax disclosures primarily related to the income taxes paid and rate reconciliation, and how legislation changes may affect future capital allocation and cash flow forecasts. The amendment will improve the consistency in which companies provide tax information, and will further increase the transparency of related tax risks and operational opportunities. The amendments in ASU 2023-09 are effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company will not be required to present the effects of adoption of ASU 2023-09 until the Form 10-K filed for the annual period ending September 30, 2026. The Company is currently evaluating the impact of the adoption of ASU 2023-09 on the Company’s financial statement disclosures.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40) ("ASU 2024-03"). ASU 2024-03 will require companies to disaggregate, within the notes to the financial statements, certain expenses presented on the face of the financial statements to enhance transparency and help investors better understand an entity's performance. The amendment will specifically require that an entity disclose the amounts related to purchases of inventory, employee compensation, depreciation and intangible asset amortization. Entities will also be required to provide a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, disclose the total amount of selling expenses and, in annual reporting periods, provide a definition of what constitutes selling expenses. The amendments in ASU 2024-03 are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company will not be required to adopt ASU 2024-03 until the annual period ending September 30, 2028. The Company is currently evaluating the impact of the adoption of ASU 2024-03 on the Company’s financial statement disclosures.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use-Software (Subtopic 350-40): *Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"). ASU 2025 removes the prescriptive software development “project stages” and requires capitalization of software costs once (1) management authorizes and commits funding and (2) completion and use are probable. Entities must evaluate significant development uncertainty related to technological innovations or performance requirements. The amendments also require Subtopic 360-10 disclosures for all capitalized internal-use software costs and clarify that intangible asset disclosures under Subtopic 350-30 are not required. The standard is effective for annual periods beginning after December 15, 2027, and interim periods within those annual reporting periods, with early adoption permitted. The Company will not be required to adopt ASU 2025-06 until the annual period ending September 30, 2029. The Company is currently evaluating the impact of the adoption of ASU 2025-06 on the Company’s financial statement disclosures.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270): *Narrow-Scope Improvements* ("ASU 2025-11"). ASU 2025-11 provides clarity on current interim reporting requirements. The amendments improve the navigability of required interim disclosures and enhance consistency for all entities by clarifying the form and content of interim financial statements in accordance with GAAP. Additionally, the standard introduces a disclosure principle requiring entities to report all events since the end of the last annual reporting period that have a material impact on the Company. The standard is effective for interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company will not be required to adopt ASU 2025-11 until the annual period ending September 30, 2029. The Company is currently evaluating the impact of the adoption of ASU 2025-11 on the Company’s financial statement disclosures.

(in thousands, except unit, share and per share amounts)

4. ACQUISITIONS

During the nine months ended June 30, 2026 and the year ended September 30, 2025, the Company acquired the following businesses:

Business Combinations during the nine months ended June 30, 2026

Purchase of Transportation Market Business

On January 1, 2026, the Company completed the acquisition of a business that operates in the transportation market at the state level. The acquired business provides driver and motor vehicle insurance verification solutions. Total purchase consideration was $60,000 in cash payable at closing funded by proceeds from the Company's revolving credit facility and cash on hand, plus an additional amount of cash contingent consideration payable following the closing in an amount of up to $20,000, dependent upon the achievement of specified financial performance targets, as defined in the purchase agreement, for performance periods extending through May 2028. The acquisition date estimated fair value of such cash contingent consideration is $7,600.

The Company determines the acquisition date fair values of the liabilities for the contingent consideration using a Monte Carlo simulation as well as 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 liabilities to their fair values through earnings. See additional disclosures in Note 9.

The goodwill associated with the business acquisition is deductible for tax purposes. The acquired customer relationships intangible asset has an estimated amortization period of eighteen years. The acquired trade name has an amortization period of one year. The acquired capitalized software has an amortization period of seven years.

Acquisition-related costs for this acquisition amounted to approximately $249 and were included in selling, general and administrative on the consolidated statement of operations and were expensed as incurred.

Summary of the Transportation Market Business

The preliminary fair values assigned to certain assets and liabilities assumed, as of the acquisition date, were as follows:

Accounts receivable, net	$ 1,252
Prepaid expenses and other current assets	85
Property and equipment, net	75
Capitalized software, net	6,600
Customer relationships	26,900
Trade name	210
Goodwill	33,815
Total assets acquired	68,937
Accrued expenses and other current liabilities	1,301
Deferred revenue	36
Net assets acquired	$ 67,600

(in thousands, except unit, share and per share amounts)

Pro Forma Results of Operations for 2026 Business Combinations

The following supplemental pro forma results of operations have been prepared as though each of the businesses acquired in the nine months ended June 30, 2026 had been acquired on October 1, 2024. 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 supplemental 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.

	Nine Months Ended June 30,	
	2026	2025
Revenue	$ 165,343	$ 163,605
Net income from continuing operations	$ 9,577	$ 4,003

Business Combinations during the year ended September 30, 2025

Purchase of Utility Billing Software Company

On April 1, 2025, the Company completed the acquisition of substantially all of the assets of a business (the "Utility Billing Software Company") to expand the Company’s public sector utility billing software offerings. Total purchase consideration was $10,260, including $9,000 in cash funded by proceeds from the Company's revolving credit facility, and $1,260 in the acquisition date estimated fair value of contingent cash consideration (the final amount of such contingent cash payment of up to $5,000 is dependent upon achievement of specified financial performance targets, as defined in the purchase agreement).

The additional cash consideration of up to $5,000, in the aggregate, is to be paid based upon the achievement of specified financial performance targets, as defined in the purchase agreement, for performance periods extending through September 2027. The Company determines the acquisition date fair values of the liabilities for the contingent consideration using a Monte Carlo simulation as well as 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 liabilities to their fair values through earnings. See additional disclosures in Note 9.

The goodwill associated with the business acquisition is deductible for tax purposes. The acquired customer relationships intangible asset has an estimated amortization period of fifteen years. The acquired trade name has an amortization period of two years. The acquired capitalized software has an amortization period of seven years.

Acquisition-related costs for this acquisition amounted to approximately $96 and were included in selling, general and administrative on our consolidated statement of operations and were expensed as incurred.

(in thousands, except unit, share and per share amounts)

Summary of the Utility Billing Software Company

The fair values assigned to certain assets and liabilities assumed, as of the acquisition date, were as follows:

Accounts receivable	$	792
Property and equipment		200
Capitalized software		380
Customer relationships		4,610
Trade name		100
Goodwill		5,129
Total assets acquired		11,211
Deferred revenue, current		951
Net assets acquired	$	10,260

Other Business Combinations during the year ended September 30, 2025

During the year ended September 30, 2025, the Company purchased certain assets of a business to expand the Company's customer footprint. Total purchase consideration was $2,000 in cash funded from cash on hand. In connection with this purchase, the Company allocated fair values of approximately $83 to property and equipment, approximately $1,700 to customer relationships, $141 to deferred revenue, $5 to non-compete agreements and the remainder, approximately $352, to goodwill, all of which is deductible for tax purposes. The acquired customer relationships intangible asset has an estimated amortization period of fifteen years.

Pro Forma Results of Operations for 2025 Business Combinations

The following unaudited supplemental pro forma results of operations have been prepared as though each of the businesses acquired in the year ended September 30, 2025 had been acquired on October 1, 2024. 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 supplemental 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.

		Nine Months Ended June 30, 2025
Revenue	$	159,694
Net income from continuing operations	$	4,248

(in thousands, except unit, share and per share amounts)

5. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

	Total
Balance at September 30, 2025	$ 248,469
Goodwill attributable to the preliminary purchase price of the acquisition completed during the nine months ended June 30, 2026	33,815
Balance at June 30, 2026	$ 282,284

Intangible assets consisted of the following as of June 30, 2026:

	Cost	Accumulated Amortization	Carrying Value	Amortization Life and Method
Finite-lived intangible assets:				
Customer relationships	$ 206,550	$ (53,403)	$ 153,147	9 to 20 years – straight-line
Trade names	1,511	(1,144)	367	1 to 5 years – straight-line
Non-compete agreements and other intangible assets	175	(106)	69	1 to 8 years – straight-line
Total finite-lived intangible assets	208,236	(54,653)	153,583	
Indefinite-lived intangible assets:				
Trademarks	16	—	16	
Total identifiable intangible assets	$ 208,252	$ (54,653)	$ 153,599	

Amortization expense from continuing operations for intangible assets amounted to $3,207 and $9,308 for the three and nine months ended June 30, 2026, respectively, and $2,882 and $8,467 for the three and nine months ended June 30, 2025, respectively.

Based on net carrying amounts at June 30, 2026, the Company's estimate of future amortization expense for continuing operations for intangible assets are presented in the table below for fiscal years ending September 30:

2026 (three months remaining)	$ 3,192
2027	12,501
2028	12,260
2029	12,233
2030	12,188
Thereafter	101,209
	$ 153,583

6. LONG-TERM DEBT

A summary of long-term debt as of June 30, 2026 and September 30, 2025 is as follows:

	Maturity	June 30, 2026	September 30, 2025
Revolving lines of credit to banks under the 2023 Senior Secured Credit Facility	May 8, 2028	$ 114,276	$ —

2023 Senior Secured Credit Facility

On May 8, 2023, i3 Verticals, LLC (the “Borrower”), entered into that certain Credit Agreement (as amended, the “2023 Senior Secured Credit Facility”) with the guarantors and lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (“JPMorgan”). The 2023 Senior Secured Credit Facility replaced the prior senior secured credit facility of the Company which was entered into on May 9, 2019 (the "Prior Senior Secured Credit Facility"). Following an amendment to the Credit Facility entered into on May 5, 2025, as described below, the 2023 Senior Secured Credit Facility provides for aggregate commitments of $400,000 in the form of a senior secured revolving credit facility (the “Revolver”).

The 2023 Senior Secured Credit Facility provides that the Borrower has the right to seek additional commitments to provide additional term loan facilities or additional revolving credit commitments in an aggregate principal amount up to, as of any date of determination, the sum of (i) the greater of $100,000 and 100% of the Borrower’s consolidated EBITDA (as defined in the 2023 Senior Secured Credit Facility) for the most recently completed four quarter period, plus (ii) the amount of certain prepayments of certain indebtedness, so long as, among other things, after giving pro forma effect to the incurrence of such additional borrowings and any related transactions, the Borrower’s consolidated interest coverage ratio (as defined in the 2023 Senior Secured Credit Facility) would not be less than 3.0 to 1.0 and the Borrower’s consolidated total net leverage ratio (as defined in the 2023 Senior Secured Credit Facility) would not exceed 5.0 to 1.0. As of June 30, 2026, the Borrower's consolidated interest coverage ratio was 13.5x and total leverage ratio was 1.9x.

The provision of any such additional amounts under the additional term loan facilities or additional revolving credit commitments are subject to certain additional conditions and the receipt of certain additional commitments by existing or additional lenders. The lenders under the 2023 Senior Secured Credit Facility are not under any obligation to provide any such additional term loan facilities or revolving credit commitments.

The proceeds of the Revolver, together with proceeds from any additional amounts under the additional term loan facilities or additional revolving credit commitments, may only be used by the Borrower to (i) finance working capital, capital expenditures and other lawful corporate purposes, (ii) finance permitted acquisitions (as defined in the 2023 Senior Secured Credit Facility) and (iii) to refinance certain existing indebtedness.

Borrowings under the Revolver will be made, at the Borrower’s option, at the Adjusted Term SOFR rate or the base rate, plus, in each case, an applicable margin.

The Adjusted Term SOFR rate will be the rate of interest per annum equal to the Term SOFR rate (based upon an interest period of one, three or six months), plus 0.10%, plus an applicable margin of 2.00% to 3.00% (2.00% at June 30, 2026). The Adjusted Term SOFR rate shall not be less than 0% in any event.

The base rate is a fluctuating rate of interest per annum equal to the highest of (a) the greater of the federal funds rate or the overnight bank funding rate, plus ½ of 1%, (b) Wall Street Journal prime rate and (c) the Adjusted Term SOFR rate for an interest period of one month, plus 1%, plus an applicable margin of 1.00% to 2.00% (1.00% at June 30, 2026). The base rate shall not be less than 1% in any event.

(in thousands, except unit, share and per share amounts)

The applicable margin is based upon the Borrower's consolidated total net leverage ratio (as defined in the 2023 Senior Secured Credit Facility), as reflected in the schedule below:

Consolidated Total Net Leverage Ratio	Commitment Fee	Letter of Credit Fee	Term Benchmark Loans	Base Rate Loans
> 3.0 to 1.0	0.30 %	3.00 %	3.00 %	2.00 %
> 2.5 to 1.0 but < 3.00 to 1.0	0.25 %	2.50 %	2.50 %	1.50 %
> 2.0 to 1.0 but < 2.50 to 1.0	0.20 %	2.25 %	2.25 %	1.25 %
< 2.0 to 1.0	0.15 %	2.00 %	2.00 %	1.00 %

In addition to paying interest on outstanding principal under the Revolver, the Borrower will be required to pay a commitment fee equal to the product of between 0.15% and 0.30% (the applicable percentage depending on the Borrower's consolidated total net leverage ratio as reflected in the schedule above, 0.15% at June 30, 2026) times the actual daily amount by which $400,000 exceeds the total amount outstanding under the Revolver and available to be drawn under all outstanding letters of credit.

The Borrower will be permitted to voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans under the 2023 Senior Secured Credit Facility, whether such amounts are issued under the Revolver or under the additional term loan facilities or additional revolving credit facilities, at any time without premium or penalty.

In addition, if the total amount borrowed under the Revolver exceeds $400,000 at any time, the 2023 Senior Secured Credit Facility requires the Borrower to prepay such excess outstanding amounts.

All obligations under the 2023 Senior Secured Credit Facility are unconditionally guaranteed by the Company, and each of the Company's existing and future direct and indirect material, wholly owned domestic subsidiaries, subject to certain exceptions. The obligations are secured by first-priority security interests in substantially all tangible and intangible assets of the Borrower, the Company and each subsidiary guarantor, in each case whether owned on the date of the initial borrowings or thereafter acquired.

The 2023 Senior Secured Credit Facility places certain restrictions on the ability of the Borrower, the Company and their subsidiaries to, among other things, incur debt and liens; merge, consolidate or liquidate; dispose of assets; enter into hedging arrangements; make certain restricted payments; undertake transactions with affiliates; enter into sale-leaseback transactions; make certain investments; prepay or modify the terms of certain indebtedness; and modify the terms of certain organizational agreements.

The 2023 Senior Secured Credit Facility contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, certain events of bankruptcy and insolvency, material judgments, certain events with respect to employee benefit plans, invalidity of loan documents and certain changes in control.

On May 5, 2025, i3 Verticals, LLC entered into that certain Second Amendment to Credit Agreement (the "Amendment"), which amended the 2023 Senior Secured Credit Facility, with the guarantors and the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.

The Amendment provided for certain amendments to the 2023 Senior Secured Credit Facility, including amendments that permitted and accommodated the execution of the Healthcare RCM Purchase Agreement and the consummation of the Healthcare RCM Transactions. The Amendment also permanently reduced the aggregate lender commitments under the Company's revolving line of credit from $450,000 to $400,000.

Debt issuance costs

The Company did not incur any debt issuance costs during the three and nine months ended June 30, 2026, and incurred $249 in debt issuance costs during the three and nine months ended June 30, 2025. The Company's debt issuance costs are being amortized over the related term of the debt using the straight-line method, which is not materially different than the effective interest rate method, and are presented within other assets in the condensed consolidated balance sheets. The amortization of deferred debt issuance costs is included in interest expense and amounted to approximately $216 and $647 during the three and nine months ended June 30, 2026, respectively, and $216 and $746 during the three and nine months ended June 30, 2025, respectively. In connection with the Second Amendment to the Credit Agreement, the Company recorded $295 during the three and nine months ended June 30, 2025 for the write-off of debt issuance costs, which was recorded in interest expense in the condensed consolidated statements of operations.

7. STOCKHOLDERS' EQUITY

Share Repurchase Programs

On August 7, 2025, the Company announced that our Board of Directors had approved a share repurchase program (the "August 2025 Share Repurchase Program") for the Company's Class A common stock, under which the Company was authorized to repurchase up to $50,000 of outstanding shares of Class A common stock (exclusive of fees, commissions or other expenses related to such repurchases). This August 2025 Share Repurchase Program replaced a prior share repurchase program entered into by the Company on August 8, 2024 (the “August 2024 Share Repurchase Program”), under which the Company was authorized to repurchase up to $50,000 of outstanding shares of the Company’s Class A common stock (exclusive of fees, commissions or other expenses related to such repurchases), which the August 2024 Share Repurchase Program terminated on August 8, 2025.

During the nine months ended June 30, 2025, the Company repurchased 1,573,881 shares of Class A Common Stock under the August 2024 Share Repurchase Program at an average price of $23.86 per share for a total cost of $37,979. The repurchased shares were cancelled and retired, resulting in a reduction in both the number of shares outstanding and the Company's total stockholders' equity.

The terms of the August 2025 Share Repurchase Program provided that such program would terminate on the earlier of September 30, 2026, or when the maximum dollar amount under the authorization was expended. Pursuant to the August 2025 Share Repurchase Program, the Company was authorized to make repurchases of its Class A Common Stock in the open market, through privately negotiated transactions, or otherwise, including under Rule 10b5-1 plans.

The maximum dollar amount under the August 2025 Share Repurchase Program was expended during the three months ended March 31, 2026, and the August 2025 Share Repurchase Program is no longer in effect.

On February 5, 2026, the Company entered into a new share repurchase program (the "February 2026 Share Repurchase Program") for the Company's Class A common stock, under which the Company was authorized to repurchase up to $60,000 of outstanding shares of Class A common stock (exclusive of fees, commissions or other expenses related to such repurchases). The February 2026 Share Repurchase Program replaced the August 2025 Share Repurchase Program.

The terms of the February 2026 Share Repurchase Program provided that such program would terminate on the earlier of February 4, 2027, or when the maximum dollar amount under the authorization was expended. Pursuant to the February 2026 Share Repurchase Program, the Company was authorized to make repurchases of its Class A Common Stock in the open market, through privately negotiated transactions, or otherwise, including under Rule 10b5-1 plans.

The maximum dollar amount under the February 2026 Share Repurchase Program was expended during the three months ended June 30, 2026, and the February 2026 Share Repurchase Program is no longer in effect.

On May 12, 2026, the Company entered into a new share repurchase program (the "May 2026 Share Repurchase Program") for the Company's Class A common stock, under which the Company is authorized to repurchase up to $100,000 of outstanding shares of our Class A common stock (exclusive of fees, commissions or other expenses related to such repurchases). The May 2026 Share Repurchase Program replaced the February 2026 Share Repurchase Program.

The terms of the May 2026 Share Repurchase Program provide that such program will terminate on the earlier of May 11, 2027, or when the maximum dollar amount under the authorization has been expended. Pursuant to the May 2026 Share Repurchase Program, the Company is authorized to make repurchases of its Class A Common Stock in the open market, through privately negotiated transactions, or otherwise, including under Rule 10b5-1 plans. In addition, repurchases under the May 2026 Share Repurchase Program will be subject to prevailing market conditions, liquidity and cash flow considerations, applicable securities laws requirements (including under Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934, as applicable), compliance with contractual restrictions under the 2023 Senior Secured Credit Facility and other factors. The May 2026 Share Repurchase Program does not require the Company to acquire any particular amount of shares of Class A common stock, and may be extended, modified, suspended or discontinued at any time at the Company’s discretion.

During the three months ended June 30, 2026, on an aggregate basis, the Company repurchased 2,312,558 shares of Class A Common Stock at an average price of $20.78 per share for a total cost inclusive of commissions and excise taxes of $48,588. These repurchases consisted of 1,320,500 shares repurchased under the May 2026 Share Repurchase Program at an average price of $19.96 per share for a total cost inclusive of commissions and excise taxes of $26,642, and 992,058 shares repurchased under the February 2026 Share Repurchase Program at an average price of $21.87 per share for a total cost inclusive of commissions and excise taxes of $21,946. The repurchased shares were cancelled and retired, resulting in a reduction in both the number of shares outstanding and the Company's total stockholders' equity.

During the nine months ended June 30, 2026, on an aggregate basis, the Company repurchased 6,056,132 shares of Class A Common Stock at an average price of $22.51 per share for a total cost inclusive of commissions and excise taxes of $137,884. These repurchases consisted of 1,320,500 shares repurchased under the May 2026 Share Repurchase Program at an average price of $19.96 per share for a total cost inclusive of commissions and excise taxes of $26,642, 2,695,740 shares repurchased under the February 2026 Share Repurchase Program at an average price of $22.26 per share for a total cost inclusive of commissions and excise taxes of $60,681, and 2,039,892 shares repurchased under the August 2025 Share Repurchase Program at an average price of $24.51 per share for a total cost inclusive of commissions and excise taxes of $50,561. The repurchased shares were cancelled and retired, resulting in a reduction in both the number of shares outstanding and the Company's total stockholders' equity.

When the Company repurchases shares of Common Stock, the amount paid to repurchase the shares in excess of the par or stated value is allocated to additional paid-in-capital unless subject to limitation or the balance in additional paid-in-capital is exhausted. Remaining amounts are recognized as a reduction in retained earnings.

8. INCOME TAXES

i3 Verticals, Inc. is taxed as a corporation and pays corporate federal, state and local taxes on income allocated to it from i3 Verticals, LLC based on i3 Verticals, Inc.’s economic interest in i3 Verticals, LLC. i3 Verticals, LLC's members, including the Company, are liable for federal, state and local income taxes based on their share of i3 Verticals, LLC's pass-through taxable income. i3 Verticals, LLC is not a taxable entity for federal income tax purposes but is subject to and reports entity level tax in both Tennessee and Texas. In addition, certain subsidiaries of i3 Verticals, LLC are corporations that are subject to state and federal income taxes.

On July 4, 2025, the U.S. enacted the tax legislation known as the One Big Beautiful Bill Act which includes, among other provisions, changes to federal income tax provisions including the allowance of immediate expensing of qualifying research and development expenses and permanent extensions of certain provisions within the Tax Cuts and Jobs Act. The legislation has multiple effective dates, with certain provisions effective in 2025 and others taking effect in later years. The Company is evaluating the future impact of these changes on its condensed consolidated financial statements.

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. When the estimate of the annual effective tax rate is unreliable, the Company records its income tax expense or benefit based upon a period to date effective tax rate. 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 provision for income taxes for continuing operations was a provision of $1,313 and $2,495 for the three and nine months ended June 30, 2026, respectively, and a benefit of $22 and a provision of $3,272 for the three and nine months ended June 30, 2025, respectively.

Tax Receivable Agreement

On June 25, 2018, the Company entered into a Tax Receivable Agreement with i3 Verticals, LLC and each of the Continuing Equity Owners (the "Tax Receivable Agreement") that provides for the payment by the Company to the Continuing Equity Owners of 85% of the amount of certain tax benefits, if any, that it actually realizes, or in some circumstances, is deemed to realize in its tax reporting, as a result of (i) future redemptions funded by the Company or exchanges, or deemed exchanges in certain circumstances, of Common Units of i3 Verticals, LLC for Class A common stock of i3 Verticals, Inc. or cash, and (ii) certain additional tax benefits attributable to payments made under the Tax Receivable Agreement. 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) the Company's prior written consent, which may not be unreasonably withheld, conditioned or delayed, and (b) such persons becoming a party to the Tax Receivable Agreement and agreeing to succeed to the applicable Continuing Equity Owner's interest therein. The Company expects to benefit from the remaining 15% of the tax benefits, if any, that the Company may realize.

During the nine months ended June 30, 2026, the Company did not acquire any common units of i3 Verticals, LLC in connection with the redemption of common units.

The deferred tax asset balance was $35,416 as of June 30, 2026. The Company also has a corresponding Tax Receivable Agreement liability of $32,379, of which $187 was recorded in accrued expenses and other current liabilities and $32,192 was recorded in long-term tax receivable agreement obligations as of June 30, 2026.

Payments to the Continuing Equity Owners related to exchanges through June 30, 2026 will range from $0 to $5,364 per year and are expected to be paid over the next 22 years. The amounts recorded as of June 30, 2026, approximate the current estimate of expected tax savings and are subject to change after the filing of the Company's U.S. federal and state income tax returns. Future payments under the Tax Receivable Agreement with respect to subsequent exchanges would be in addition to these amounts.

(in thousands, except unit, share and per share amounts)

9. 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 June 30, 2026 and 2025, because of the relatively short maturity dates on these instruments. The carrying amount of debt approximates fair value as of June 30, 2026 and 2025, because interest rates on these instruments approximate market interest rates.

The Company has no Level 1 or Level 2 financial instruments measured at fair value on a recurring basis. The following tables present the changes in the Company's Level 3 financial instruments that are measured at fair value on a recurring basis.

	Accrued Contingent Consideration
Balance at September 30, 2025	$ 3,571
Contingent consideration accrued at time of business combination	7,600
Change in fair value of contingent consideration included in operating expenses	940
Contingent consideration paid	—
Balance at June 30, 2026	$ 12,111

	Accrued Contingent Consideration
Balance at September 30, 2024[(1)]	$ 2,154
Contingent consideration accrued at time of business combination	1,260
Change in fair value of contingent consideration included in operating expenses	440
Contingent consideration paid	(60)
Balance at June 30, 2025	$ 3,794

1. In connection with the sale of the Healthcare RCM Business, $198 of the Company's accrued contingent consideration (as of September 30, 2024) were classified as "Current liabilities held for sale" in the accompanying condensed consolidated balance sheets and were not included in this amount.

(in thousands, except unit, share and per share amounts)

The fair value of contingent consideration obligations includes inputs not observable in the market and thus represents a Level 3 measurement. The amount to be paid under these obligations is contingent upon the achievement of certain growth metrics related to the financial performance of the entities subsequent to acquisition. The fair value of material contingent consideration included in an acquisition is calculated using a Monte Carlo simulation as well as a discounted cash flows analysis. 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 represents 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. The Company develops the projected future financial results based on an analysis of historical results, market conditions, and the expected impact of anticipated changes in the Company's overall business and/or product strategies.

Approximately $980 and $82 of contingent consideration was recorded in accrued expenses and other current liabilities as of June 30, 2026 and September 30, 2025, respectively. Approximately $11,131 and $3,489 of contingent consideration was recorded in other long-term liabilities as of June 30, 2026 and September 30, 2025, respectively.

During the three months ended June 30, 2026, the Company had a nonrecurring adjustment to the carrying value of an equity investment to its fair value as the result of a third party investment in the entity underlying our investment. This resulted in an increase of $9,868 to the fair value of the investment, which the Company recognized in other income. This investment was revalued using the quoted price for equity in the same entity in a market that is not typically active, and thus represents a Level 2 measurement. The Company reviews information quarterly to verify if there is new information warranting changes in the fair value of the investment. Approximately $10,820 and $659 of investments was recorded in other assets as of June 30, 2026 and September 30, 2025, respectively.

10. EQUITY-BASED COMPENSATION

A summary of equity-based compensation expense for continuing operations recognized during the three and nine months ended June 30, 2026 and 2025 is as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Stock options	$ 2,414	$ 1,610	$ 5,615	$ 5,435
Restricted stock units	2,722	3,269	9,318	6,595
Equity-based compensation expense	$ 5,136	$ 4,879	$ 14,933	$ 12,030

In connection with the sale of the Healthcare RCM Business, $2,517 and $3,112 of the Company's equity-based compensation expense was classified within "net income from discontinued operations" in the accompanying condensed consolidated statements of operations during three and nine months ended June 30, 2025, respectively.

Amounts are included in other costs of services and in selling, general and administrative expense on the condensed consolidated statements of operations.

Stock Options

Share-based compensation expense includes the estimated effects of forfeitures, which will be adjusted over the requisite service period to the extent actual forfeitures differ or are expected to differ from such estimates.

(in thousands, except unit, share and per share amounts)

A summary of stock option activity for the nine months ended June 30, 2026 is as follows:

	Stock Options	Weighted Average Exercise Price
Outstanding at September 30, 2025	7,881,236	$ 24.61
Granted	1,245,000	23.61
Exercised	(195,032)	23.18
Forfeited and cancelled	(140,638)	26.59
Outstanding at June 30, 2026	8,790,566	$ 24.47
Exercisable at June 30, 2026	6,765,894	$ 24.94

The weighted-average grant date fair value of stock options granted during the nine months ended June 30, 2026 was $12.41.

As of June 30, 2026, there were 8,790,566 stock options outstanding, of which 6,765,894 were exercisable. As of June 30, 2026, total unrecognized compensation expense related to unvested stock options, including an estimate for pre-vesting forfeitures, was $18,042, which is expected to be recognized over a weighted-average period of 3.4 years.

The total fair value of stock options that vested during the three and nine months ended June 30, 2026 was $187 and $5,024, respectively.

Restricted Stock Units

The Company has issued Class A common stock in the form of restricted stock units ("RSUs") under the 2018 Plan.

A summary of activity related to restricted stock units for the nine months ended June 30, 2026 is as follows:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding at September 30, 2025	1,160,641	$ 24.89
Granted	405,826	24.01
Vested	(409,714)	24.77
Forfeited and cancelled	(79,175)	24.49
Outstanding at June 30, 2026	1,077,578	$ 24.63

The weighted-average grant date fair value of RSUs granted during three and nine months ended June 30, 2026 was $24.01.

As of June 30, 2026, total unrecognized compensation expense related to unvested RSUs, including an estimate for pre-vesting forfeitures, was $18,210, which is expected to be recognized over a weighted average period of 2.5 years.

The total fair value of RSUs that vested during the three and nine months ended June 30, 2026 was $455 and $10,148, respectively.

(in thousands, except unit, share and per share amounts)

11. COMMITMENTS AND CONTINGENCIES

Leases

The Company utilizes office space and equipment under operating leases. Rent expense from continuing operations under these leases amounted to $658 and $2,049 during the three and nine months ended June 30, 2026, respectively, and $700 and $1,557 during the three and nine months ended June 30, 2025, respectively.

Contract Commitments

We have contractual obligations primarily for third-party technology services and licenses. Certain agreements are fixed for the duration of the contracts and may require us to pay minimum fees. As of June 30, 2026, the remaining aggregate minimum contractual commitment under these arrangements was approximately $19,583, which exclude contract commitments that have been prepaid. Future minimum payments, including contracts with a remaining term of less than one year, based on these contractual agreements are as follows:

Fiscal Years ending September 30:		
2026 (three months remaining)	$	1,992
2027		11,020
2028		4,770
2029		1,189
2030		612
Thereafter		—
Total	$	19,583

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, any such material 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.

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. The Company has considered all such ordinary course legal proceedings in formulating its disclosures and assessments. After taking into consideration the evaluation of such legal matters by the Company's legal counsel, while the Company does not believe at this time that these matters will have a material effect on its business or financial condition, the Company cannot give assurance that these matters will not have a material effect on its consolidated balance sheets, results of operations or cash flows for any particular reporting period.

PaySchools Litigation

On May 16, 2025, Suzanne Hess, individually and on behalf of a putative class of citizens of the State of New York, filed a Class Action Complaint and Demand for Jury Trial (the “Complaint”), in the Supreme Court of the State of New York, Nassau County, against i3 Verticals, LLC and CP-DBS, LLC d/b/a “PaySchools”, a subsidiary of i3 Verticals, LLC. The claimed damages relate to services offered by PaySchools that enable parents, guardians and caregivers to fund lunches for students in certain New York school districts, and allegedly unlawful practices by PaySchools related to the fees charged for these school lunch services. The plaintiff seeks unspecified monetary damages, restitution, disgorgement, and attorneys' fees and costs, as well as injunctive relief prohibiting PaySchools from charging transaction-based fees.

On June 20, 2025, the matter was removed to the United States District Court for the Eastern District of New York, where a motion to dismiss the Complaint was filed by PaySchools on January 14, 2026. On August 4, 2026, the court granted the motion, and dismissed all of the claims in the Complaint, while at the same time granting the plaintiffs leave to amend the Complaint for a period of time.

The Company is unable to predict the outcome of this litigation. While the Company does not believe that this matter will have a material effect on its business or financial condition, the Company cannot give assurance that this matter will not have a material effect on its consolidated balance sheets, results of operations or cash flows for any particular reporting period.

S&S Litigation

On June 2, 2021, the State of Louisiana, Division of Administration (the "State") and a putative class of Louisiana sheriffs ("Sheriffs") and law enforcement districts ("Districts") (collectively "Plaintiffs") filed a Petition (as amended on October 4, 2021, the "Petition"), in the 19th Judicial District Court for the Parish of East Baton Rouge against i3-Software & Services, LLC ("S&S"), a subsidiary of the Company located in Shreveport, Louisiana, the Company, i3 Verticals, LLC, the current leader of the S&S business, the former leader of the S&S business, and 1120 South Pointe Properties, LLC ("South Pointe"), the former owner of the assets of the S&S business (collectively "Defendants"). The lawsuit is styled as: *State of Louisiana, by and through its Division of Administration, East Baton Rouge Parish Law Enforcement District, by and through the duly elected East Baton Rouge Parish Sheriff, Sid J. Gautreaux, III, et. al., individually and as class representatives vs. i3-Software & Services, LLC; 1120 South Pointe Properties, LLC, formerly known as Software and Services of Louisiana, L.L.C.; i3 Verticals, Inc.; i3 Verticals, LLC; Gregory R. Teeters; and Scott Carrington*.

The Petition was amended on October 4, 2021 to amend and expand the putative class and subsequently removed to federal court. The Petition seeks monetary damages for the cost of network remediation of $15,000 purportedly spent by the State and $7,000 purportedly spent by the Sheriffs and Districts, return of purchase prices, potential additional expenses related to remediation and any obligation to notify parties of an alleged data breach as and if required by applicable law, and reasonable attorneys' fees. The claimed damages relate to a third-party remote access software product used in connection with services provided by S&S to certain Louisiana law enforcement districts and alleged inadequacies in the Company's cybersecurity practices. On February 22, 2024, the case was remanded to the 19th Judicial District Court for the Parish of East Baton Rouge, where the case remains pending.

All Defendants filed pleading-stage motions to dismiss, some of which were granted. The Court allowed plaintiffs to re-plead certain claims and has severed the claims brought by the Division of Administration from the claims brought by the parish Sheriffs and Districts. The State chose not to re-plead their claims, which leaves some of their claims now dismissed with prejudice. The Sheriffs and Districts re-pleaded their claims in a Second Amended Petition, which is under seal (the "Sealed Petition"). The damages sought by the plaintiffs in the Sealed Petition materially exceeded the specifically enumerated damages of $22,000 sought in the Petition as noted above. Certain Defendants filed renewed pleading-stage motions to dismiss that the Court denied on April 14, 2025. The case is now in the discovery phase. Class certification fact and expert discovery, including third-party subpoenas and motion practice, is also underway, and the Court originally scheduled a March 31, 2026 hearing principally on the issue of class certification. That hearing was rescheduled for June 8, 2026, and has been rescheduled again for September 28, 2026.

The assets of the S&S business were acquired from South Pointe by the Company in 2018 for $17,000, including upfront cash consideration and contingent consideration, and provides software and payments services to local government agencies almost exclusively in Louisiana.

The Company is unable to predict the outcome of this litigation. While the Company does not believe that this matter will have a material effect on its business or financial condition, the Company cannot give assurance that this matter will not have a material effect on its consolidated balance sheets, results of operations or cash flows for any particular reporting period.

12. RELATED PARTY TRANSACTIONS

In connection with the Company's IPO, the Company and i3 Verticals, LLC entered into a Tax Receivable Agreement with the Continuing Equity Owners that provides for the payment by the Company to the Continuing Equity Owners of 85% of the amount of certain tax benefits, if any, that it actually realizes, or in some circumstances, is deemed to realize in its tax reporting, as a result of (i) future redemptions funded by the Company or exchanges, or deemed exchanges in certain circumstances, of Common Units of i3 Verticals, LLC for Class A common stock of the Company or cash, and (ii) certain additional tax benefits attributable to payments made under the Tax Receivable Agreement. See Note 8 for further information. As of June 30, 2026, the total amount due under the Tax Receivable Agreement was $32,379.

On January 23, 2025, the Company and i3 Verticals, LLC effected certain recapitalization actions in order to reduce excess cash held at the Company as a result of its "Up-C" structure following a tax distribution received by the Company and the Continuing Equity Owners earlier in January 2025 (the "LLC Tax Distribution") related to the taxable income associated with the gain on the sale of the Merchant Services Business completed in September 2024 that was anticipated to be recognized for 2024 federal income tax purposes by members of the Company. As a result of differences in the amount of net taxable income allocable to the Company and to the Continuing Equity Owners and the higher assumed tax rate of the Continuing Equity Owners than the tax rate of the Company, this LLC Tax Distribution resulted in the Company holding cash in excess of the Company's tax liabilities, its obligation to make payments under the Tax Receivable Agreement, and any other expected liabilities of the Company.

Accordingly, in order to make such cash held by the Company accessible in connection with our operations, on January 23, 2025, the Company contributed approximately $21,396 in cash (the "Capital Contribution") held by the Company to i3 Verticals, LLC in exchange for 896,763 newly-issued common units of i3 Verticals, LLC ("Common Units") at a price per Common Unit of $23.86, such price being equal to the 50-day volume-weighted average price of the Company's Class A common stock for the period ended January 22, 2025. Immediately following the Capital Contribution, the Common Units were recapitalized through a reverse unit split of the Common Units at a ratio of approximately 0.9631 to 1 (the "Reverse Unit Split") which caused the number of Common Units held by the Company immediately following the Reverse Unit Split to equal to the number of Common Units held by the Company immediately prior to the Contribution, thereby maintaining a one-to-one ratio between the number of Common Units owned by the Company and the number of outstanding shares of Class A Common Stock. Upon the effectiveness of the Reverse Unit Split, 369,256 outstanding shares of Class B common stock of the Company were retired without consideration, thereby maintaining a one-to-one ratio between the number of Common Units owned by the Continuing Equity Owners after giving to the Reverse Unit Split and the number of outstanding shares of Class B Common Stock.

After giving effect to these recapitalization actions, as of January 23, 2025, the Company held approximately 70.83% of the outstanding Common Units (an increase of approximately 0.78% compared to the Company's ownership of approximately 70.05% of the outstanding Common Units immediately prior to giving effect to these recapitalization actions) and the Continuing Equity Owners held approximately 29.17% of the outstanding Common Units (a decrease of approximately 0.78% compared to the Continuing Equity Owners' ownership of approximately 29.95% of the outstanding Common Units immediately prior to giving effect to these recapitalization actions).

13. SEGMENTS REPORTING

The Company determines its operating segments based on ASC 280, *Segment Reporting*, in alignment with how the CODM monitors and manages the performance of the business as well as the level at which financial information is reviewed. The accounting policies of the Company’s one reportable segment are the same as those described in the summary of significant accounting policies in Note 3.

The Company's core business for continuing operations is providing mission-critical enterprise software solutions to its public sector customers. The Company determined that it had one operating segment and one reportable segment. This is consistent with how the chief operating decision maker ("CODM"), the Company's Chief Executive Officer, reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance (which is based on consolidated information) as further noted below.

The Company's business has products and solutions that create an efficient flow of information. The Company's public sector software solutions help its customers provide more responsive and efficient services to their citizens and stakeholders. The Company's revenue is primarily derived from enterprise software solutions, which can include SaaS, transaction-based fees, ongoing software maintenance and support, software licenses, and other professional services related to the Company's software offerings. Additional revenue is derived from enabling payments within the Company's software platforms.

As the Company has a single operating segment and single reportable segment and is managed on a consolidated basis, the measure of segment profit or loss that the CODM uses to allocate resources and assess performance is consolidated net income as reported in the condensed consolidated statements of operations. The CODM uses this key measure to evaluate operating performance and considers budget-to-actual variances on a quarterly basis when making decisions about the allocation of operating and capital resources to the segment.

(in thousands, except unit, share and per share amounts)

The following is a summary of reportable segment operating performance and significant expenses, reconciled to the Company's consolidated net income for continuing operations for the three and nine months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Revenue	$ 53,067	$ 51,901	$ 163,256	$ 158,257
Less:				
Costs of services (excluding depreciation and amortization)	16,062	16,546	50,273	48,363
People operating expenses	16,223	15,957	47,557	47,126
Technology operating expenses	2,052	2,051	6,372	6,810
Other operating expenses(1)	5,418	4,623	15,538	12,822
Other segment expenses(2)	7,434	13,720	34,359	39,019
Net income (loss) from continuing operations	$ 5,878	$ (996)	$ 9,157	$ 4,117

1. Other operating expenses includes rent expense, travel and entertainment, office expense, professional services expense, advertising and trade shows expense and immaterial miscellaneous other operating expenses.
2. Other segment expenses includes stock compensation expense, M&A-related expenses, other taxes and one-time expenses, depreciation and amortization, change in fair value of contingent consideration, interest expense, other (income) expense, and income tax expense.

The measure of segment assets is reported on the balance sheet as total consolidated assets.

14. NON-CONTROLLING INTEREST

i3 Verticals, Inc. is the sole managing member of i3 Verticals, LLC, and as a result, consolidates the financial results of i3 Verticals, LLC and reports a non-controlling interest representing the Common Units of i3 Verticals, LLC held by the Continuing Equity Owners. Changes in i3 Verticals, Inc.’s ownership interest in i3 Verticals, LLC while i3 Verticals, Inc. retains its controlling interest in i3 Verticals, LLC will be accounted for as equity transactions. As such, future redemptions or direct exchanges of Common Units of i3 Verticals, LLC by the Continuing Equity Owners will result in a change in ownership and reduce or increase the amount recorded as non-controlling interest and increase or decrease additional paid-in capital when i3 Verticals, LLC has positive or negative net assets, respectively.

As of June 30, 2026 and 2025, respectively, i3 Verticals, Inc. owned 18,241,855 and 23,780,915 of i3 Verticals, LLC's Common Units, representing a 68.5% and 73.8% economic ownership interest in i3 Verticals, LLC.

(in thousands, except unit, share and per share amounts)

The following table summarizes the impact on equity due to changes in the Company's ownership interest in i3 Verticals, LLC:

	Nine Months Ended June 30,	
	2026	2025
Net income attributable to non-controlling interest	$ 3,372	$ 7,518
Transfers from non-controlling interests:		
Distributions to non-controlling interest holders	122	(347)
Redemption of common units in i3 Verticals, LLC	—	(17,070)
Recapitalization from contribution to i3 Verticals, LLC	—	5,689
Allocation of equity from non-controlling interests	(11,851)	(3,588)
Net transfers from non-controlling interests	(11,729)	(15,316)
Change from net income attributable to non-controlling interests and net transfers from non-controlling interests	$ (8,357)	$ (7,798)

See Note 12 for information regarding certain recapitalization actions the Company and i3 Verticals, LLC effected during the nine months ended June 30, 2025 in order to reduce excess cash held at the Company as a result of its “Up-C” structure, which adjusted the Company’s and the Continuing Equity Owners’ respective ownership interests in i3 Verticals, LLC.

15. EARNINGS PER SHARE

Basic earnings per share of Class A common stock is computed by dividing net income available to i3 Verticals, Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted earnings per share of Class A common stock is computed by dividing net income available to i3 Verticals, Inc. by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

(in thousands, except unit, share and per share amounts)

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock from continuing operations for the three and nine months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Basic net income (loss) per share:				
Numerator				
Net income (loss)	$ 5,878	$ (996)	$ 9,157	$ 4,117
Less: Net income (loss) attributable to non-controlling interest	2,258	(586)	3,497	1,653
Net income (loss) attributable to Class A common stockholders	$ 3,620	$ (410)	$ 5,660	$ 2,464
Denominator				
Weighted average shares of Class A common stock outstanding	19,419,792	24,345,826	21,638,108	23,909,714
Basic net income (loss) per share	$ 0.19	$ (0.02)	$ 0.26	$ 0.10
Diluted net income (loss) per share:				
Numerator				
Net income (loss) attributable to Class A common stockholders	$ 3,620	$ (410)	$ 5,660	$ 2,464
Reallocation of net loss assuming conversion of common units[(1)(2)]	—	(446)	—	—
Net income (loss) attributable to Class A common stockholders – diluted	$ 3,620	$ (856)	$ 5,660	$ 2,464
Denominator				
Weighted average shares of Class A common stock outstanding	19,419,792	24,345,826	21,638,108	23,909,714
Weighted average effect of dilutive securities[(2)]	123,819	8,637,499	647,521	913,921
Weighted average shares of Class A common stock outstanding – diluted	19,543,611	32,983,325	22,285,629	24,823,635
Diluted net income (loss) per share	$ 0.19	$ (0.03)	$ 0.25	$ 0.10

1. The reallocation of net income assuming conversion of common units represents the tax effected net income attributable to non-controlling interest using the effective income tax rates described in Note 8 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 diluted net income 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.
2. For the three and nine months ended June 30, 2026 and 2025, the following securities were excluded from the weighted average effect of dilutive securities in the computation of diluted net income per share of Class A common stock for continuing operations:
    a. 8,381,681, 8,381,681 and 9,359,632 weighted average shares of Class B common stock for the three months ended June 30, 2026 and the nine months ended June 30, 2026 and 2025, respectively, along with the reallocation of associated net income assuming conversion of these shares (which represents the tax effected net income attributable to non-controlling interest using the effective income tax rates described in Note 8 above and assuming all common units of i3 Verticals, LLC were exchanged for Class A common stock at the beginning of the period), were excluded because the effect would have been anti-dilutive,
    b. 6,911,778, 4,362,416, 4,601,639 and 4,436,416 stock options for the three months ended June 30, 2026 and 2025 and for the nine months ended June 30, 2026 and 2025, respectively, were excluded because the exercise price of these stock options exceeded the average market price of our Class A common stock during the period ("out-of-the-money") and the effect of including them would have been anti-dilutive, and

(in thousands, except unit, share and per share amounts)

c. 952,796 shares of Class A common stock for the three months ended June 30, 2025 resulting from estimated stock option exercises and restricted stock units vesting as calculated by the treasury stock method were excluded because the effect of including them would have been anti-dilutive.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock from discontinued operations for the three and nine months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025[1]	2026	2025
Basic net (loss) income per share:				
Numerator				
Net (loss) income	$ (217)	$ 19,421	$ (355)	$ 18,185
Less: Net (loss) income attributable to non-controlling interest	(79)	6,129	(125)	5,865
Net (loss) income attributable to Class A common stockholders	$ (138)	$ 13,292	$ (230)	$ 12,320
Denominator				
Weighted average shares of Class A common stock outstanding	19,419,792	24,345,826	21,638,108	23,909,714
Basic net (loss) income per share[1]	$ (0.01)	$ 0.55	$ (0.01)	$ 0.52
Diluted net (loss) income per share:				
Numerator				
Net (loss) income attributable to Class A common stockholders	$ (138)		$ (230)	$ 12,320
Reallocation of net (loss) income assuming conversion of common units[2][3]	(60)		(95)	4,459
Net (loss) income attributable to Class A common stockholders – diluted	$ (198)		$ (325)	$ 16,779
Denominator				
Weighted average shares of Class A common stock outstanding	19,419,792		21,638,108	23,909,714
Weighted average effect of dilutive securities[3]	8,381,681		8,381,681	10,273,553
Weighted average shares of Class A common stock outstanding – diluted	27,801,473		30,019,789	34,183,267
Diluted net (loss) income per share	$ (0.01)		$ (0.01)	$ 0.49

1. For the three months ended June 30, 2025, net income (loss) from continuing operations attributable to i3 Verticals, Inc. was in a loss position, so diluted net income per share of Class A common stock for discontinued operations is computed in the same manner as basic net income per share of Class A common stock for discontinued operations. The following securities were excluded from the weighted average effect of dilutive securities in the computation of diluted net loss per share of Class A common stock for discontinued operations:
   a. 8,637,499 weighted average shares of Class B common stock, along with the reallocation of net income assuming conversion of these shares, were excluded because the effect would have been anti-dilutive,
   b. 4,362,416 stock options were excluded because the exercise price of these stock options exceeded the average market price of our Class A common stock during the period ("out-of-the-money") and the effect of including them would have been anti-dilutive, and
   c. 952,796 shares resulting from estimated stock option exercises and restricted stock units vesting as calculated by the treasury stock method were excluded because of the effect of including them would have been anti-dilutive.

(in thousands, except unit, share and per share amounts)

2. The reallocation of net income assuming conversion of common units represents the tax effected net income attributable to non-controlling interest using the effective income tax rates described in Note 8 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 diluted net income 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.
3. For the three months ended June 30, 2026 and the nine months ended June 30, 2026 and 2025, the following securities were excluded from the weighted average effect of dilutive securities in the computation of diluted earnings per share of Class A common stock from discontinued operations:
   a. 6,911,778, 4,601,639 and 4,436,416 options to purchase shares of Class A common stock for the three months ended June 30, 2026 and the nine months ended June 30, 2026 and 2025, respectively, were excluded because the exercise price of these options exceeded the average market price of the Company's Class A common stock during the period ("out-of-the-money") and the effect of including them would have been anti-dilutive, and
   b. 123,819 and 647,521 shares of Class A common stock for the three and nine months ended June 30, 2026, respectively, resulting from estimated stock option exercises and restricted stock units vesting as calculated by the treasury stock method were excluded because the effect of including them would have been anti-dilutive.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock from consolidated operations for three and nine months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Basic net income per share:				
Numerator				
Net income	$ 5,661	$ 18,425	$ 8,802	$ 22,302
Less: Net income attributable to non-controlling interest	2,179	5,543	3,372	7,518
Net income attributable to Class A common stockholders	$ 3,482	$ 12,882	$ 5,430	$ 14,784
Denominator				
Weighted average shares of Class A common stock outstanding	19,419,792	24,345,826	21,638,108	23,909,714
Basic net income per share	$ 0.18	$ 0.53	$ 0.25	$ 0.62
Diluted net income per share:				
Numerator				
Net income attributable to Class A common stockholders	$ 3,482	$ 12,882	$ 5,430	$ 14,784
Reallocation of net income assuming conversion of common units(1)(2)	—	4,214	—	5,716
Net income attributable to Class A common stockholders – diluted	$ 3,482	$ 17,096	$ 5,430	$ 20,500
Denominator				
Weighted average shares of Class A common stock outstanding	19,419,792	24,345,826	21,638,108	23,909,714
Weighted average effect of dilutive securities(3)	123,819	9,590,295	647,521	10,273,553
Weighted average shares of Class A common stock outstanding – diluted	19,543,611	33,936,121	22,285,629	34,183,267
Diluted net income per share	$ 0.18	$ 0.50	$ 0.24	$ 0.60

1. The reallocation of net income assuming conversion of common units represents the tax effected net income attributable to non-controlling interest using the effective income tax rates described in Note 8 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 diluted net income 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.
2. For the three and nine months ended June 30, 2026 and 2025, the following securities were excluded from the weighted average effect of dilutive securities in the computation of diluted net income per share of Class A common stock from consolidated operations:
    a. 8,381,681 weighted average shares of Class B common stock for both the three and nine months ended June 30, 2026, along with the reallocation of associated net income assuming conversion of these shares (which represents the tax effected net income attributable to non-controlling interest using the effective income tax rates described in Note 8 above and assuming all common units of i3 Verticals, LLC were exchanged for Class A common stock at the beginning of the period), were excluded because the effect would have been anti-dilutive, and
    b. 6,911,778, 4,362,416, 4,601,639 and 4,436,416 stock options for the three months ended June 30, 2026 and 2025 and the nine months ended June 30, 2026 and 2025, respectively, were excluded because the exercise price of these stock options exceeded the average market price of our Class A common stock during the period ("out-of-the-money") and the effect of including them would have been anti-dilutive.

Shares of the Company's Class B common stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been presented.

16. SUBSEQUENT EVENTS

Recent Share Repurchases

Since June 30, 2026 and as of August 6, 2026, the Company repurchased 301,847 shares of Class A Common Stock under the May 2026 Share Repurchase Program at an average price of $20.38 per share for a total cost inclusive of commissions and excise taxes of $6,220. The repurchased shares were cancelled and retired, resulting in a reduction in both the number of shares outstanding and the Company's total stockholders' equity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the year ended September 30, 2025 ("Form 10-K"), filed with the SEC on November 21, 2025. The terms "i3 Verticals," "we," "us" and "our" and similar references refer to i3 Verticals, Inc. and, where appropriate, its subsidiaries.

Note Regarding Forward-looking Statements

This Quarterly Report on Form 10-Q 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" within the meaning of the federal securities laws. All statements other than statements of historical facts contained in this report 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.

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. These factors include, but are not limited to, the following:

- *our ability to protect our systems and data from continually evolving cybersecurity risks or other technological risks, including the impact of any cybersecurity incidents or security breaches;*
- *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;*
- *our ability to execute on our strategy and achieve our goals following the completion of the sale of our Merchant Services Business and our Healthcare RCM Business;*
- *our ability to successfully manage our intellectual property;*
- *the impact of any potential of impairment charges associated with our fair-valued assets, including goodwill and intangible assets, in the event of a decline in the price of our Class A common stock or otherwise;*
- *our ability to generate revenues sufficient to maintain profitability and positive cash flow;*
- *competition in our industry and our ability to compete effectively;*
- *consolidation in the banking and financial services industry;*
- *risk of shortages, price increases, changes, delays or discontinuations of hardware due to supply chain disruptions with respect to our limited number of suppliers;*
- *risks related to economic and geopolitical conditions, including the impact of inflation and fluctuations in interest rates (including current elevated interest rate levels) and tariff and trade-related developments;*
- *our ability to keep pace with rapid developments and changes in our industry and provide new products and services;*
- *reliance on third parties for significant services;*
- *exposure to economic conditions and political risks affecting consumer, commercial and government spending, including as a result of budgetary and political pressures to reduce government spending, as well as any decline in the use of credit cards;*
- *changes in the budgets or regulatory environments of our public sector customers, primarily local and state governments, that could negatively impact spending;*
- *our ability to increase our existing market share, grow within the current public sector markets in which we operate and execute our growth strategy;*

- *our ability to successfully identify acquisition targets, complete those acquisitions and effectively integrate those acquisitions into our services;*
- *potential degradation of the quality of our products, services and support;*
- *our ability to retain customers;*
- *our ability to attract, recruit, retain and develop key personnel and qualified employees;*
- *risk of chargeback liabilities if our customers refuse or cannot reimburse chargebacks resolved in favor of their customers;*
- *risks related to laws, regulations and industry standards, including our ability to comply with complex laws and regulations applicable to the industries in which we operate or to adjust our operations in response to changing laws and regulations, such as the evolving legal, ethical, regulatory and operational landscape related to artificial intelligence technologies;*
- *the impact of decisions of the U.S. Supreme Court regarding the actions of federal agencies;*
- *the impact of claims, litigation and government investigations;*
- *risks related to our international operations;*
- *our indebtedness and our ability to maintain compliance with the financial covenants in our 2023 Senior Secured Credit Facility (as defined below);*
- *our ability to meet our liquidity needs;*
- *our ability to raise additional funds on terms acceptable to us, if at all, whether through debt, equity or a combination thereof;*
- *operating and financial restrictions imposed by our 2023 Senior Secured Credit Facility;*
- *the impact on our financial results of changes in the fair value of certain minority equity investments; and*
- *the "Risk Factors" included in our Form 10-K and included in Part II, Item 1A of this Quarterly Report on Form 10-Q, if any.*

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 Quarterly Report on Form 10-Q. The matters summarized in “Risk Factors” in our Form 10-K, and in subsequent filings 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 filing, 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 filing 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.

Executive Overview

The Company provides mission-critical enterprise software solutions to its public sector customers. These comprehensive cloud-native solutions address a broad range of government functions, including courts, transportation, utilities, revenue and schools. The Company’s mission is to enable state and local governments and related agencies to serve their constituents in an effective and efficient manner. With thousands of software installations across all 50 states and Canada, i3 Verticals is a leader in the public sector vertical.

The Company has one operating and reportable segment. See Note 13 to our condensed consolidated financial statements for additional information.

Economic Trends

Inflationary pressures, elevated interest rate levels, monetary policy, the current geopolitical situation (including military conflicts in the Middle East and Ukraine), tariff and trade-related developments, and budgetary and political pressures to reduce government spending are causing broad economic uncertainty and could potentially cause new, or exacerbate existing, economic challenges that may impact us. The future magnitude, duration and effects of these macroeconomic and geopolitical conditions are difficult to predict, and as such we are unable to predict the extent of the potential effect of these conditions on our financial results.

Liquidity

At June 30, 2026, we had $2.6 million of cash and cash equivalents and $285.7 million of available capacity under our 2023 Senior Secured Credit Facility subject to our financial covenants. As of June 30, 2026, we were in compliance with these covenants with a consolidated interest coverage ratio and total leverage ratio 13.5x, and 1.9x, respectively. For additional information about our 2023 Senior Secured Credit Facility, see the section entitled “Liquidity and Capital Resources” below.

Divestitures

Sale of Healthcare RCM Business

On May 5, 2025, i3 Verticals, LLC, and i3 Healthcare Solutions, LLC, a wholly-owned subsidiary of i3 Verticals, LLC (“Healthcare RCM Seller,” and collectively with i3 Verticals LLC, the “Healthcare RCM Seller Parties”), completed the sale of the equity interests of certain wholly-owned subsidiaries of the Healthcare RCM Seller (the “Healthcare RCM Acquired Entities”) which owned and operated the Company's healthcare revenue cycle management business, including its associated proprietary technology (the "Healthcare RCM Business"), to Infinx, Inc. (“Healthcare RCM Buyer”), a Texas corporation, pursuant to the terms of that certain Securities Purchase Agreement dated as of May 5, 2025, by and among Healthcare RCM Buyer and the Healthcare RCM Seller Parties (the “Healthcare RCM Purchase Agreement;” the transactions contemplated by the Healthcare RCM Purchase Agreement, the “Healthcare RCM Transactions”). In addition, immediately prior to the sale of the equity interests of the Healthcare RCM Acquired Entities pursuant to the Healthcare RCM Purchase Agreement, i3 Verticals, LLC and certain of its subsidiaries contributed and/or assigned certain assets and certain liabilities related to the Healthcare RCM Business to the Healthcare RCM Acquired Entities. The purchase price payable by Healthcare RCM Buyer to Healthcare RCM Seller for the equity interests of the Healthcare RCM Acquired Entities was $96.3 million, paid in cash at closing, after giving effect to post-closing net working capital, indebtedness and cash adjustments.

As a result of the sale of the Healthcare RCM Business, the results of operations for the Healthcare RCM Business have been reclassified as discontinued operations in our condensed consolidated statements of operations for all periods presented. Refer to Note 2 for additional information.

Sale of Merchant Services Business

On September 20, 2024, i3 Verticals, LLC, and i3 Holdings Sub, Inc., a wholly-owned subsidiary of i3 Verticals, LLC (“Corporation Seller,” and collectively with i3 Verticals, LLC, the “Merchant Services Sellers”) completed the transactions (such closing, the “Closing”) contemplated by that certain Securities Purchase Agreement dated as of June 26, 2024 (the “Merchant Services Purchase Agreement”), by and among i3 Verticals, LLC, Corporation Seller, the Company (solely for the purpose of providing a guaranty of the obligations of the Merchant Services Sellers as set forth in the Merchant Services Purchase Agreement), Payroc Buyer, LLC (“Merchant Services Buyer”), and Payroc WorldAccess, LLC (solely for the purpose of providing a guaranty of the obligations of Merchant Services Buyer as set forth in the Merchant Services Purchase Agreement). Pursuant to the terms of the Merchant Services Purchase Agreement, the Merchant Services Sellers sold to Merchant Services Buyer the equity interests of certain direct and indirect wholly-owned subsidiaries of the Merchant Services Sellers (the “Merchant Services Acquired Entities”) primarily comprising the Company's merchant services business, including its associated proprietary technology (the “Merchant Services Business”), after giving effect to the contribution of certain assets and the assignment of certain liabilities associated with the Merchant Services Business from i3 Verticals, LLC and certain affiliates to the Merchant Services Acquired Entities pursuant to a contribution agreement which was entered into immediately prior to the Closing. Pursuant to the terms of the Merchant Services Purchase Agreement, Merchant Services Buyer paid to the Merchant Services Sellers an aggregate purchase price of approximately $439.5 million paid in cash at closing, after giving effect to post-closing net working capital, indebtedness and cash adjustments.

As a result of the sale of the Merchant Services Business, the results of operations for the Merchant Services Business have been reflected as discontinued operations in our condensed consolidated statements of operations for all periods presented. Refer to Note 2 for additional information.

Acquisitions

A core component of our growth strategy includes a disciplined approach to acquisitions of companies and technology, evidenced by numerous platform acquisitions and tuck-in acquisitions since our inception in 2012. Our acquisitions have increased the number of businesses and organizations to whom we provide solutions and augmented our existing proprietary payment facilitator platform and software solutions and capabilities.

Acquisitions during the nine months ended June 30, 2026

During the nine months ended June 30, 2026, we completed the acquisition of a business that operates in the transportation market at the state level. The acquired business provides driver and motor vehicle insurance verification solutions. Total purchase consideration was $60.0 million in cash payable at closing funded by proceeds from our revolving credit facility and cash on hand, plus an additional amount of cash contingent consideration payable following the closing in an amount of up to $20.0 million, dependent upon the achievement of specified financial performance targets, as defined in the purchase agreement, for performance periods extending through May 2028. The acquisition date estimated fair value of such cash contingent consideration is $7.6 million.

Acquisitions during the nine months ended June 30, 2025

During the nine months ended June 30, 2025, we completed the acquisition of a business to expand the Company’s Public Sector utility billing software offerings. Total purchase consideration was $10.3 million, including $9.0 million in cash funded by proceeds from the Company's revolving credit facility and $1.3 million in the acquisition date estimated fair value of contingent cash consideration (the final amount of such contingent cash payment of up to $5.0 million is dependent upon achievement of specified financial performance targets, as defined in the purchase agreement).

During the nine months ended June 30, 2025, we also completed the acquisition of certain assets of a business to expand our customer footprint. Total purchase consideration was $2.0 million in cash funded from cash on hand.

Our Revenue and Expenses

Revenues

We generate revenue from software and related services revenue, including the sale of subscriptions, recurring services, ongoing support, licenses, and installation and implementation services specific to software. We also generate revenue from volume-based payment processing fees (“discount fees”) that we provide to our customers directly through our software. 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.

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. These fees are presented net of revenue.

Expenses

Costs of services. Costs of services include costs directly related to our software and related services, including personnel costs related to installation of our software, conversion of client data, training client personnel, customer support activities and various other services provided directly to customers and hosting and related software costs for directly supporting our customers. Additionally, costs of services include costs directly attributable related to payment processing services such as processing and bank sponsorship. Losses resulting from chargebacks against a customer are included in costs of services. Residual payments to our distribution partners and the cost of equipment sold is also included in costs of services. Amortization arising from capitalized software development is not included in costs of services. Costs of services are recognized at the time the related revenue is recognized.

Selling, general and administrative. Selling, general and administrative expenses include certain salaries and other employment costs, professional services, internal technology expenses, rent and utilities and other operating costs. Salaries and other employment costs within selling, general and administrative include individuals associated with shared services, product development and maintenance, sales and other functions.

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 straight-line, which we consider materially consistent with 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. Our interest expense consists of interest on our outstanding indebtedness under our 2023 Senior Secured Credit Facility and amortization of or write offs of debt issuance costs.

How We Assess Our Business

As a result of the sale of the Merchant Services Business in 2024 and the Healthcare RCM Business in 2025, the results of operations for the Merchant Services Business and the Healthcare RCM Business have been reflected as discontinued operations in our condensed consolidated statements of operations for all periods presented.

After giving effect to these developments, as further described above, the Company has one operating segment and reportable segment.

The Company provides mission-critical enterprise software and services solutions to its public sector customers. These comprehensive solutions cover a broad range of applications, including cloud native enterprise software, all of which enable state and local governments and related agencies to serve their constituents in an efficient and seamless manner.

Key Performance Indicators

We evaluate our performance through various metrics, including the following key performance indicators:

- Annualized recurring revenue ("ARR");
- Adjusted EBITDA margin

ARR is the annualized revenue derived from recurring sources where we have an ongoing contract with our customers. We believe revenue from recurring sources is a strategic priority. ARR is comprised of software-as-a-service (“SaaS”) arrangements, transaction-based software-revenue, software maintenance, recurring software-based services, payments revenue and other recurring revenue sources within the quarter. The sum of these revenue categories is multiplied by four to calculate ARR. ARR excludes revenue that is not recurring or is one-time in nature.

We believe this metric provides useful information to investors by providing visibility regarding the ongoing revenue potential of our business model and providing a clearer picture of our sustainable revenue base. Further, our management uses ARR as a metric because it helps us to assess the health and trajectory of our business. We believe that focusing on ARR can orient our sales and operations management towards long-term, reliable revenue growth. This focus on recurring revenue is particularly relevant for businesses operating under a subscription model, where customer retention and contract renewals play a significant role in long-term financial performance.

ARR does not have a standardized definition and is therefore unlikely to be comparable to similarly titled measures presented by other companies. It should be reviewed independently of revenue, and it is not a forecast. Additionally, ARR does not take into account seasonality. The active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by our customers. ARR from continuing operations for the three months ended June 30, 2026 and 2025 was $174.1 million and $160.8 million, respectively, representing a period-to-period growth rate of 8.3%.

Adjusted EBITDA margin is used by the Company to measure operating performance and for purposes of making decisions. Adjusted EBITDA margin for any particular period is adjusted EBITDA as a percentage of revenue for such period. Adjusted EBITDA is calculated as earnings adjusted to exclude interest, tax, depreciation, amortization, stock-compensation expense, non-cash changes in the fair value of contingent consideration, M&A-related expenses, and certain other adjustments that management believes are not reflective of our underlying operations. Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures.

Results of Operations

As a result of the sale of the Merchant Services Business and the Healthcare RCM Business, the historical results of these two disposed businesses have been reflected as discontinued operations in our condensed consolidated financial statements. Prior period results of operations and balance sheet information have been recast to reflect this presentation, and the discussion below relates to our continuing operations after giving effect to the reclassification for the Merchant Services Business and the Healthcare RCM Business as discontinued operations.

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

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

	Three Months Ended June 30,		Change	
(in thousands)	2026	2025	Amount	%
Revenue	$ 53,067	$ 51,901	$ 1,166	2.2 %
Operating expenses				
Costs of services (excluding depreciation and amortization)	16,314	16,733	(419)	(2.5)%
Selling, general and administrative	28,858	33,018	(4,160)	(12.6)%
Depreciation and amortization	7,349	6,989	360	5.2 %
Change in fair value of contingent consideration	1,438	(26)	1,464	n/m
Total operating expenses	53,959	56,714	(2,755)	(4.9)%
Loss from operations	(892)	(4,813)	3,921	(81.5)%
Other income				
Interest expense	1,820	806	1,014	125.8 %
Other income	(9,903)	(4,601)	(5,302)	115.2 %
Total other income	(8,083)	(3,795)	(4,288)	113.0 %
Income (loss) before income taxes	7,191	(1,018)	8,209	n/m
Provision for (benefit from) income taxes	1,313	(22)	1,335	n/m
Net income (loss) from continuing operations	5,878	(996)	6,874	n/m
Net (loss) income from discontinued operations, net of income taxes	(217)	19,421	(19,638)	n/m
Net income	5,661	18,425	(12,764)	(69.3)%
Net income (loss) from continuing operations attributable to non-controlling interest	2,258	(586)	2,844	n/m
Net (loss) income from discontinued operations attributable to non-controlling interest	(79)	6,129	(6,208)	n/m
Net income attributable to non-controlling interest	2,179	5,543	(3,364)	(60.7)%
Net income (loss) from continuing operations attributable to i3 Verticals, Inc.	3,620	(410)	4,030	n/m
Net (loss) income from discontinued operations attributable to i3 Verticals, Inc.	(138)	13,292	(13,430)	n/m
Net income attributable to i3 Verticals, Inc.	$ 3,482	$ 12,882	$ (9,400)	(73.0)%

n/m = not meaningful

Revenue

Revenue increased $1.2 million, or 2.2%, to $53.1 million for the three months ended June 30, 2026 from $51.9 million for the three months ended June 30, 2025. The increase was driven by an increase of $3.3 million in recurring revenues, partially offset by a decrease of $2.2 million in non-recurring revenues.

Costs of Services

Costs of services decreased $0.4 million, or 2.5%, to $16.3 million for the three months ended June 30, 2026 from $16.7 million for the three months ended June 30, 2025. The decrease was primarily driven by a decrease in people costs of $1.8 million, partially offset by an increase in software costs of $1.5 million for the three months ended June 30, 2026 from the three months ended June 30, 2025.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $4.2 million, or 12.6%, to $28.9 million for the three months ended June 30, 2026 from $33.0 million for the three months ended June 30, 2025. The decrease was driven by a decrease in M&A-related expenses of $5.2 million, which was higher during three months ended June 30, 2025. In the prior period, we incurred higher expenses, for which we were reimbursed through the transition services agreements with Infinx and Payroc, the employee leasing arrangement with Infinx, and the processing services agreement with Payroc, and for which revenue is recognized in other income. This decrease was partially offset by an increase in people costs (including stock compensation expense) of $0.5 million as well as increases in other expenses, including the provision for doubtful accounts, and marketing expense for the three months ended June 30, 2026 from the three months ended June 30, 2025.

Depreciation and Amortization

Depreciation and amortization increased $0.4 million, or 5.2%, to $7.3 million for the three months ended June 30, 2026 from $7.0 million for the three months ended June 30, 2025. Amortization expense increased $0.2 million for the three months ended June 30, 2026 from three months ended June 30, 2025, primarily due to an increase in capitalized software project releases, driving an increase in amortization expense, and amortization expense recorded for intangible assets and capitalized software acquired from current year and prior year acquisitions. Depreciation expense increased $0.1 million for the three months ended June 30, 2026 from three months ended June 30, 2025.

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 $1.4 million for the three months ended June 30, 2026 related to adjustments to the expected present value of consideration to be paid for earnouts. The change in fair value of contingent consideration for the three months ended June 30, 2025 was a benefit of $26 thousand.

Interest Expense

Interest expense increased $1.0 million, or 125.8%, to $1.8 million for the three months ended June 30, 2026 from $0.8 million for the three months ended June 30, 2025. The increase reflects a higher average outstanding debt balance for the three months ended June 30, 2026, as compared to the three months ended June 30, 2025.

Other Income

Other income was $9.9 million during the three months ended June 30, 2026 compared to $4.6 million during the three months ended June 30, 2025. Other income during the three months ended June 30, 2026 reflects an unrealized gain on an investment of $9.9 million due to adjusting the carrying value of a minority equity investment to its fair value as the result of a third party investment in the entity underlying our investment and interest income generated from cash held at financial institutions. Other income during the three months ended June 30, 2025 reflects income from the transition services agreement and employee leasing arrangement entered into at the closing of the sale of the Healthcare RCM Business of $3.9 million, income from the transition services agreement and processing services agreement entered into at the closing of the sale of the Merchant Services Business of $0.3 million and interest income generated from cash held at financial institutions of $0.4 million.

Provision for Income Taxes

The provision for income taxes increased to a provision for $1.3 million for the three months ended June 30, 2026 from a benefit of $22 thousand for three months ended June 30, 2025. Our effective tax rate was 18% for the three months ended June 30, 2026. Our effective tax rate differs from the federal statutory rate of 21% primarily due to the tax structure of the Company, valuation allowance activity, stock compensation and state tax expense. The income of majority-owned i3 Verticals, LLC is not taxed at the entity-level. i3 Verticals, Inc. is subject to federal, state and local income taxes with respect to its allocable share of any taxable income of i3 Verticals, LLC and is taxed at the prevailing corporate tax rates.

Net (Loss) Income from Discontinued Operations, Net of Income Taxes

We had net loss from discontinued operations, net of income tax, of $0.2 million for the three months ended June 30, 2026. For the three months ended June 30, 2025, we had net income from discontinued operations, net of income tax, of $19.4 million. See Note 2 to our condensed consolidated financial statements for additional information and detail on the financial results of discontinued operations.

The net loss from discontinued operations, net of income tax, for the three months ended June 30, 2026 reflects the adjustments to the gain on the sale of the Healthcare RCM Business. The net income from discontinued operations, net of income tax, for the three months ended June 30, 2025 reflects the gain on the sale of the Healthcare RCM Business of $26.0 million and a partial quarter of business activity for the Healthcare RCM Business, including revenue of $3.6 million, operating expenses of $5.8 million and a provision for income taxes of $4.3 million.

Nine Months Ended June 30, 2026 Compared to Nine Months Ended June 30, 2025

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

	Nine Months Ended June 30,		Change	
(in thousands)	**2026**	**2025**	**Amount**	**%**
Revenue	$ 163,256	$ 158,257	$ 4,999	3.2 %
Operating expenses				
Costs of services (excluding depreciation and amortization)	51,034	48,889	2,145	4.4 %
Selling, general and administrative	84,905	85,779	(874)	(1.0)%
Depreciation and amortization	21,917	20,848	1,069	5.1 %
Change in fair value of contingent consideration	940	440	500	113.6 %
Total operating expenses	158,796	155,956	2,840	1.8 %
Income from operations	4,460	2,301	2,159	93.8 %
Other (income) expenses				
Interest expense	3,342	1,932	1,410	73.0 %
Other income	(10,534)	(7,020)	(3,514)	50.1 %
Total other (income) expenses	(7,192)	(5,088)	(2,104)	41.4 %
Income before income taxes	11,652	7,389	4,263	57.7 %
Provision for income taxes	2,495	3,272	(777)	(23.7)%
Net income from continuing operations	9,157	4,117	5,040	122.4 %
Net (loss) income from discontinued operations, net of income taxes	(355)	18,185	(18,540)	n/m
Net income	8,802	22,302	(13,500)	(60.5)%
Net income from continuing operations attributable to non-controlling interest	3,497	1,653	1,844	111.6 %
Net (loss) income from discontinued operations attributable to non-controlling interest	(125)	5,865	(5,990)	n/m
Net income attributable to non-controlling interest	3,372	7,518	(4,146)	(55.1)%
Net income from continuing operations attributable to i3 Verticals, Inc.	5,660	2,464	3,196	129.7 %
Net (loss) income from discontinued operations attributable to i3 Verticals, Inc.	(230)	12,320	(12,550)	n/m
Net income attributable to i3 Verticals, Inc.	$ 5,430	$ 14,784	$ (9,354)	(63.3)%

n/m = not meaningful

Revenue

Revenue increased $5.0 million, or 3.2%, to $163.3 million for the nine months ended June 30, 2026 from $158.3 million for the nine months ended June 30, 2025. The increase was driven by an increase of $11.4 million in recurring revenues, partially offset by a decrease of $6.4 million in non-recurring revenues.

Costs of Services

Costs of services increased $2.1 million, or 4.4%, to $51.0 million for the nine months ended June 30, 2026 from $48.9 million for the nine months ended June 30, 2025. The increase was primarily driven by an increase in software costs of $4.5 million and other costs of $0.9 million, partially offset by a decrease in people costs of $3.1 million for the nine months ended June 30, 2026 from the nine months ended June 30, 2025.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $0.9 million, or 1.0%, to $84.9 million for the nine months ended June 30, 2026 from $85.8 million for the nine months ended June 30, 2025. The decrease was driven by a decrease in M&A-related expenses of $6.0 million, which was higher during nine months ended June 30, 2025. In the prior period, we incurred higher expenses, for which we were reimbursed through the transition services agreements with Infinx and Payroc, the employee leasing arrangement with Infinx, and the processing services agreement with Payroc, and for which revenue is recognized in other income. This decrease was partially offset by an increase in people costs (including stock compensation expense) of $3.1 million as well as increases in other expenses, including the provision for doubtful accounts, marketing expense and professional fees for the nine months ended June 30, 2026 from the nine months ended June 30, 2025.

Depreciation and Amortization

Depreciation and amortization increased $1.1 million, or 5.1%, to $21.9 million for the nine months ended June 30, 2026 from $20.8 million for the nine months ended June 30, 2025. Amortization expense increased $0.8 million for the nine months ended June 30, 2026 from nine months ended June 30, 2025, primarily due to an increase in capitalized software project releases, driving an increase in amortization expense, amortization expense recorded for intangible assets and capitalized software acquired from current year and prior year acquisitions. Depreciation expense increased $0.3 million for the nine months ended June 30, 2026 from nine months ended June 30, 2025.

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 $0.9 million for the nine months ended June 30, 2026 related to adjustments to the expected present value of consideration to be paid for earnouts. The change in fair value of contingent consideration for the nine months ended June 30, 2025 was a charge of $0.4 million.

Interest Expense

Interest expense increased $1.4 million, or 73.0%, to $3.3 million for the nine months ended June 30, 2026 from $1.9 million for the nine months ended June 30, 2025. The increase reflects a higher average outstanding debt balance for the nine months ended June 30, 2026, as compared to the nine months ended June 30, 2025.

Other Income

Other income was $10.5 million during the nine months ended June 30, 2026 compared to $7.0 million during the nine months ended June 30, 2025. Other income during the nine months ended June 30, 2026 reflects an unrealized gain on an investment of $9.9 million due to adjusting the carrying value of a minority equity investment to its fair value as the result of a third party investment in the entity underlying our investment, as well as interest income generated from cash held at financial institutions of $0.5 million, income from the transition services agreement entered into at the closing of the sale of the Healthcare RCM Business of $0.2 million and income from the transition services agreement and processing services agreement related to the sale of the Merchant Services Business of $0.1 million, partially offset by a loss on disposal of property and equipment of $0.1 million related to the sale of a building purchased through a previous acquisition. Other income during the nine months ended June 30, 2025 reflects income generated from the transition services agreement and employee leasing arrangement entered into at the closing of the sale of the Healthcare RCM Business of $3.9 million, income from the transition services agreement and processing services agreement entered into at the closing of the sale of the Merchant Services Business of $1.3 million, interest income generated from cash held at financial institutions of $1.2 million, and a gain on disposal of property and equipment of $0.6 million related to the sale of a building purchased through previous acquisitions.

Provision for Income Taxes

The provision for income taxes decreased to a provision for $2.5 million for the nine months ended June 30, 2026 from a provision of $3.3 million for nine months ended June 30, 2025. Our effective tax rate was 21% for the nine months ended June 30, 2026. Our effective tax rate differs from the federal statutory rate of 21% primarily due to the tax structure of the Company, valuation allowance activity, stock compensation and state tax expense. The income of majority-owned i3 Verticals, LLC is not taxed at the entity-level. i3 Verticals, Inc. is subject to federal, state and local income taxes with respect to its allocable share of any taxable income of i3 Verticals, LLC and is taxed at the prevailing corporate tax rates.

Net (Loss) Income from Discontinued Operations, Net of Income Taxes

We had $0.4 million in net loss from discontinued operations, net of income tax, for the nine months ended June 30, 2026 compared to $18.2 million in net income from discontinued operations, net of income tax, for the nine months ended June 30, 2025. See Note 2 to our condensed consolidated financial statements for additional information and detail on the financial results of discontinued operations.

The net loss from discontinued operations, net of income tax, for the nine months ended June 30, 2026 reflects adjustments to the gain on the sale of the Healthcare RCM Business. The net income from discontinued operations, net of income tax, for the nine months ended June 30, 2025 reflects the gain on the sale of the Healthcare RCM Business of $26.0 million and a nearly complete nine months of business activity for the Healthcare RCM Business, including revenue of $22.5 million, operating expenses of $25.1 million and a provision for income taxes of $4.6 million.

Seasonality

We have experienced in the past, and may continue to experience, seasonal fluctuations in our revenues as a result of consumer and business spending patterns. The number of business days in a month or quarter also may affect seasonal fluctuations. Certain revenues fluctuate with the fiscal calendars of our customers. Transactional 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.

Liquidity and Capital Resources

We have historically financed our operations and working capital through net cash from operating activities. As of June 30, 2026, we had $2.6 million of cash and cash equivalents and available borrowing capacity of $285.7 million under our 2023 Senior Secured Credit Facility, subject to the financial covenants. We usually minimize cash balances by making payments on our revolving line of credit to minimize borrowings and interest expense. As of June 30, 2026, we had borrowings outstanding of $114.3 million under the 2023 Senior Secured Credit Facility.

Our primary cash needs are to fund working capital requirements, make capital expenditures and otherwise invest in our technology infrastructure, fund acquisitions and related contingent consideration, make scheduled principal and interest payments on our outstanding indebtedness, pay tax distributions to members of i3 Verticals, LLC as discussed below, and make repurchases of shares of Class A common stock under our share repurchase program as discussed below. 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 2023 Senior Secured Credit Facility will be sufficient to fund our cash needs as described above for at least the next twelve months and foreseeable future. Our growth strategy includes acquisitions. We expect to fund acquisitions through a combination of cash on hand, net cash from operating activities, borrowings under our 2023 Senior Secured Credit Facility and through the issuance of equity and debt securities. 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 2023 Senior Secured Credit Facility may restrict i3 Verticals, LLC’s ability to provide funds to i3 Verticals, Inc.

Our 2023 Senior Secured Credit Facility, as amended, requires us to maintain a consolidated interest coverage ratio not less than 3.0 to 1.0 and total leverage ratio not exceeding 5.0 to 1.0. As of June 30, 2026, we were in compliance with these covenants with a consolidated interest coverage ratio and total leverage ratio of 13.5x and 1.9x, respectively. Although we believe our liquidity position remains strong, there can be no assurance that we will be able to raise additional funds, in the form of debt or equity, or to amend our 2023 Senior Secured Credit Facility on terms acceptable to us, if at all, even if we determined such actions were necessary in the future. For additional information about our 2023 Senior Secured Credit Facility, see Note 6 to our condensed consolidated financial statements.

In January 2025, i3 Verticals, LLC, a pass-through entity in which the Company holds a majority ownership interest, made a tax distribution (the “LLC Tax Distribution”) to the Company and the other members of i3 Verticals, LLC (the “Continuing Equity Owners”) related to the taxable income associated with the gain on the sale of the Merchant Services Business completed in September 2024 that was anticipated to be recognized for 2024 federal income tax purposes by members of i3 Verticals, LLC. As a result of differences in the amount of net taxable income allocable to the Company and to the Continuing Equity Owners and the higher assumed tax rate of the Continuing Equity Owners than the tax rate of the Company, this LLC Tax Distribution resulted in the Company holding cash in excess of the Company’s tax liabilities, its obligation to make payments under its tax receivables agreement, and any other expected liabilities of the Company. Thereafter, on January 23, 2025, the Company and i3 Verticals, LLC effected certain recapitalization actions in order to reduce excess cash held at the Company following this LLC Tax Distribution. For additional information regarding the ownership interest of the Company in i3 Verticals, LLC and the capitalization of i3 Verticals, LLC, see Note 1 to the accompanying unaudited condensed consolidated financial statements contained in this report. For additional information regarding these recapitalization transactions, see Note 12 to the accompanying unaudited condensed consolidated financial statements contained in this report.

Cash Flows

The discussion of our cash flows that follows does not include the impact of any adjustments to remove the Merchant Services Business and the Healthcare RCM Business as discontinued operations and is stated on a total company consolidated basis. The following table presents a summary of cash flows from operating, investing and financing activities for the following comparative periods.

Nine Months Ended June 30, 2026 and 2025

	Nine months ended June 30,	
	2026	**2025**
	(in thousands)	
Net cash provided by (used in) operating activities	$ 38,414	$ (8,276)
Net cash (used in) provided by investing activities	$ (68,120)	$ 78,774
Net cash used in financing activities	$ (32,184)	$ (104,283)

Cash Flow from Operating Activities

Net cash provided by operating activities increased $46.7 million to $38.4 million for the nine months ended June 30, 2026 from $8.3 million used in operating activities for the nine months ended June 30, 2025.

The increase in net cash provided by operating activities was primarily due to changes in net operating assets and liabilities of $46.2 million during the nine months ended June 30, 2026 from the nine months ended June 30, 2025, which are impacted by the timing of collections and payments. In the prior year, income taxes and other liabilities related to the sale of the Merchant Services Business accrued in fiscal year 2024 were paid during the nine months ended June 30, 2025, driving most of the changes in net operating assets and liabilities.

Partially offsetting the increases due to changes in net operating assets and liabilities, our net income decreased from $22.3 million for the nine months ended June 30, 2025 to $8.8 million for the nine months ended June 30, 2026. The primary driver was the gain on the sale of the Healthcare RCM Business of $26.0 million in the prior year period, partially offset by the unrealized gain on an investment of $9.9 million in the current year period.

Cash Flow from Investing Activities

Net cash used in investing activities increased $146.9 million to $68.1 million for the nine months ended June 30, 2026 from $78.8 million provided by investing activities for the nine months ended June 30, 2025. The sale of the Healthcare RCM Business during the nine months ended June 30, 2025 contributed $96.1 million to net cash provided by investing activities. Additionally, cash paid for acquisitions (net of cash acquired) increased $49.0 million and proceeds from the sale of property and equipment decreased $1.1 million during the nine months ended June 30, 2026 from the nine months ended June 30, 2025.

Cash Flow from Financing Activities

Net cash used in financing activities decreased $72.1 million to $32.2 million for the nine months ended June 30, 2026 from $104.3 million for the nine months ended June 30, 2025. The decrease was driven by an increase in net borrowings on the revolving credit facility of $114.3 million, a decrease of $22.6 million in payments for required distributions on behalf of members for tax obligations and a decrease of $7.4 million in required distributions to members under the Tax Receivable Agreement. The decrease was also related to the $26.2 million in payments for repurchases of the Company's previously outstanding 1.0% Exchangeable Senior Notes due February 15, 2025 during the nine months ended June 30, 2025. Partially offsetting these decreases in net cash used in financing activities for the nine months ended June 30, 2026 from the nine months ended June 30, 2025 was an increase of $99.3 million in payments for repurchases of Class A common stock.

Material Cash Requirements

The following table summarizes our material cash requirements as of June 30, 2026, including those related to leases and borrowings:

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
(in thousands)					
Contract minimum fees[1]	$ 19,583	$ 12,199	$ 6,772	$ 612	$ —
Facility leases[2]	5,041	2,127	1,935	979	—
2023 Senior Secured Credit Facility and related interest[3]	127,435	7,022	120,413	—	—
Contingent consideration[4]	12,111	980	11,131	—	—
Total	$ 164,170	$ 22,328	$ 140,251	$ 1,591	$ —

1. We have contractual obligations primarily for third-party technology services and licenses. Certain agreements are fixed for the duration of the contracts and may require us to pay minimum fees.
2. In addition to the facility leases presented, we have $68 thousand in short-term leases. These payments will be made within the next twelve months.
3. We estimated interest payments through the maturity of our 2023 Senior Secured Credit Facility by applying the weighted average interest rate of 5.77% in effect on the outstanding balance as of June 30, 2026, plus unused fee rate of 0.15% in effect as of June 30, 2026.
4. 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.

Share Repurchase Programs

May 2026 Share Repurchase Program

On May 12, 2026, the Company announced that our Board of Directors had approved a share repurchase program for the Company's Class A common stock (the "May 2026 Share Repurchase Program"), under which the Company is authorized to repurchase up to $100.0 million of outstanding shares of our Class A common stock (exclusive of fees, commissions or other expenses related to such repurchases). The May 2026 Share Repurchase Program replaced a prior share repurchase program entered into by the Company on February 5, 2026 (the "February 2026 Share Repurchase Program") as further described below, which February 2026 Share Repurchase Program is no longer in effect following the Company expending the maximum dollar amount under such program. Under the terms of the May 2026 Share Repurchase Program, such program will terminate on the earlier of May 11, 2027, or when the maximum dollar amount under the authorization was expended.

Pursuant to the May 2026 Share Repurchase Program, the Company is authorized to make repurchases of our Class A common stock in the open market, through privately negotiated transactions, or otherwise, including under Rule 10b5-1 plans. The terms of the May 2026 Share Repurchase Program provide that, immediately prior to repurchases of Class A common stock under the May 2026 Share Repurchase Program, i3 Verticals, LLC will redeem for cash an equal number of units held by the Company in i3 Verticals, LLC in order to fund such repurchases and maintain a 1-1 ratio between the number of outstanding shares of Class A common stock and the units held by the Company in i3 Verticals, LLC.

In addition, repurchases under the May 2026 Share Repurchase Program are subject to prevailing market conditions, liquidity and cash flow considerations, applicable securities laws requirements (including under Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934, as applicable), compliance with contractual restrictions under the 2023 Senior Secured Credit Facility and other factors. The May 2026 Share Repurchase Program does not require the Company to acquire any particular amount of shares of Class A common stock, and is permitted to be extended, modified, suspended or discontinued at any time at the Company's discretion.

The Company repurchased 1,320,500 shares of Class A Common Stock under the May 2026 Share Repurchase Program at an average price of $19.96 and an aggregate repurchase amount inclusive of commissions and excise taxes of $26.6 million, during the nine months ended June 30, 2026. The repurchased shares were cancelled and retired, resulting in a reduction in both the number of shares outstanding and the Company's total stockholders' equity.

February 2026 Share Repurchase Program

On February 5, 2026, the Company announced that our Board of Directors had approved a share repurchase program for the Company's Class A common stock (the "February 2026 Share Repurchase Program"), under which the Company was authorized to repurchase up to $60.0 million of outstanding shares of our Class A common stock (exclusive of fees, commissions or other expenses related to such repurchases). The February 2026 Share Repurchase Program replaced a prior share repurchase program entered into by the Company on August 8, 2025 (the "August 2025 Share Repurchase Program") as further described below, which August 2025 Share Repurchase Program is no longer in effect following the Company expending the maximum dollar amount under such program.

Pursuant to the February 2026 Share Repurchase Program, the Company was authorized to make repurchases of our Class A Common Stock in the open market, through privately negotiated transactions, or otherwise, including under Rule 10b5-1 plans. The terms of the February 2026 Share Repurchase Program provided that, immediately prior to repurchases of Class A common stock under the February 2026 Share Repurchase Program, i3 Verticals, LLC would redeem for cash an equal number of units held by the Company in i3 Verticals, LLC in order to fund such repurchases and maintain a 1-1 ratio between the number of outstanding shares of Class A common stock and the units held by the Company in i3 Verticals, LLC.

The Company repurchased 2,695,740 shares of Class A Common Stock under the February 2026 Share Repurchase Program at an average price of $22.26 and an aggregate repurchase amount inclusive of commissions and excise taxes of $60.7 million, during the nine months ended June 30, 2026. The repurchased shares were cancelled and retired, resulting in a reduction in both the number of shares outstanding and the Company's total stockholders' equity. The maximum dollar amount under the February 2026 Share Repurchase Program was expended during the three months ended June 30, 2026, and the February 2026 Share Repurchase Program is no longer in effect.

August 2025 Share Repurchase Program

On August 7, 2025, the Company entered into the August 2025 Share Repurchase Program, under which the Company was authorized to repurchase up to $50.0 million of outstanding shares of our Class A common stock (exclusive of fees, commissions or other expenses related to such repurchases). The August 2025 Share Repurchase Program replaced a prior share repurchase program entered into by the Company on August 8, 2024 (the "August 2024 Share Repurchase Program") as further described below, which August 2024 Share Repurchase Program expired on August 8, 2025. Under the terms of August 2025 Share Repurchase Program, such program would terminate on the earlier of September 30, 2026, or when the maximum dollar amount under the authorization was expended.

Pursuant to the August 2025 Share Repurchase Program, the Company was authorized to make repurchases of our Class A Common Stock in the open market, through privately negotiated transactions, or otherwise, including under Rule 10b5-1 plans. The terms of the August 2025 Share Repurchase Program provided that, immediately prior to repurchases of Class A common stock under the August 2025 Share Repurchase Program, i3 Verticals, LLC would redeem for cash an equal number of units held by the Company in i3 Verticals, LLC in order to fund such repurchases and maintain a 1-1 ratio between the number of outstanding shares of Class A common stock and the units held by the Company in i3 Verticals, LLC.

The Company repurchased 2,039,892 shares of Class A Common Stock under the August 2025 Share Repurchase Program at an average price of $24.51 and an aggregate repurchase amount inclusive of commissions and excise taxes of $50.6 million, during the nine months ended June 30, 2026. The repurchased shares were cancelled and retired, resulting in a reduction in both the number of shares outstanding and the Company's total stockholders' equity. The maximum dollar amount under the August 2025 Share Repurchase Program was expended during the nine months ended June 30, 2026, and the August 2025 Share Repurchase Program is no longer in effect.

August 2024 Share Repurchase Program

On August 8, 2024, the Company announced that our Board of Directors had approved the August 2024 Share Repurchase Program, under which the Company was authorized to repurchase up to $50.0 million of outstanding shares of our Class A common stock (exclusive of fees, commissions or other expenses related to such repurchases). Under the terms of the August 2024 Share Repurchase Program, such program would terminate on the earlier of August 8, 2025, or when the maximum dollar amount under the authorization was expended.

Pursuant to the August 2024 Share Repurchase Program, the Company was authorized to make repurchases of our Class A Common Stock in the open market, through privately negotiated transactions, or otherwise, including under Rule 10b5-1 plans. The terms of the August 2024 Share Repurchase Program provided that, immediately prior to repurchases of Class A common stock under the August 2024 Share Repurchase Program, i3 Verticals, LLC redeemed for cash an equal number of units held by the Company in i3 Verticals, LLC in order to fund such repurchases and maintain a 1-1 ratio between the number of outstanding shares of Class A common stock and the units held by the Company in i3 Verticals, LLC. The August 2024 Share Repurchase Program terminated on August 8, 2025.

The Company repurchased 1,573,881 shares of Class A Common Stock under the August 2024 Share Repurchase Program at an average price of $23.86 per share and an aggregate repurchase amount (inclusive of commissions and excise taxes) of $38.0 million during the year ended September 30, 2025, prior to the termination of such program as noted above. The repurchased shares were cancelled and retired, resulting in a reduction in both the number of shares outstanding and the Company's total stockholders' equity.

Tax Receivable Agreement

We are a party to a Tax Receivable Agreement with i3 Verticals, LLC and each of the Continuing Equity Owners, as described in Note 8 of our condensed consolidated financial statements. As a result of the Tax Receivable Agreement, we have been required to establish a liability in our condensed 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 received as a result of the reorganization transactions entered into in connection with our IPO 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 condensed 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 the Tax Receivable Agreement relates.

As of June 30, 2026, the total amount due under the Tax Receivable Agreement was $32.4 million, and payments to the Continuing Equity Owners related to exchanges through June 30, 2026 will range from $0 to $5.4 million per year and are expected to be paid over the next 22 years. The amounts recorded as of June 30, 2026, approximate the current estimate of expected tax savings and are subject to change after the filing of the Company’s U.S. federal and state income tax returns. Future payments under the Tax Receivable Agreement with respect to subsequent exchanges would be in addition to these amounts.

Critical Accounting Estimates

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, contingent consideration, 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.

Critical accounting policies are those that we consider the most critical to understanding our financial condition and results of operations.

As of June 30, 2026, there have been no significant changes to our critical accounting estimates disclosed in the Form 10-K for the fiscal year ended September 30, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

As of June 30, 2026, the 2023 Senior Secured Credit Facility, as amended, consisted of a $400 million revolving credit facility, together with an option to increase the revolving credit facility and/or obtain incremental term loans in an additional principal amount of up to, as of any date of determination, the greater of $100 million and 100% of consolidated EBITDA (as defined in the 2023 Senior Secured Credit Facility) for the most recently completed four quarter period (subject to the receipt of additional commitments for any such incremental loan amounts).

As of June 30, 2026, the 2023 Senior Secured Credit Facility accrued interest at Term SOFR (based upon an interest period of one, three or six months), plus 0.10%, plus an applicable margin of 2.00% to 3.00% (2.00% at June 30, 2026), or the base rate (defined as the highest of (a) the greater of the federal funds rate or the overnight bank funding rate, plus ½ of 1%, (b) Wall Street Journal prime rate and (c) the Adjusted Term SOFR rate for an interest period of one month, plus 1%, plus an applicable margin of 1.00% to 2.00%) (1.00% at June 30, 2026), in each case depending upon the consolidated total leverage ratio, as defined in the agreement. Interest is payable at the end of the selected interest period, but no less frequently than quarterly. Additionally, the 2023 Senior Secured Credit Facility requires us to pay unused commitment fees of 0.15% to 0.30% (0.15% as of June 30, 2026) on any undrawn amounts under the revolving credit facility and letter of credit fees of up to 3.00% on the maximum amount available to be drawn under each letter of credit issued under the agreement. The 2023 Senior Secured Credit Facility requires maintenance of certain financial ratios on a quarterly basis as follows: (i) a minimum consolidated interest coverage ratio of 3.0 to 1.0 (ii) a maximum total leverage ratio of 5.0 to 1.0.

As of June 30, 2026, we were in compliance with these covenants, and there was $285.7 million available for borrowing under the revolving credit facility, subject to the financial covenants.

As of June 30, 2026, we had borrowings outstanding of $114.3 million under the 2023 Senior Secured Credit Facility. A 1.0% increase or decrease in the interest rate applicable to such borrowing (which was the Term SOFR rate) would have had a $1.1 million impact on the results of the business.

Foreign Currency Exchange Rate Risk

As a result of our international operations, we are also exposed to foreign currency exchange rate risks. Because our international operations are not yet material to our consolidated results of operations, a 10% change in foreign currency exchange rates would not have had a material impact on our consolidated results of operations, financial position, or cash flows for the three months ended June 30, 2026.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, with the participation of other members of management, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report. Based on such evaluations, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective (at the reasonable assurance level) to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act has been recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and to ensure that the information required to be included in this report was accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2026 that materially affected, or which are reasonably likely to materially affect, our internal control over financial reporting.

PART II. - OTHER INFORMATION

Item 1. Legal Proceedings

The information required with respect to this item can be found in Note 11 to the accompanying unaudited condensed consolidated financial statements contained in this report and is incorporated by reference into this Part II, Item 1.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed under the heading "Risk Factors" in our Form 10-K for the fiscal year ended September 30, 2025 filed with the SEC on November 21, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The following table provides information with respect to purchases of shares of the Company's Class A Common Stock made during the three months ended June 30, 2026 by the Company:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	(a) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(a) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
4/1/2026 - 4/30/2026	942,883	$ 21.84	942,883	$ 1,111
5/1/2026 - 5/31/2026	356,175	$ 20.22	356,175	$ 93,908
6/1/2026 - 6/30/2026	1,013,500	$ 19.99	1,013,500	$ 73,648
Total	2,312,558	$ 20.78	2,312,558	$ 73,648

a. On February 5, 2026, the Company announced that our Board of Directors had approved the February 2026 Share Repurchase Program providing for the repurchase of up to $60.0 million of outstanding shares of Class A common stock with an expiration date of February 4, 2027, which program replaced the August 2025 Share Repurchase Program. The maximum dollar amount under the February 2026 Share Repurchase Program was expended during the three months ended June 30, 2026, and such program is no longer in effect. On May 12, 2026, the Company announced that our Board of Directors had approved a new share repurchase program providing for the repurchase of up to $100.0 million of outstanding shares of Class A common stock with an expiration date of May 11, 2027, which program replaced the February 2026 Share Repurchase Program. The shares of Class A common stock repurchased during the three months ended June 30, 2026, as reflected in the table above, were repurchased under both of these share repurchase programs.

During the three months ended June 30, 2026, the Company purchased 2,312,558 of its outstanding shares of Class A common stock under the February 2026 Share Repurchase Program adopted on February 5, 2026 and the May 2026 Share Repurchase Program adopted on May 12, 2026, at an average price of $20.78 per share for a total cost inclusive of commissions and excise taxes of $48.6 million. When the Company repurchases shares of Common Stock, the amount paid to repurchase the shares in excess of the par or stated value is allocated to additional paid-in-capital unless subject to limitation or the balance in additional paid-in-capital is exhausted. Remaining amounts are recognized as a reduction in retained earnings.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None. Without limiting the generality of the foregoing, during the three months ended June 30, 2026, no director or officer of the Company adopted or terminated any "Rule 10b5-1 trading arrangement," or any "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibit Index

Exhibit Number	Exhibit Description
2.1	Securities Purchase Agreement, dated as of June 26, 2024, by and among i3 Verticals, LLC, i3 Holdings Sub, Inc., Payroc Buyer, LLC, Payroc WorldAccess, LLC, solely for purposes of certain terms set forth therein, and i3 Verticals, Inc., solely for purposes of certain terms set forth therein (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on June 26, 2024) (File No. 001-38532).
2.2	Securities Purchase Agreement, dated as of May 5, 2025, by and among i3 Verticals, LLC, i3 Healthcare Solutions, LLC and Infinx, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on May 6, 2025) (File No. 001-38532).
3.1	Amended and Restated Certificate of Incorporation of i3 Verticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 25, 2018) (File No. 001-38532).
3.2	Amended and Restated Bylaws of i3 Verticals, Inc., as amended and restated on November 16, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on November 16, 2022) (File No. 001-38532).
31.1*	Certification of Chief Executive Officer pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in Inline XBRL and contained in Exhibit 101.

* Filed herewith.
** Furnished herewith.

SIGNATURES

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

i3 Verticals, Inc.

By: /s/ Geoff Smith

Geoff Smith

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Date: August 7, 2026

Exhibit 31.1

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Gregory S. Daily, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of i3 Verticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 07, 2026

By: /s/ Gregory S. Daily

Gregory S. Daily

Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Geoff Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of i3 Verticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 07, 2026

By: /s/ Geoff Smith

Geoff Smith
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of i3 Verticals, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 07, 2026

By: /s/ Gregory S. Daily

Gregory S. Daily

Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of i3 Verticals, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officer hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 07, 2026

By: /s/ Geoff Smith
Geoff Smith
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)