

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

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

**SHIFT4 PAYMENTS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

7389  
(Primary Standard Industrial  
Classification Code Number)

84-3676340  
(I.R.S. Employer  
Identification No.)

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Allentown, Pennsylvania 18109  
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT IS DECLARED EFFECTIVE.**

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 7(a)(2)(B) of the Securities Act.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Class A common stock, \$0.0001 par value per share	9,200,000	\$63.68	\$585,856,000	\$63,916.89

(1) Includes 1,200,000 shares of Class A common stock that are subject to the underwriters' option to purchase additional shares of Class A common stock.

(2) Estimated solely for the purpose of calculating the registration fee. In accordance with Rule 457(c) under the Securities Act of 1933, as amended, the price shown is the average of the high and low selling price of the Class A common stock on November 25, 2020, as reported on the New York Stock Exchange.

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

**The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to completion. Dated November 30, 2020.**

**8,000,000 Shares**



**Shift4 Payments, Inc.**

**Class A Common Stock**

The selling stockholders identified in this prospectus are offering 8,000,000 shares of our Class A common stock. We are not selling any shares of our Class A common stock under this prospectus and will not receive any of the proceeds from the sale of shares by the selling stockholders in this offering.

Our Class A common stock is listed and traded on the New York Stock Exchange, or the NYSE, under the symbol “FOUR.” The last reported sale price of our Class A common stock on the NYSE on November 27, 2020 was \$61.61 per share.

We have three classes of common stock outstanding: Class A common stock, Class B common stock and Class C common stock. Each share of our Class A common stock entitles its holder to one vote per share and each share of each of our Class B common stock and Class C common stock entitles its holder to ten votes per share on all matters presented to our stockholders generally. All shares of our Class B common stock and Class C common stock are held by Searchlight (as defined below) and our Founder (as defined below), which combined will represent approximately 91.6% of the voting power of our outstanding common stock after this offering (or approximately 91.2% if the underwriters exercise in full their option to purchase additional shares).

We are a holding company and our principal asset is a controlling equity interest in Shift4 Payments, LLC representing an aggregate 55.6 % economic interest in Shift4 Payments, LLC (prior to giving effect to this offering and as of September 30, 2020). Of the remaining 44.4% economic interest in Shift4 Payments, LLC, 12.1% is owned by Searchlight through their ownership of LLC Interests and 32.3% is owned by our Founder through his ownership of LLC Interests, in each case, prior to giving effect to this offering and as of September 30, 2020.

We are the sole managing member of Shift4 Payments, LLC. We operate and control all of the business and affairs of Shift4 Payments, LLC and, through Shift4 Payments, LLC and its subsidiaries, conduct our business.

We are a “controlled company” within the meaning of the NYSE rules. See “Management—Controlled Company Exception.”

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

**Investing in our Class A common stock involves risks. See “[Risk Factors](#)” beginning on page 25 to read about factors you should consider before buying shares of our Class A common stock.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

(1) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See “Underwriting.”

The underwriters have the option to purchase up to an additional 1,200,000 shares of Class A common stock from the selling stockholders at the public offering price less the underwriting discount within 30 days of the date of this prospectus.

The underwriters expect to deliver the shares of Class A common stock against payment in New York, New York on \_\_\_\_\_, 2020.

**Goldman Sachs & Co. LLC**

**Credit Suisse**

**Citigroup**

Prospectus dated \_\_\_\_\_, 2020.

Payments Connected.  
Commerce Transformed.





## Full End-to-End Solution — Integrated Payments & Technology Platform



**3.5 Billion+**  
Annual Transactions

**200,000+**  
Current Customers

**\$200 Billion+**  
Payment Volume  
Processed Annually

**7,000+**  
Software Partners

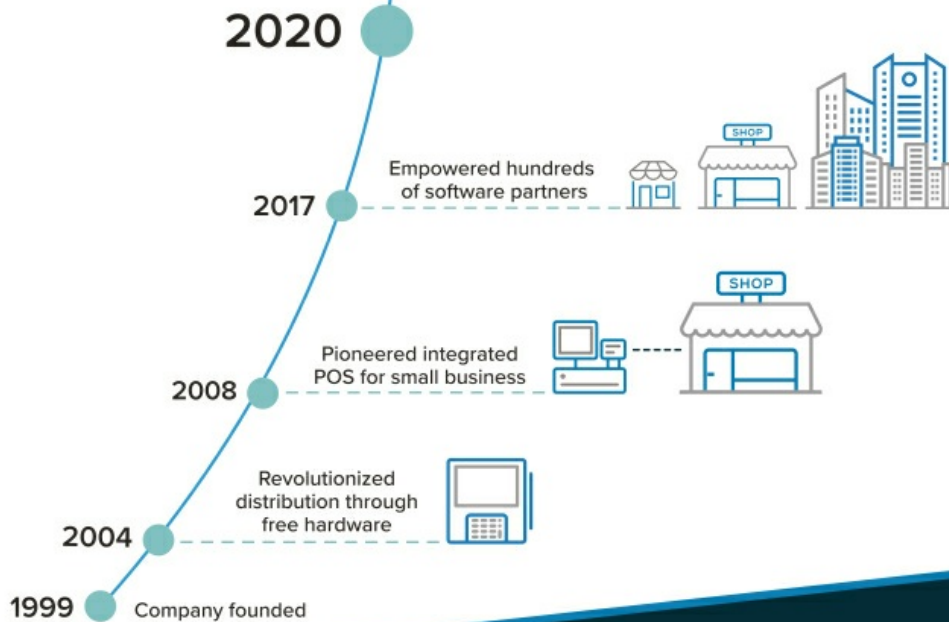


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We, the selling stockholders and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any related free writing prospectuses. We, the selling stockholders and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered by this prospectus, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date. Our business, financial condition, results of operations and prospectus may have changed since that date.

For investors outside the United States: We, the selling stockholders and the underwriters have not done anything that would permit this offering or the possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Class A common stock and the distribution of this prospectus outside the United States. See “Underwriting.”

## BASIS OF PRESENTATION

### IPO, Private Placement and Transactions

In connection with the completion of our initial public offering of our Class A common stock on June 9, 2020, in which we issued and sold 17,250,000 shares of our Class A common stock at an initial public price of \$23.00 per share and sold \$100.0 million of our Class C common stock at a price of \$21.62 per share, which is equal to the \$23.00 per share initial public price less underwriting discounts and commissions, in a private placement to Rook Holdings, Inc., which we refer to as the IPO and Private Placement, respectively, and we undertook certain organizational transactions, which we refer to collectively as the Transactions. See “IPO, Private Placement and Transactions” for a description of the IPO, Private Placement and Transactions.

### Follow-On Offering

On September 15, 2020, we completed a follow-on offering, in which we issued and sold 2,000,000 shares of our Class A common stock, and certain selling stockholders sold 8,000,000 shares of our Class A common stock, at a price to the public of \$48.50 per share, or the Base Offering, and on October 6, 2020, the selling stockholders sold an additional 1,500,000 shares of Class A common stock pursuant to the exercise by the underwriters of their option to purchase additional shares, or the Greenshoe Exercise and together with the Base Offering, the Follow-on Offering. Upon completion of the Follow-on Offering, we received net proceeds of approximately \$91.8 million, after deducting the underwriting discounts and commissions and offering expenses. We did not receive any of the proceeds from the sale of Class A common stock by the selling stockholders in the Follow-on Offering. We used the net proceeds we received from the Follow-on Offering to purchase 2,000,000 LLC Interests directly from Shift4 Payments, LLC at a price per unit equal to the price to the public of Class A common stock in the Follow-on Offering less the underwriting discounts and commissions. Shift4 Payments, LLC used the proceeds it received from the Follow-on Offering for general corporate purposes.

In connection with the Follow-on Offering, we also completed the following transactions:

- The redemption by Searchlight of 3,637,501 LLC Interests in exchange for 3,637,501 shares of Class A common stock sold in the Base Offering, and an immediate cancellation of an equivalent number of shares of Class B common stock. On October 6, 2020, an additional 682,031 LLC Interests held by Searchlight were exchanged for 682,031 shares of Class A common stock sold in connection with the Greenshoe Exercise, with an immediate cancellation of an equivalent number of shares of Class B common stock.
- The conversion of 4,218,872 shares of Class C common stock held by Searchlight to 4,218,872 shares of Class A common stock sold in the Base Offering. On October 6, 2020, an additional of 791,039 shares of Class C common stock held by Searchlight were converted to 791,039 shares of Class A common stock sold in connection with the Greenshoe Exercise.

### Senior Notes Offering

On October 29, 2020, our subsidiaries Shift4 Payments, LLC and Shift4 Payments Finance Sub, Inc. completed the issuance and sale of \$450.0 million aggregate principal amount of 4.625% Senior Notes due 2026, or the Notes and such offering, the Senior Notes Offering, to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A and outside the United States pursuant to Regulation S of the Securities Act of 1933, as amended, or the Securities Act. We received net proceeds, after deducting initial purchasers' discounts and estimated offering expenses, of approximately \$443.1 million from the Senior Notes Offering. The net proceeds of the Senior Notes Offering, together with cash on hand, were used to repay all indebtedness outstanding under the First Lien Term Loan Facility. The notes were issued pursuant to an indenture, dated as of October 29, 2020, or the Indenture, among the Issuers (as defined herein), the subsidiary guarantors named therein and U.S. Bank National Association, as trustee. The Indenture provides, among other things, that the notes are the senior unsecured obligations of the Issuers and are guaranteed, jointly and severally, on a senior unsecured basis, by certain of Shift4 Payments, LLC's subsidiaries. See “Description of Indebtedness—4.625% Senior notes due 2026.”

### Concurrent Convertible Notes Offering

Concurrently with this offering, we are offering \$400,000,000 aggregate principal amount of convertible senior notes due 2025, or the Convertible Notes, to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A of the Securities Act, or the Concurrent Convertible Notes Offering. In addition, we intend to grant the initial purchasers an option to purchase, for settlement within a period of 13 days from, and including the date the Convertible Notes are first issued, up to an additional \$60,000,000 aggregate principal amount of Convertible Notes. The Convertible Notes will be issued pursuant to an indenture, among Shift4 Payments, Inc. and U.S. Bank National Association, as trustee. The Convertible Notes will bear cash interest at an annual rate of % payable semi-annually and will mature on December 15, 2025 unless earlier repurchased, redeemed or converted. The conversion rate for the Convertible Notes will initially be shares of Class A common stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately \$ per share of Class A common stock), subject to adjustment. Before September 15, 2025, holders will have the right to convert their Convertible Notes only upon the occurrence of certain events. From and after September 15, 2025, holders may convert their Convertible Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. Upon conversion of the Convertible Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election. The Convertible Notes will be redeemable, in whole or in part, for cash at our option at any time, and from time to time, on or after December 20, 2023 and on or before the 40th scheduled trading day immediately before the maturity date, but only if the last reported sale price per share of our Class A common stock exceeds 130% of the conversion price for a specified period of time. The redemption price will be equal to the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Upon the occurrence of a “fundamental change,” which term includes certain change of control transactions, we must offer to repurchase the Convertible Notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest to, but not including, the date of repurchase. In addition, if a “make-whole fundamental change” occurs prior to the maturity date or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such make-whole fundamental change or notice of redemption, as the case may be.

This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities being offered in the Concurrent Convertible Notes Offering. We cannot assure you that the Concurrent Convertible Notes Offering will be completed or, if completed, on what terms it will be completed. The completion of this offering is not contingent on the completion of the Concurrent Convertible Notes Offering (nor is the completion of the Concurrent Convertible Notes Offering contingent on the completion of this offering).

### Certain Definitions

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

- “we,” “us,” “our,” the “Company,” “Shift4” and similar references refer: (1) following the consummation of the Transactions, including the IPO, to Shift4 Payments, Inc., and, unless otherwise stated, all of its subsidiaries, including Shift4 Payments, LLC and, unless otherwise stated, all of its subsidiaries, and (2) prior to the completion of the Transactions, including the IPO, to Shift4 Payments, LLC and, unless otherwise stated, all of its subsidiaries.
- “Blocker Companies” refers to certain direct and/or indirect owners of LLC Interests in Shift4 Payments, LLC, collectively, prior to the Transactions that are taxable as corporations for U.S. federal income tax purposes and each of which is an affiliate of Searchlight (as defined below).
- “Blocker Mergers” refers to the acquisition by Shift4 Payments, Inc. of LLC Interests held by the Blocker Shareholders, pursuant to one or more contributions by Blocker Shareholders of the equity interests in the Blocker Companies to Shift4 Payments, Inc., followed by one or more mergers, and in exchange for which Shift4 Payments, Inc. issued to the Blocker Shareholders shares of Class B common stock and Class C common stock.



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- “*Blocker Shareholders*” refers to the owners of *Blocker Companies*, collectively, prior to the Transactions.
- “*Continuing Equity Owners*” refers collectively to Searchlight, our Founder and their respective permitted transferees that own LLC Interests after the Transactions and who may redeem at each of their options, in whole or in part from time to time, their LLC Interests for, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE ) who are disinterested), cash or newly-issued shares of our Class A common stock as described in “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement.”
- “*LLC Interests*” refers to the common units of Shift4 Payments, LLC, including those that we purchased directly from Shift4 Payments, LLC with proceeds from our IPO, the Private Placement and the Follow-on Offering and the common units of Shift4 Payments, LLC that we acquired from the Former Equity Owners in connection with the consummation of the Transactions.
- “*Founder*” refers to Jared Isaacman, our Chief Executive Officer and the sole stockholder of Rook Holdings Inc. Our Founder is a Continuing Equity Owner and an owner of Class C common stock.
- “*Former Equity Owner*” refers to FPOS Holding Co., Inc. who exchanged its LLC Interests for shares of our Class A common stock (held by the Former Equity Owner either directly or indirectly) in connection with the consummation of the Transactions.
- “*Rook*” refers to Rook Holdings Inc., a Delaware corporation wholly-owned by our Founder and for which our Founder is the sole stockholder.
- “*RSU Holders*” refers to certain current and former employees of Shift4 Payments, LLC who received restricted stock units, or RSUs, of Shift4 Payments, Inc. in connection with the IPO.
- “*Searchlight*” refers to Searchlight Capital Partners, L.P., a Delaware limited partnership, and certain funds affiliated with Searchlight. Searchlight is a Continuing Equity Owner and an owner of Class C common stock (including any such fund or entity formed to hold shares of Class C common stock).
- “*selling stockholders*” refers to selling stockholders named herein that intend to sell shares of our Class A common stock in this offering.
- “*Shift4 Payments LLC Agreement*” refers to Shift4 Payments, LLC’s amended and restated limited liability company agreement, which became effective upon the consummation of the IPO.

Shift4 Payments, Inc. is a holding company and the sole managing member of Shift4 Payments, LLC, and its principal asset is LLC Interests.

### **Presentation of Financial Information**

Shift4 Payments, LLC is the accounting predecessor of the issuer of our Class A common stock, Shift4 Payments, Inc., for financial reporting purposes. Shift4 Payments, Inc. became the audited financial reporting entity following the IPO. Accordingly, this prospectus contains the following historical financial statements:

- *Shift4 Payments, Inc.* The historical condensed consolidated financial statements as of and for the nine months ended September 30, 2020, as well as the balance sheets as of November 5, 2019 and December 31, 2019 included in this prospectus are those of Shift4 Payments, Inc. No other historical financial information of Shift4 Payments, Inc. has been included in this prospectus as it was incorporated in contemplation of the IPO, had no significant business transactions or activities prior to the IPO and had no significant assets or liabilities during the other periods presented in this prospectus.
- *Shift4 Payments, LLC.* As Shift4 Payments, Inc. has no interest in any operations other than those of Shift4 Payments, LLC, the historical consolidated financial statements as of and for the years ended December 31, 2019 and December 31, 2018 and the condensed consolidated financial statements for the nine months ended September 30, 2019, which are included in this prospectus are those of Shift4 Payments, LLC.



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The unaudited pro forma financial information of Shift4 Payments, Inc. presented in this prospectus has been derived by the application of pro forma adjustments to the audited historical consolidated financial statements of Shift4 Payments, LLC and the unaudited historical condensed consolidated financial statements of Shift4 Payments, Inc. included elsewhere in this prospectus. These pro forma adjustments give effect to this offering, the IPO, Private Placement and Transactions (as described in “IPO, Private Placement and Transactions”), the Follow-on Offering and the Senior Notes Offering as if all such transactions had occurred on January 1, 2019 in the case of the unaudited pro forma condensed consolidated statements of operations data, and as of September 30, 2020 in the case of the unaudited pro forma condensed consolidated balance sheet data. See “Unaudited Pro Forma Condensed Consolidated Financial Information” for a complete description of the adjustments and assumptions underlying the pro forma financial information included in this prospectus.

Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Percentage amounts included in this prospectus have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this prospectus may vary from those obtained by performing the same calculations using the figures in our consolidated financial statements included elsewhere in this prospectus. Certain other amounts that appear in this prospectus may not sum due to rounding.

### **Key Terms and Performance Indicators Used in this Prospectus; Non-GAAP Financial Measures**

Throughout this prospectus, we use a number of key terms and provide a number of key performance indicators used by management. These key performance indicators are discussed in more detail in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key performance indicators and non-GAAP measures.” We define these terms as follows:

- end-to-end payment volume, which we define as the total dollar amount of card payments that we authorize and settle on behalf of our merchants;
- gross revenue less network fees, which includes interchange and assessment fees;
- EBITDA, which we define as earnings before interest expense, income taxes, depreciation and amortization; and
- adjusted EBITDA, which we define as EBITDA further adjusted for acquisition, restructuring and integration costs, equity-based compensation expense, management fees and other non-recurring items management believes are not indicative of ongoing operations.

We use non-GAAP financial measures to supplement financial information presented in accordance with generally accepted accounting principles in the United States, or GAAP. We believe that excluding certain items from our GAAP results allows management to better understand our consolidated financial performance from period to period and better project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, we believe these non-GAAP financial measures provide our stakeholders with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period to period comparisons. There are limitations to the use of the non-GAAP financial measures presented in this prospectus. For example, our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes. See “Prospectus Summary—Summary Historical and Pro Forma Condensed Consolidated Financial and Other Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

## TRADEMARKS

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

## MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry, competitive position and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources and management estimates. Management estimates are derived from publicly available information released by independent industry analysts, such as The Nilson Report, the "Global payments 2018: A dynamic industry continues to break new ground" report by McKinsey & Company, or McKinsey, and other third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data, and our experience in, and knowledge of, such industry and markets, which we believe to be reasonable. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

This prospectus also contains information regarding feedback that originated from our customers, including those described in "Business—Customer Success Stories." This information is based upon feedback collected by us. We encourage our customers to describe their experiences with our services. We also survey our customers from time to time regarding their experiences with us. In response to positive feedback received, we contacted certain of these customers to request their consent to use their story in this prospectus and, in some cases, requested further detail about their positive experience.

## IPO, PRIVATE PLACEMENT AND TRANSACTIONS

On June 9, 2020, we completed the IPO of 17,250,000 shares (including additional shares sold to the underwriters upon exercise in full of their option to purchase additional shares from us) of our Class A common stock at a price to the public of \$23.00 per share. The shares began trading on the NYSE on June 5, 2020 under the symbol “FOUR.” The total net proceeds of the IPO received by the Company were approximately \$362.6 million, including proceeds resulting from the underwriters’ exercise in full of their option to purchase additional shares of our Class A common stock in connection with the IPO and after deducting underwriting discounts, commissions and offering expenses. We also completed a \$100.0 million Private Placement of 4,625,346 shares of Class C common stock to Rook. The total net proceeds from the IPO and Private Placement were approximately \$462.6 million. We used the net proceeds from the IPO and the Private Placement to purchase 23,324,537 LLC Interests directly from Shift4 Payments, LLC at a price per unit equal to the IPO price per share of Class A common stock in the IPO less the underwriting discounts and commissions and offering expenses. Shift4 Payments, LLC used the proceeds it received through Shift4 Payments, Inc. from the IPO and Private Placement to repay \$59.8 million of required principal payments under the First Lien Term Loan Facility, to repay in full the \$130.0 million outstanding under our Second Lien Term Loan Facility, to repay the \$89.5 million outstanding borrowing under our Revolving Credit Facility and for general corporate purposes.

We completed the following organizational transactions in connection with the IPO and the Private Placement, which we refer to collectively with the IPO and the Private Placement as the Transactions:

- we amended and restated the existing limited liability company agreement of Shift4 Payments, LLC to, among other things, (1) convert all existing ownership interests in Shift4 Payments, LLC (including redeemable preferred units) into 43,463,700 LLC Interests and (2) appoint Shift4 Payments, Inc. as the sole managing member of Shift4 Payments, LLC upon its acquisition of LLC Interests in connection with the IPO;
- we amended and restated Shift4 Payments, Inc.’s certificate of incorporation to, among other things, provide (1) for Class A common stock, with each share of our Class A common stock entitling its holder to one vote per share on all matters presented to our stockholders generally, (2) for Class B common stock, with each share of our Class B common stock entitling its holder to ten votes per share on all matters presented to our stockholders generally, and that shares of our Class B common stock may only be held by Searchlight, our Founder and their respective permitted transferees as described in “Description of Capital Stock—Common Stock—Class B Common Stock” and (3) for Class C common stock, with each share of our Class C common stock entitling its holder to ten votes per share on all matters presented to our stockholders generally, and that shares of our Class C common stock may only be held by Searchlight, our Founder and their respective permitted transferees as described in “Description of Capital Stock—Common Stock—Class C Common Stock;”
- the Former Equity Owner exchanged its LLC Interests for 528,150 shares of Class A common stock on a one-to-one basis;
- we acquired, pursuant to the Blocker Mergers, the LLC Interests held by the Blocker Shareholders, affiliates of Searchlight, in exchange for shares of Class B common stock and Class C common stock;
- we granted 4,630,884 RSUs to the RSU Holders in connection with the IPO;
- we purchased 915,503 LLC Interests from Shift4 Payments, LLC in exchange for 915,503 shares of Class A common stock to be issued to P&W Enterprises, Inc., as satisfaction of Shift4 Payments, LLC’s existing obligation to P&W Enterprises, Inc.;
- we used all of the net proceeds from the IPO to purchase 17,250,000 newly issued LLC Interests directly from Shift4 Payments, LLC at a price per unit equal to the \$23.00 per share of Class A common stock initial public price in the IPO less the underwriting discounts and commissions;

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- we used all of the net proceeds from the Private Placement to purchase 4,625,346 newly issued LLC Interests directly from Shift4 Payments, LLC at a price per unit equal to the \$23.00 per share of Class A common stock initial public price in the IPO less underwriting discounts and commissions;
- Shift4 Payments, LLC used the net proceeds from the sale of LLC Interests to Shift4 Payments, Inc. to repay certain existing indebtedness and the remainder for general corporate purposes; and
- we entered into (1) the Stockholders Agreement with Searchlight and our Founder, (2) the Registration Rights Agreement with Searchlight and our Founder and (3) the Tax Receivable Agreement, or TRA, with Shift4 Payments, LLC, the Continuing Equity Owners and the Blocker Shareholders. For a description of the terms of the Stockholders Agreement, the Registration Rights Agreement and the Tax Receivable Agreement, see “Certain Relationships and Related Party Transactions.”

## PROSPECTUS SUMMARY

*This summary highlights selected information included elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our Class A common stock. You should read the entire prospectus carefully, including the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Some of the statements in this prospectus constitute forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements."*

### Overview

We are a leading independent provider of integrated payment processing and technology solutions in the United States based on total volume of payments processed. We have achieved our leadership position through decades of solving complex business and operational challenges facing our customers: software partners and merchants. For our software partners, we offer a single integration to an end-to-end payments offering, a proprietary gateway and a robust suite of technology solutions to enhance the value of their software and simplify payment acceptance. For our merchants, we provide a seamless, unified consumer experience as an alternative to relying on multiple providers to accept payments and utilize technology in their businesses.

Merchants are increasingly adopting disparate software solutions to operate their businesses more effectively. The complexity of integrating a seamless payment solution across these software suites has grown exponentially. For example, a restaurant in the United States may use over a dozen disparate software systems to operate its business, manage interactions with its customers and accept payments. A large resort may operate an even greater number of software systems to enable online reservations, check-ins, restaurants, salon and spa, golf, parking and more. The scale and complexity of managing these software systems that are sourced from different providers while seamlessly accepting payments is challenging for merchants of any size.

Software partners are increasingly required to ensure that their solutions are integrated with a variety of applications to service merchants. For example, any software partner seeking to be adopted in a resort, such as an online reservation system or restaurant point-of-sale, or POS, must be able to integrate into that resort's property management systems. These software integrations need to enable secure payment acceptance and also support additional services to manage the guest's experience. Facilitating these integrations is both costly and time-consuming for software partners.

We integrate disparate software systems through a single point of connectivity. By partnering with us, every software provider receives the benefit of both a state-of-the-art payments platform and our library of over 350 established integrations with market-leading software suites. In turn, our merchants are able to simplify payment acceptance and streamline their business operations by reducing the number of vendors on which they rely.

At the heart of our business is our **payments platform**. Our payments platform is a full suite of integrated payment products and services that can be used across multiple channels (in-store, online, mobile and tablet-based). We also offer innovative **technology solutions** that go beyond payment processing—some of which are developed in-house, such as business intelligence and POS software, while others are powered by our network of complementary third-party applications.

We employ a **partner-centric distribution** approach in which we market and sell our solutions through a diversified network of over 7,000 software partners, which consist of independent software vendors, or ISVs, and value-added resellers, or VARs. ISVs are technology providers that develop commerce-enabling software suites with which they can bundle our payments platform. VARs are organizations that provide distribution support for

ISVs and act as trusted and localized service providers to merchants by providing them with software and services. Together, our ISVs and VARs provide us immense distribution scale and provide our merchants with front-line service and support.

Our end-to-end payments offering combines our payments platform, including our proprietary gateway and breadth of software integrations, and our suite of technology solutions to create a compelling value proposition for our merchants. We had over \$22.0 billion in end-to-end payment volume for the year ended December 31, 2019 and approximately \$17.5 billion in end-to-end payment volume for the nine months ended September 30, 2020. This end-to-end payment volume contributed approximately 57% and 60% of gross revenue less network fees for the year ended December 31, 2019 and the nine months ended September 30, 2020, respectively. Additionally, in 2019, we had over \$185.0 billion in payment volume that relied on Shift4's gateway or technology solutions but did not utilize our end-to-end payments offering.

Our merchants range from small-to-medium-sized businesses, or SMBs, to large enterprises across numerous verticals in which we have deep industry expertise, including food and beverage, lodging and leisure (which we collectively refer to as hospitality). In addition, our merchant base is highly diversified with no single merchant representing more than 1% of end-to-end payment volume for the year ended December 31, 2019 or the nine months ended September 30, 2020.

We derive the majority of our revenue from fees paid by our merchants, which principally include a processing fee that is charged as a percentage of end-to-end payment volume. In cases where merchants subscribe only to our gateway, we generate revenue from transaction fees charged in the form of a fixed fee per transaction. We also generate subscription revenue from licensing subscriptions to our POS software, business intelligence tools, payment device management and other technology solutions, for which we typically charge flat subscription fees on a monthly basis. Our revenue is recurring in nature because of the mission-critical and embedded nature of the solutions we provide, the high switching costs associated with these solutions and the multi-year contracts we have with our customers. We also benefit from a high degree of operating leverage given the combination of our highly scalable payments platform and strong customer unit economics.

Our total revenue increased to \$731.4 million for fiscal year ended December 31, 2019 from \$560.6 million for fiscal year ended December 31, 2018 and increased to \$556.0 million for the nine months ended September 30, 2020 from \$529.3 million for the nine months ended September 30, 2019. We generated a net loss of \$58.1 million for the fiscal year ended December 31, 2019 and a net loss of \$49.9 million for the fiscal year ended December 31, 2018; and generated a net loss of \$90.1 million for the nine months ended September 30, 2020 and a net loss of \$44.3 million for the nine months ended September 30, 2019. Our gross revenue less network fees increased to \$305.5 million for the fiscal year ended December 31, 2019 from \$252.7 million for the fiscal year ended December 31, 2018, representing year-over-year growth of 20.9%; and our gross revenue less network fees increased to \$234.2 million for the nine months ended September 30, 2020 from \$221.3 million for the nine months ended September 30, 2019, representing growth of 5.8%. Our adjusted EBITDA increased to \$103.8 million for the fiscal year ended December 31, 2019 from \$89.9 million for the fiscal year ended December 31, 2018, representing year-over-year growth of 15.5%; and our adjusted EBITDA decreased 12% to \$61.0 million for the nine months ended September 30, 2020 from \$69.1 million for the nine months ended September 30, 2019. The percentage of our total gross revenue less network fees derived from volume-based payments, subscription agreements and transaction fees was 56.7%, 26.5% and 14.6% for the fiscal year ended December 31, 2019, respectively, and 56.2%, 26.9% and 14.0% for the fiscal year ended December 31, 2018, respectively. The percentage of our total gross revenue less network fees derived from volume-based payments, subscription agreements and transaction fees was 59.8%, 24.5% and 13.9% for the nine months ended September 30, 2020, respectively, and 57.8%, 26.8% and 13.4% for the nine months ended September 30, 2019, respectively. See “—Summary Historical and Pro Forma Condensed Consolidated Financial and Other Data” for a reconciliation of our non-GAAP measures to the most directly comparable financial measure calculated and presented in accordance with GAAP.

**Our Shift4 Model**

Our mission is to power the convergence of integrated payments and commerce-enabling software. Solving the complexity inherent to our software partners and merchants requires a specialized approach that combines a seamless customer experience with a secure, reliable and robust suite of payments and technology offerings.



To achieve this mission, we strategically built our *Shift4 Model* on a three pillar foundation: (i) *payments platform*; (ii) *technology solutions*; and (iii) *partner-centric distribution*.



**Payments Platform**

Our payments platform provides omni-channel card acceptance and processing solutions, including:

- end-to-end payment processing for a broad range of payment types;
- merchant acquiring;
- proprietary omni-channel gateway capable of multiple methods of contactless QR code-based payments;



- complementary software integrations;
- integrated and mobile POS solutions;
- security and risk management solutions; and
- reporting and analytical tools.

For the year ended December 31, 2019, we processed over 3.5 billion transactions representing over \$200.0 billion in payment volume across multiple payment types, including credit, debit, contactless card, EMV, mobile wallets and alternative payment methods. We continue to innovate and evolve our payments offering as new technology and payment methods are adopted by consumers.

Through our proprietary gateway, our payments platform is integrated with over 350 software suites including some of the largest and most recognized software providers in the world. In addition, we enable connectivity with the largest payment processors, alternative payment rails and over 100 payment devices. Our payments platform includes market-leading security features that help prevent consumer card data from entering the merchant's environment.

Our merchants have the flexibility to subscribe to our payments platform in one of two ways: end-to-end payments or gateway. End-to-end payments merchants benefit from a single vendor solution for payment acceptance (including our proprietary gateway), devices, POS software solutions and a full suite of business intelligence tools. By consolidating these functions through a single, unified vendor solution, these merchants are able to reduce total spend on payment acceptance solutions and access gateway and technology solutions as value-added features. Gateway merchants benefit from interoperability with third-party payment processors. The flexibility in our model helps us attract software partners and merchants.

#### ***Technology Solutions***

Our suite of technology solutions is designed to streamline our customers' business operations, drive growth through strong consumer engagement and improve their business using rich transaction-level data.

- *Lighthouse 5* – Our cloud-based suite of business intelligence tools includes customer engagement, social media management, online reputation management, scheduling and product pricing, as well as extensive reporting and analytics.
- *Integrated Point-of-Sale (iPOS)* – We provide purpose-built POS workstations pre-loaded with powerful, mission-critical software suites and integrated payment functionality. Our iPOS offering helps our merchants scale their business and improve operational efficiency while reducing total cost of ownership.
- *Mobile POS* – Our mobile payments offering, *Skytab*, provides a complete feature set, including pay-at-the-table, order-at-the-table, delivery, customer feedback and email marketing, all of which are integrated with our proprietary gateway and *Lighthouse 5*.
- *Marketplace* – We enable seamless integrations into complementary third-party applications (such as online delivery services, payroll, timekeeping and other human resource services), reducing the number of vendors on which our merchants rely.

#### ***Partner-Centric Distribution***

Our payments platform and technology solutions are delivered to our merchants through our partner-centric distribution network. Today, our network includes over 7,000 software partners, providing full coverage across the United States.

Our partner-centric distribution approach is designed to leverage the domain expertise and local relationships that our software partners have built with our merchants over years of doing business together. Our software partners are entrusted by merchants to guide software purchasing decisions and provide service and support. In turn, our software partners entrust us to provide innovative payment and technology solutions to help them continue to grow.

#### **Our Key Differentiators**

We believe that our *Shift4 Model* provides us with a competitive advantage and differentiated position in the market.

- ***We are a pioneer in delivering innovative solutions.*** Since our founding, we have been at the forefront of developing and deploying new and innovative payments and technology solutions that are tailored to meet the demands of our customers as their business needs evolve, such as *Skytab*, Integrated POS, Tokenization and PCI-validated point-to-point encryption, or P2PE.
- ***We have developed deep domain expertise and built specialized capabilities in the hospitality market.*** We believe that we have established a meaningful first-mover advantage in integrated payments and technology solutions for the hospitality market. With over 30 years of operating experience in the hospitality market, we have developed solutions that meet various use-cases in the hospitality industry. As a result, over 21,000 hotels and 125,000 restaurants in the United States use at least one of our products.
- ***We maintain a privileged position as the last integration our software partners will ever need.*** We have over 350 integrations to market-leading software providers and we are integrated into a majority share of hotel property management systems in the United States. As a result, we simplify the operational complexity that our merchants face.
- ***We control and integrate the most important parts of the payments value chain into a single point of access.*** We offer end-to-end processing, merchant acquiring, gateway, software integrations, POS solutions, security, reporting and analytical tools, enabling us to eliminate customer pain points around payment processing and device management. Integrating our payments platform into our software partners' solutions enables them to deliver a comprehensive solution to their customers, with a single source of accountability and service.
- ***We have a vision-driven, founder-led culture.*** Since our founding, we have focused on building an entrepreneurial and innovative culture that is deeply rooted in our philosophy of aligning our success with that of our software partners and merchants. Our founder-led team is able to draw on decades of experience in payments and software, which we believe is a key driver of our ability to innovate and disrupt our markets.

#### **Our Growth Strategy**

Our growth strategy will continue to be driven by our ability to leverage our *Shift4 Model* to solve the most complex business challenges facing our customers. The key elements of this strategy include:

- ***Continue to win new customers.*** We plan to continue enhancing our value proposition to empower our existing software partners to win new merchants. We also intend to expand our network of software partners across a variety of industry verticals in order to target new merchants.
- ***Unlock substantial opportunity within existing merchant base.*** Significant upsell and cross-sell opportunities exist within our current base of merchants. We intend to drive adoption of our integrated end-to-end payments offering within our gateway merchant base, which increases our revenue per merchant and enhances merchant retention, resulting in stronger unit economics.

- **Continue enhancing our product portfolio with differentiated solutions.** As merchants embrace simplicity and consolidate vendor relationships, we will continue to add new value-added features and functionality. This enables our merchants to deliver a higher quality experience to their consumers and increase their transaction volumes, benefitting both us and our merchants.
- **Leverage domain expertise in hospitality market to expand into adjacent verticals.** Our access to leading hospitality businesses and industry thought leaders affords us an advantaged position of identifying emerging trends in adjacent areas and verticals that could result in attractive investment opportunities, such as specialty retail.
- **Leverage our relationships with global merchants to expand internationally.** Our *Shift4 Model* serves a host of multinational hospitality brands that currently utilize our tokenization and POS software solutions internationally. We also have the opportunity to follow our customers as they expand into new geographic markets.
- **Monetize the robust data we capture through our Shift4 Model.** We believe we have an opportunity to leverage data from the billions of transactions we process to develop unique insights that help identify trends in consumer behavior, as well as consumer and merchant preferences. We believe monetization of this data could represent a larger component of our business in the future.
- **Pursue strategic acquisitions.** We may selectively pursue acquisitions to improve our competitive positioning within existing and new verticals, expand our customer base and enhance our software and technology capabilities.

#### **Our Market and Trends Impacting the Industry**

The convergence of payments and software is transforming global commerce. Our software partners and merchants are seeking a bundled integrated payment and software solution to introduce operating efficiencies and enhance consumer experiences. The market opportunity is large and growing. According to the October 2020 issue of The Nilson Report, purchase volume on cards in the United States is expected to reach \$10.7 trillion by 2024 from \$7.9 trillion in 2019, representing a compound annual growth rate, or CAGR, of approximately 6.3%. We leverage our *Shift4 Model* to capture a larger share of this market opportunity and to capitalize on the following trends defining our markets:

#### **Trends Impacting Merchants**

- Merchants must leverage the power of software to compete
- Merchants are increasingly adopting multiple software suites
- Increasing complexity of payments and the proliferation of frictionless and omni-channel commerce
- Card-present verticals increasingly capture unique business insights

#### **Trends Impacting ISVs**

- ISVs are integrating payments into their business models to remain competitive
- ISVs struggle to integrate their software suites with the growing universe of third-party software applications

#### **Searchlight Capital**

Searchlight is a global private investment firm with over \$7 billion in assets under management and offices in New York, London and Toronto. The firm manages capital through varied investment funds and special purpose

partnerships. For additional information regarding Searchlight's ownership in us after this offering, see "—Summary of the Transactions" and "Principal and Selling Stockholders."

## **Recent Developments**

### ***COVID-19***

The unprecedented and rapid spread of the novel coronavirus, or COVID-19 as well as the shelter-in-place orders, promotion of social distancing measures, restrictions to businesses deemed non-essential and travel restrictions implemented throughout the United States have significantly impacted the restaurant and hospitality industries—verticals in which we have predominantly focused on over the last decade.

In response to these developments, we have implemented measures to focus on the safety of our employees, including implementing remote working capabilities and to support our merchants as they shift to take-out and delivery operations, while at the same time seeking to mitigate the impact on our financial position and operations. We have also implemented new programs to help ease the burden for our merchants, encourage customers to support their local small businesses and restaurants and incentivize new merchants to enroll in our end-to-end payment platform. Specifically, we have:

- established [www.shift4.com/situation](http://www.shift4.com/situation) in an effort to share data to educate political leaders and advocacy groups as to where aid needs to be prioritized;
- released a gift card funding campaign to encourage consumers to support their favorite bars or restaurants by purchasing a gift card through our Shift4Cares.com website; and
- implemented temporary fee waivers on certain products from March 2020 through June 2020 that did not have a material impact on financial performance.

We believe we have sufficient liquidity to satisfy our cash needs for at least the next twelve months, however, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate during these uncertain times. Our business was not significantly impacted by the COVID-19 pandemic until the latter part of March 2020, at which time our end-to-end payment volumes declined 70%. At that time, we took the following actions to increase liquidity and strengthen our financial position:

- furloughed approximately 25% of our employees. As of September 30, 2020, we reinstated substantially all of our workforce and are hiring in certain areas to accommodate new merchant onboarding;
- accelerated approximately \$30.0 million of annual expense reduction plans related to prior acquisitions, including the Merchant Link Acquisition;
- re-prioritized our capital projects to defer certain non-essential improvements;
- instituted a company-wide hiring freeze, which was lifted in August 2020; and
- reduced salaries for management across the organization, which were fully reinstated as of October 2020.

While we believe these actions will ensure that we can continue to support our employees, merchants and software partners through this crisis and will better position us for the recovery when that time comes, we are unable to accurately predict the ultimate impact that the COVID-19 pandemic will have on our operations going forward due to a number of factors, including:

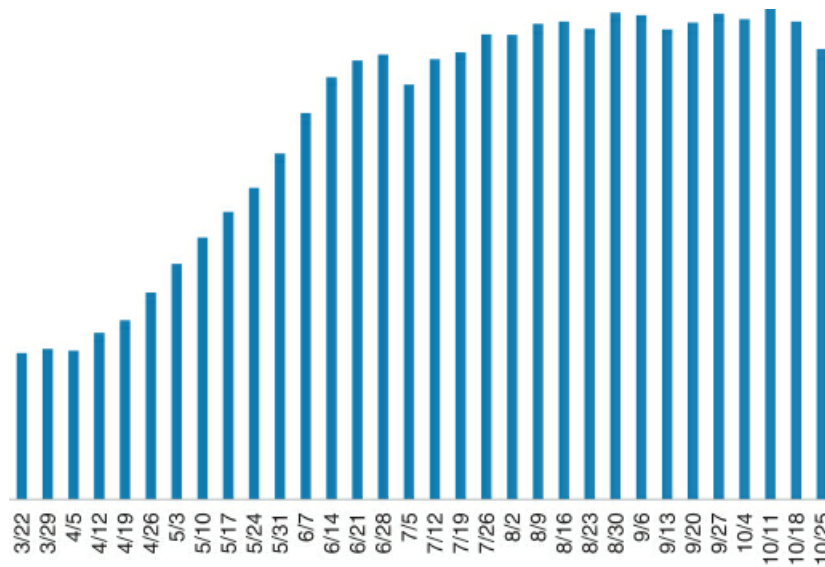
- uncertainties which will be dictated by the length of time that COVID-19 related disruptions continue and the severity of such disruptions;

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- the potential for additional outbreaks as government restrictions are relaxed and any further shelter-in-place or other government restrictions imposed as a result;
- the impact of existing and future governmental regulations that might be imposed in response to the pandemic;
- the impact of remote operations;
- potential interruptions or impacts to our supply chain;
- potential changes in consumer behavior, including the use of hotels, bars and restaurants; and
- the deterioration in the economic conditions in the United States, which could have a significant impact on spending.

Since late March when shelter-in-place, social distancing, the closing of non-essential businesses and other restrictive measures were first put in place across the United States and our weekly gateway transactions decreased by approximately 75% from their pre-COVID peak, we have seen a significant recovery in our end-to-end payment volumes and, for the trailing seven days leading up to September 30, 2020, end-to-end payment volumes were approximately 97% of pre-COVID volumes in 2020 and as of the week beginning October 25, 2020, end-to-end payment volumes were approximately 210% of pre-COVID volumes in 2020, which were impacted similarly to gateway transactions by the COVID-19 pandemic.

Shown below is our weekly end-to-end payment volume from the week beginning March 22, 2020, the lowest point since the COVID-19 pandemic, through the week beginning October 25, 2020.



Weekly End-to-End Payment Volume

While end-to-end payment volumes for the nine months ended September 30, 2020 have exceeded those for the nine months ended September 30, 2019, the ultimate impact that the COVID-19 pandemic will have on our

consolidated results of operations in the fourth quarter and full year 2020 remains uncertain. We will continue to evaluate the nature and extent of these potential impacts to our business, consolidated results of operations, and liquidity. See “Risk Factors—Business risks—The recent novel coronavirus, or COVID-19, global pandemic has had and is expected to continue to have a material adverse effect on our business and results of operations.”

End-to-end payment volumes for the quarter ended September 30, 2020 were over 20% greater than end-to-end payment volumes for the quarter ended September 30, 2019. Additionally, October 2020 end-to-end payment volumes were over 28% greater than October 2019 end-to-end payment volumes. We have also seen our SkyTab merchant adoption increase 304% since mid-March 2020, with related volumes above the pre-COVID-19 peak.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security, or CARES, Act was signed into law. The CARES Act provides a substantial stimulus and assistance package intended to address the impact of the COVID-19 pandemic, including tax relief and government loans, grants and investments. The CARES Act includes, among other things, provisions relating to payroll tax credits and deferrals, net operating loss carryback periods, alternative minimum tax credits and technical corrections to tax depreciation methods for qualified improvement property. Pursuant to the CARES Act, in June 2020, we submitted a carryback claim related to our net operating loss carryforward generated in 2018, which provided a cash tax savings of \$0.6 million and is reflected in the condensed consolidated financial statements for the nine months ended September 30, 2020 included elsewhere in this prospectus. We will continue to monitor any effects that may result from the CARES Act or other government relief programs that are made available in the future.

#### ***Follow-on Offering***

On September 15, 2020, we completed the Follow-on Offering, in which we issued and sold 2,000,000 shares of our Class A common stock, and certain selling stockholders sold 8,000,000 shares of our Class A common stock, at a price to the public of \$48.50 per share and on October 6, 2020, the selling stockholders sold an additional 1,500,000 shares of Class A common stock pursuant to the exercise by the underwriters of their option to purchase additional shares. Upon completion of the Follow-on Offering, we received net proceeds of approximately \$91.8 million, after deducting the underwriting discounts and commissions and offering expenses. We did not receive any of the proceeds from the sale of Class A common stock by the selling stockholders in the Follow-on Offering. We used the net proceeds we received from the Follow-on Offering to purchase 2,000,000 LLC Interests directly from Shift4 Payments, LLC at a price per unit equal to the price to the public of Class A common stock in the Follow-on Offering less the underwriting discounts and commissions. Shift4 Payments, LLC used the proceeds it received from the Follow-on Offering for general corporate purposes.

In connection with the Follow-on Offering, we also completed the following transactions:

- The redemption by Searchlight of 3,637,501 LLC Interests in exchange for 3,637,501 shares of Class A common stock sold in the Base Offering, and an immediate cancellation of an equivalent number of shares of Class B common stock. On October 6, 2020, an additional 682,031 LLC Interests held by Searchlight were exchanged for 682,031 shares of Class A common stock sold in connection with the Greenshoe Exercise, with an immediate cancellation of an equivalent number of shares of Class B common stock.
- The conversion of 4,218,872 shares of Class C common stock held by Searchlight to 4,218,872 shares of Class A common stock sold in the Base Offering. On October 6, 2020, an additional of 791,039 shares of Class C common stock held by Searchlight were converted to 791,039 shares of Class A common stock sold in connection with the Greenshoe Exercise.

#### ***Senior Notes Offering***

On October 29, 2020, our subsidiaries Shift4 Payments, LLC and Shift4 Payments Finance Sub, Inc. completed the issuance and sale of \$450.0 million aggregate principal amount of 4.625% Senior Notes due 2026, to persons

reasonably believed to be qualified institutional buyers pursuant to Rule 144A and outside the United States pursuant to Regulation S of the Securities Act. We received net proceeds, after deducting initial purchasers' discounts and estimated offering expenses, of approximately \$443.1 million from the Senior Notes Offering. The net proceeds of the Senior Notes Offering, together with cash on hand, were used to repay all indebtedness outstanding under the First Lien Term Loan Facility. The notes were issued pursuant to an Indenture, dated as of October 29, 2020, among the Issuers, the subsidiary guarantors named therein and U.S. Bank National Association, as trustee. The Indenture provides, among other things, that the notes are the senior unsecured obligations of the Issuers and are guaranteed, jointly and severally, on a senior unsecured basis, by certain of Shift4 Payments, LLC's subsidiaries. See "Description of Indebtedness—4.625% Senior Notes due 2026."

***Recent Acquisitions***

On November 5, 2020, we completed the purchase of all of the outstanding equity interest of INFOMART2000 Corp. dba 3DCART, or INFOMART2000, from GG 2020 Holdings, Inc., or GG Holdings, in exchange for approximately \$40.0 million in cash and approximately \$19.6 million in newly issued shares of our Class A common stock, pursuant to an Equity Interest Purchase Agreement by and among us, Shift4 Payments, LLC, INFOMART2000, GG Holdings and Gonzalo Gil, or the 3DCART Acquisition. This acquisition expands our omni-channel transaction capabilities and will enable 3DCART merchants to augment their ecommerce platform experience with our secure integrated payments solutions. In addition, our indirect sales distribution network will be able to offer 3DCART's turnkey ecommerce capabilities to our new and existing POS and payments customers.

On October 16, 2020, we acquired a hospitality technology vendor for approximately \$10.0 million in cash, or the HTV Acquisition. This acquisition enables the boarding of the vendor's customers on our end-to-end acquiring solution and empowers our distribution partners to sign the vendor's customer accounts and leverage the combined expertise to handle all aspects of installation, service, and support.

***Concurrent Convertible Notes Offering***

Concurrently with this offering, we are offering \$400,000,000 aggregate principal amount of convertible senior notes due 2025 to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A of the Securities Act. In addition, we intend to grant the initial purchasers an option to purchase, for settlement within a period of 13 days from, and including the date the Convertible Notes are first issued, up to an additional \$60,000,000 aggregate principal amount of Convertible Notes. The Convertible Notes will be issued pursuant to an indenture, among Shift4 Payments, Inc. and U.S. Bank National Association, as trustee. The Convertible Notes will bear cash interest at an annual rate of % payable semi-annually and will mature on December 15, 2025 unless earlier repurchased, redeemed or converted. The conversion rate for the Convertible Notes will initially be shares of Class A common stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately \$ per share of Class A common stock), subject to adjustment. Before September 15, 2025, holders will have the right to convert their Convertible Notes only upon the occurrence of certain events. From and after September 15, 2025, holders may convert their Convertible Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. Upon conversion of the Convertible Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election. The Convertible Notes will be redeemable, in whole or in part, for cash at our option at any time, and from time to time, on or after December 20, 2023 and on or before the 40th scheduled trading day immediately before the maturity date, but only if the last reported sale price per share of our Class A common stock exceeds 130% of the conversion price for a specified period of time. The redemption price will be equal to the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Upon the occurrence of a "fundamental change," which term includes certain



change of control transactions, we must offer to repurchase the Convertible Notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest to, but not including, the date of repurchase. In addition, if a “make-whole fundamental change” occurs prior to the maturity date or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such make-whole fundamental change or notice of redemption, as the case may be.

This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities being offered in the Concurrent Convertible Notes Offering. We cannot assure you that the Concurrent Convertible Notes Offering will be completed or, if completed, on what terms it will be completed. The completion of this offering is not contingent on the completion of the Concurrent Convertible Notes Offering (nor is the completion of the Concurrent Convertible Notes Offering contingent on the completion of this offering).

#### **Summary Risk Factors**

Participating in this offering involves substantial risk. Our ability to execute our strategy is also subject to certain risks. The risks described under the heading “Risk Factors” included elsewhere in this prospectus may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the most significant challenges and risks we face include the following:

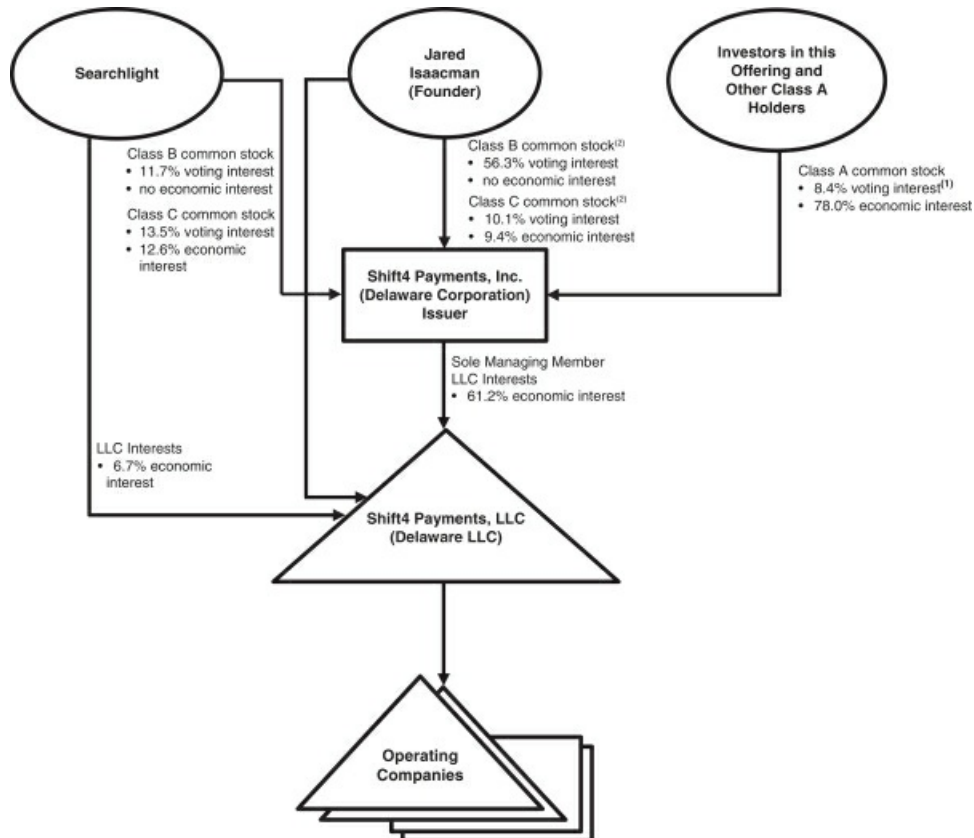
- the recent novel coronavirus, or COVID-19, global pandemic has had and is expected to continue to have a material adverse effect on our business and results of operations;
- substantial and increasingly intense competition worldwide in the financial services, payments and payment technology industries may adversely affect our overall business and operations;
- potential changes in the competitive landscape, including disintermediation from other participants in the payments chain, could harm our business;
- our ability to anticipate and respond to changing industry trends and the needs and preferences of our merchants and consumers may adversely affect our competitiveness or the demand for our products and services;
- because we rely on third-party vendors to provide products and services, we could be adversely impacted if they fail to fulfill their obligations;
- acquisitions create certain risks and may adversely affect our business, financial condition or results of operations;
- we may not be able to continue to expand our share of the existing payment processing markets or expand into new markets which would inhibit our ability to grow and increase our profitability;
- our services and products must integrate with a variety of operating systems, software, device and web browsers, and our business may be materially and adversely affected if we are unable to ensure that our services interoperate with such operating systems, device, software and web browsers;
- we depend, in part, on our merchant and software partner relationships and strategic partnerships with various institutions to operate and grow our business. If we are unable to maintain these relationships and partnerships, our business may be adversely affected;
- our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would negatively affect our business, financial condition or results of operations;
- failure to comply with the U.S. Foreign Corrupt Practices Act, or the FCPA, anti-money laundering, economic and trade sanctions regulations, and similar laws could subject us to penalties and other adverse consequences;

- our principal asset is our interest in Shift4 Payments, LLC, and, as a result, we depend on distributions from Shift4 Payments, LLC to pay our taxes and expenses, including payments under the TRA. Shift4 Payments, LLC’s ability to make such distributions may be subject to various limitations and restrictions; and
- our Founder and Searchlight will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders.

Before you invest in our Class A common stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading “Risk Factors.”

**Ownership Structure**

The diagram below depicts our organizational structure after giving effect to this offering, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock.



(1) Our public stockholders will hold approximately 8.0% of the voting interest.

- (2) Jared Isaacman holds his LLC interests in Shift4 Payments, LLC and his Class B common stock and Class C common stock of Shift4 Payments, Inc. through a wholly owned corporation, Rook Holdings Inc., for which he is the sole stockholder.

#### **Our Corporate Information**

Shift4 Payments, Inc., the issuer of Class A common stock sold in this offering, was incorporated as a Delaware corporation on November 5, 2019. Our corporate headquarters are located at 2202 N. Irving St., Allentown, PA 18109. Our telephone number is (888) 276-2108. Our principal website address is [www.shift4.com](http://www.shift4.com). *The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.*

Shift4 Payments, Inc. is a holding company whose principal assets are the LLC interests it holds in Shift4 Payments, LLC.

#### **Implications of Being an Emerging Growth Company**

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

- we are required to have only two years of audited financial statements and only two years of related selected financial data and management’s discussion and analysis of financial condition and results of operations disclosure;
- we are not required to engage an auditor to report on our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- we are not required to comply with the requirement of the Public Company Accounting Oversight Board, or PCAOB, regarding the communication of critical audit matters in the auditor’s report on the financial statements;
- we are not required to submit certain executive compensation matters to stockholder advisory votes, such as “say-on-pay,” “say-on-frequency” and “say-on-golden parachutes;” and
- we are not required to comply with certain disclosure requirements related to executive compensation, such as the requirement to present a comparison of our Chief Executive Officer’s compensation to our median employee compensation.

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

In addition, the JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to use this extended transition period.

As a result, the information that we provide to stockholders may be different than the information you may receive from other public companies in which you hold equity.

<b>The Offering</b>	
Issuer	Shift4 Payments, Inc.
Shares of Class A common stock offered by the selling stockholders	8,000,000 shares (or 9,200,000 shares if the underwriters exercise in full their option to purchase additional shares).
Underwriters' option to purchase additional shares of Class A common stock from the selling stockholders	The selling stockholders have granted the underwriters an option to purchase up to 1,200,000 additional shares of Class A common stock within 30 days of the date of this prospectus.
Shares of Class A common stock to be outstanding immediately after this offering	38,403,975 shares, representing approximately 8.4% of the combined voting power of all of Shift4 Payments, Inc.'s common stock (or 39,603,975 shares, representing approximately 8.8% of the combined voting power of all of Shift4 Payments, Inc.'s common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock), 78.0% of the economic interest in Shift4 Payments, Inc. and 47.8% of the indirect economic interest in Shift4 Payments, LLC (or 79.5% of the economic interest in Shift4 Payments, Inc. and 49.2% of the indirect economic interest in Shift4 Payments, LLC if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Shares of Class B common stock to be outstanding immediately after this offering	31,181,457 shares, representing approximately 68.0% of the combined voting power of all of Shift4 Payments, Inc.'s common stock (or 30,625,857 shares, representing approximately 68.4% of the combined voting power of all of Shift4 Payments, Inc.'s common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and no economic interest in Shift4 Payments, Inc.
Shares of Class C common stock to be outstanding immediately after this offering	10,833,252 shares, representing approximately 23.6% of the combined voting power of all of Shift4 Payments, Inc.'s common stock (or 10,188,852 shares, representing approximately 22.8% of the combined voting power of all of Shift4 Payments, Inc.'s common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and 22.0% of the economic interest in Shift4 Payments, Inc. and 13.4% of the indirect economic interest in Shift4 Payments, LLC (or 20.5% of the economic interest in Shift4 Payments, Inc. and 12.7% of the indirect economic interest in Shift4 Payments, LLC if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
LLC Interests to be held by us immediately after this offering	49,237,227 LLC Interests, representing approximately 61.2% of the economic interest in Shift4 Payments, LLC (or 49,792,827 LLC Interests, representing approximately 61.9% of the economic interest in Shift4 Payments, LLC if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

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LLC Interests to be held by the Continuing Equity Owners immediately after this offering	31,181,457 LLC Interests, representing approximately 38.8% of the economic interest in Shift4 Payments, LLC (or 30,625,857 LLC Interests, representing approximately 38.1% of the economic interest in Shift4 Payments, LLC if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Ratio of shares of Class A common stock and Class C common stock to LLC Interests	The Shift4 Payments LLC Agreement requires that we and Shift4 Payments, LLC at all times maintain a one-to-one ratio between the aggregate number of shares of Class A common stock and Class C common stock issued by us and the number of LLC Interests owned by us. Searchlight and our Founder together owns 100% of the outstanding shares of our Class C common stock.
Ratio of shares of Class B common stock to LLC Interests	The Shift4 Payments LLC Agreement requires that we and Shift4 Payments, LLC at all times maintain a one-to-one ratio between the number of shares of Class B common stock owned by Searchlight, our Founder and their respective permitted transferees and the number of LLC Interests owned by Searchlight, our Founder and their respective permitted transferees. Searchlight and our Founder together owns 100% of the outstanding shares of our Class B common stock.
Permitted holders of shares of Class B common stock	Only Searchlight, our Founder (through Rook) and the permitted transferees of Class B common stock as described in this prospectus are permitted to hold shares of our Class B common stock. Shares of Class B common stock are transferable to permitted transferees only together with an equal number of LLC Interests (subject to certain exceptions). See “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement.”
Permitted holders of shares of Class C common stock	Only Searchlight, our Founder (through Rook) and the permitted transferees of Class C common stock as described in this prospectus are permitted to hold shares of our Class C common stock. If any such shares are transferred to any other person, they automatically convert into shares of Class A common stock. See “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement.”
Voting rights	Holders of shares of our Class A common stock, our Class B common stock and Class C common stock vote together as a single class on all matters presented to stockholders for their vote or approval, except as otherwise required by law or our amended and restated certificate of incorporation. Each share of our Class A common stock entitles its holders to one vote per share, each share of each of our Class B common stock entitles its holders to ten votes per share and each share of our Class C common stock entitles its holders to ten votes per share on all matters presented to our stockholders generally. See “Description of Capital Stock.”

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Redemption rights of holders of LLC Interests	<p>The Continuing Equity Owners may from time to time at each of their options require Shift4 Payments, LLC to redeem all or a portion of their LLC Interests (31,181,457 LLC Interests held by Continuing Equity Owners in the aggregate immediately after this offering (or 30,625,857 LLC Interests held by Continuing Equity Owners in the aggregate if the underwriters exercise in full their option to purchase additional shares of Class A common stock) in exchange for, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of our Class A common stock for each LLC Interest redeemed, in each case, in accordance with the terms of the Shift4 Payments LLC Agreement; provided that, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), we may effect a direct exchange by Shift4 Payments, Inc. of such Class A common stock or such cash, as applicable, for such LLC Interests. The Continuing Equity Owners may exercise such redemption right for as long as their LLC Interests remain outstanding. See “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement.” Simultaneously with the payment of cash or shares of Class A common stock, as applicable, in connection with a redemption or exchange of LLC Interests pursuant to the terms of the Shift4 Payments LLC Agreement, a number of shares of our Class B common stock registered in the name of the redeeming or exchanging Continuing Equity Owner will be cancelled for no consideration on a one-for-one basis with the number of LLC Interests so redeemed or exchanged.</p>
Use of proceeds	<p>The selling stockholders will receive all of the net proceeds from the sale of shares of Class A common stock in this offering. We will not receive any of the proceeds from the sale of Class A common stock by the selling stockholders in this offering, including if the underwriters exercise in full their option to purchase additional shares. The selling stockholders will bear the underwriting discount attributable to their sale of our Class A common stock and all offering expenses. See “Use of Proceeds.”</p>
Dividend policy	<p>We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness, and therefore we do not anticipate declaring or paying any cash dividends on our Class A common stock in the foreseeable future. Holders of our Class B common stock are not entitled to participate in any dividends declared by our board of directors. Additionally, our ability to pay any cash dividends on our Class A common stock is limited by restrictions on the ability of Shift4 Payments, LLC and our other subsidiaries to pay dividends or make distributions under the terms of our Credit Facilities. Additionally, because we are a holding company, our ability to pay</p>

Controlled company exception	<p>cash dividends on our Class A common stock depends on our receipt of cash distributions from Shift4 Payments, LLC and, through Shift4 Payments, LLC, cash distributions and dividends from our other direct and indirect wholly owned subsidiaries. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability, industry trends and other factors that our board of directors may deem relevant. See “Dividend Policy.”</p>
Tax receivable agreement	<p>We are considered a “controlled company” for the purposes of the NYSE rules as Searchlight and our Founder have more than 50% of the voting power for the election of directors. See “Principal and Selling Stockholders.” As a “controlled company,” we are not subject to certain corporate governance requirements, including that: (1) a majority of our board of directors consists of “independent directors,” as defined under the NYSE rules; (2) we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; (3) we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and (4) we perform annual performance evaluations of the nominating and corporate governance and compensation committees. As a result, we may not have a majority of independent directors on our board of directors, an entirely independent nominating and corporate governance committee, an entirely independent compensation committee or perform annual performance evaluations of the nominating and corporate governance and compensation committees unless and until such time as we are required to do so.</p> <p>We are party to the Tax Receivable Agreement with Shift4 Payments, LLC, the Continuing Equity Owners and the Blocker Shareholders that provides for the payment by Shift4 Payments, Inc. to the Continuing Equity Owners and the Blocker Shareholders of 85% of the amount of tax benefits, if any, that Shift4 Payments, Inc. actually realizes (or in some circumstances is deemed to realize) as a result of (1) increases in tax basis resulting from Shift4 Payments, Inc.’s purchase of LLC Interests directly and future redemptions funded by Shift4 Payments, Inc. or exchanges (or deemed exchanges in certain circumstances) of LLC Interests for Class A common stock or cash as described above under “—Redemption rights of holders of LLC Interests,” (2) our utilization of certain tax attributes of the Blocker Companies and (3) certain additional tax benefits attributable to payments made under the Tax Receivable Agreement. See “Certain</p>



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	Relationships and Related Party Transactions—Tax Receivable Agreement” for a discussion of the Tax Receivable Agreement.
Registration rights agreement	Pursuant to the Registration Rights Agreement, we will, subject to the terms and conditions thereof, agree to register the resale of the shares of our Class A common stock that are issuable to certain of the Continuing Equity Owners (including each of our executive officers) upon redemption or exchange of their LLC Interests and the shares of our Class A common stock that are issued to the Former Equity Owner in connection with the Transactions. See “Certain Relationships and Related Party Transactions—Registration Rights Agreement” for a discussion of the Registration Rights Agreement.
Lock-up release	Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. have agreed to release the restrictions under the lock-up agreements that were executed by the selling stockholders in connection with the Follow-on Offering with respect to the shares of Class A common stock to be sold in this offering, subject to the delivery and effectiveness of the lock-up agreements described under “Shares Eligible for Future Sale—Lock-Up Agreements.” See “Underwriting.”
Risk factors	See “Risk Factors” beginning on page 23 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our Class A common stock.
Lock-up agreements	We and the selling stockholders in this offering have agreed that, without the prior written consent of any two of the Lock-up Release Parties, we and they will not, subject to certain exceptions, during the period ending 60 days after the date of this prospectus (1) offer, sell, contract to sell, loan, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly or publicly disclose the intention to make any offer, loan, sale, pledge or disposition of any shares of our Class A common stock or Class C common stock, or any options or warrants to purchase any shares of our Class A common stock or Class C common stock, or any securities convertible into, or exchangeable for, or that represent the right to receive, shares of our Class A common stock or Class C common stock; or (2) enter into any swap or other arrangement that transfers to another, all or a portion of the economic consequences of ownership of our Class A common stock or Class C common stock or any securities convertible into or exercisable or exchangeable for shares of our Class A common stock or Class C common stock, whether any transaction described above is to be settled by delivery of our Class A common stock, Class C common stock or such other securities, in cash or otherwise. See “Shares Eligible for Future Sale—Lock-Up Agreements.” Our Founder will not need to seek any consent of the underwriters in this offering to sell, transfer, hedge or otherwise enter into transactions in respect of 25.9 million LLC

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Interests and 4.6 million shares of our Class C common stock, representing approximately 37.9% of direct and indirect economic interests in Shift4 Payments, LLC in the aggregate, after giving effect to this offering.

Trading symbol

Our Class A common stock is listed and traded on the NYSE under the symbol “FOUR.”

In this prospectus, unless otherwise indicated, the number of shares of Class A common stock outstanding and the other information based thereon reflects 38,403,975 shares of Class A common stock outstanding as of November 27, 2020 after giving effect to this offering and does not reflect:

- 31,181,457 shares of Class A common stock issuable upon exchange of 31,181,457 common units and the related shares of Class B common stock that will be held by the Continuing Equity Owners after giving effect to this offering, not including in connection with any exercise of the underwriters’ option to purchase additional shares of Class A common stock from the selling stockholders;
- 10,833,252 shares of Class A Common Stock issuable upon exchange of shares of Class C Common Stock that will be held by the Continuing Equity Owners after giving effect to this offering, not including in connection with any exercise of the underwriters’ option to purchase additional shares of Class A common stock from the selling stockholders;
- 881,325 shares of Class A common stock reserved for issuance under our 2020 Equity Plan, or 2020 Plan;
- 4,868,675 shares of Class A common stock issuable upon vesting of all RSUs awarded, including approximately \$10.0 million worth of RSUs awarded to the hospitality technology vendor in connection with the HTV Acquisition; and
- any shares reserved for issuance upon conversion of the Convertible Notes.

Unless otherwise indicated, this prospectus assumes the shares of Class A common stock are offered at \$61.61 per share (the last reported sale price of our Class A common stock on the NYSE on November 27, 2020).

**Summary Historical and Pro Forma Condensed Consolidated Financial and Other Data**

The following tables present the summary historical consolidated financial and other data for Shift4 Payments, LLC and its subsidiaries and the summary pro forma condensed consolidated financial and other data for Shift4 Payments, Inc. Shift4 Payments, LLC is the predecessor of the issuer, Shift4 Payments, Inc., for financial reporting purposes. The summary consolidated statements of operations data and statements of cash flows data for the years ended December 31, 2018 and 2019 are derived from the audited consolidated financial statements of Shift4 Payments, LLC included elsewhere in this prospectus. The summary condensed consolidated statements of operations data and statements of cash flows data for the nine months ended September 30, 2020, and the summary condensed consolidated balance sheet data as of September 30, 2020 are derived from the unaudited condensed consolidated financial statements of Shift4 Payments, Inc. included elsewhere in this prospectus. The summary condensed consolidated statements of operations data and statements of cash flows data for the nine months ended September 30, 2019 are derived from the unaudited condensed consolidated financial statements of Shift4 Payments, LLC included elsewhere in this prospectus. The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period, and the results for any interim period are not necessarily indicative of the results that may be expected for a full year. The information set forth below should be read together with the “Selected Historical Condensed Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

The summary historical financial data set forth below reflect the historical results of operations and the financial position of Shift4 Payments, Inc., including consolidation of its investment in Shift4 Payments, LLC, commencing June 5, 2020. Prior to June 5, 2020, the summary historical financial data set forth below represent the financial statements of Shift4 Payments, LLC. The summary historical financial data does not reflect what the financial position, results of operations or cash flows of Shift4 Payments, Inc. or Shift4 Payments, LLC would have been had these companies been stand-alone public companies for the periods presented.

As a result of the adoption of Accounting Standards Codification 606: *Revenue from Contracts with Customers*, or ASC 606, in 2019, the summary historical financial data for the year ended December 31, 2019 and the nine months ended September 30, 2019 and 2020 is not comparable to the summary historical financial data for the year ended December 31, 2018. See Notes 2 and 4 to our consolidated financial statements for the year ended December 31, 2019 included elsewhere in this prospectus for more information about the adoption of ASC 606.

The summary unaudited pro forma condensed consolidated financial data of Shift4 Payments, Inc. presented below has been derived from our unaudited pro forma condensed consolidated financial information included elsewhere in this prospectus. The summary unaudited pro forma condensed consolidated statements of operations data for the year ended December 31, 2019 and the nine months ended September 30, 2020 for Shift4 Payments, Inc. gives effect to the Transactions, including the consummation of the IPO and the Private Placement, and the use of proceeds therefrom, as described in “IPO, Private Placement and Transactions,” the Follow-on Offering (excluding the Greenshoe Exercise) and this offering, as if all such transactions had occurred on January 1, 2019 and does not give effect to the Greenshoe Exercise, Senior Notes Offering, 3DCART Acquisition or HTV Acquisition. The unaudited pro forma condensed consolidated financial information includes various estimates which are subject to material change and may not be indicative of what our operations or financial position would have been had this offering and the Transactions taken place on the dates indicated, or that may be expected to occur in the future. See “Unaudited Pro Forma Condensed Consolidated Financial Information” for a complete description of the adjustments and assumptions underlying the summary unaudited pro forma condensed consolidated financial information.

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	Shift4 Payments, LLC		Shift4 Payments, Inc.	Shift4 Payments, Inc. Pro Forma		
	Year Ended December 31,	Nine Months Ended September 30,	Nine Months Ended September 30,	Year Ended December 31,	Nine Months Ended September 30,	
	2018	2019	2020	2019	2020	
<i>(in millions, except share and per share amounts)</i>						
<b>Consolidated Statement of Operations:</b>						
Gross revenue	\$560.6	\$731.4	\$ 529.3	\$ 556.0	\$ 731.4	\$ 556.0
Cost of sales	410.2	552.4	400.5	427.7	552.4	427.7
Gross profit	150.4	179.0	128.8	128.3	179.0	128.3
General and administrative expenses	83.7	124.4	90.1	147.0	145.0	94.6
Depreciation and amortization expense	40.4	40.2	29.7	37.1	40.2	37.1
Professional fees	7.4	10.4	7.1	5.8	10.4	5.8
Advertising and marketing expenses	6.1	6.3	4.4	2.9	6.3	2.9
Restructuring expenses	20.1	3.8	3.7	0.4	3.8	0.4
Other operating (income)/expense, net	—	—	—	(12.4)	—	(12.4)
Total operating expenses	157.7	185.1	135.0	180.8	205.7	128.4
Loss from operations	(7.3)	(6.1)	(6.2)	(52.5)	(26.7)	(0.1)
Loss on extinguishment of debt	—	—	—	(7.1)	—	—
Other income, net	0.6	1.0	1.0	0.6	1.0	0.6
Interest expense	(47.0)	(51.5)	(38.1)	(32.1)	(31.5)	(23.1)
Loss before income taxes	(53.7)	(56.6)	(43.3)	(91.1)	(57.2)	(22.6)
Income tax benefit (provision)	3.8	(1.5)	(1.0)	1.0	(1.5)	1.0
Net loss	<u>\$ (49.9)</u>	<u>\$ (58.1)</u>	<u>\$ (44.3)</u>	\$ (90.1)	\$ (58.7)	\$ (21.6)
Net loss attributable to noncontrolling interests				(5.9)	(23.4)	(8.6)
Net loss attributable to Shift4 Payments, Inc.				<u>\$ (84.2)</u>	<u>\$ (35.3)</u>	<u>\$ (13.0)</u>
<b>Per Share Data:</b>						
Basic and diluted net loss per share						
Class A net loss per share				\$ (0.15)	\$ (0.71)	\$ (0.26)
Weighted-average shares used to compute net loss per share				22,363,399	39,025,856	39,025,856
Class C net loss per share				\$ (0.15)	\$ (0.71)	\$ (0.26)
Weighted-average shares used to compute net loss per share				19,424,100	11,624,291	11,624,291
<i>(in millions)</i>						
<b>Consolidated Statements of Cash Flows:</b>						
	Shift4 Payments, LLC		Shift4 Payments, Inc.	Shift4 Payments, Inc.		
	Year Ended December 31,	Nine Months Ended September 30,	Nine Months Ended September 30,	Nine Months Ended September 30,		
	2018	2019	2019	2020		
Net cash provided by operating activities			\$ 25.5	\$ 26.7	\$ 33.1	\$ 17.0
Net cash used in investing activities			(41.4)	(98.8)	(88.3)	(31.9)
Net cash provided by financing activities			11.3	71.0	62.1	340.1

	<b>Shift4 Payments, Inc.</b>			
	<b>As of</b>			
	<b>September 30, 2020</b>			
<i>(in millions)</i>				
<b>Consolidated Balance Sheet:</b>				
Cash	\$ 328.9			
Total assets	1,115.6			
Total liabilities	558.1			
Retained deficit	(262.6)			
Additional paid-in capital	572.6			
Noncontrolling interests	247.5			
Total stockholders' equity	557.5			
	<b>Shift4 Payments, LLC</b>		<b>Shift4 Payments, LLC</b>	<b>Shift4 Payments, Inc.</b>
	<b>Year Ended</b>		<b>Nine Months Ended</b>	
	<b>December 31,</b>		<b>September 30,</b>	
	<b>2018</b>	<b>2019</b>	<b>2019</b>	<b>2020</b>
<i>(in millions)</i>				
End-to-end payment volume(1)	\$ 16,145.1	\$ 22,125.2	\$ 16,064.5	\$ 17,476.8
Gross revenue less network fees(2)	252.7	305.5	221.3	234.2
EBITDA(2)	59.5	58.1	41.1	1.1
Adjusted EBITDA(2)	89.9	103.8	69.1	61.0
<p>(1) End-to-end payment volume is defined as total dollar amount of card payments that we authorize and settle on behalf of our merchants. This volume does not include volume processed through our gateway only merchants. For a description of end-to-end payment volume, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key performance indicators and non-GAAP measures” and “Basis of Presentation—Key Terms and Performance Indicators Used in this Prospectus; Non-GAAP Financial Measures.”</p> <p>(2) We use supplemental measures of our performance which are derived from our consolidated financial information but which are not presented in our consolidated financial statements prepared in accordance with GAAP. These non-GAAP financial measures include gross revenue less network fees, which includes interchange and assessment fees; earnings before interest expense, income taxes, depreciation, and amortization, or EBITDA; and adjusted EBITDA. Gross revenue less network fees represents a key performance metric that management uses to measure changes in the mix and value derived from our customer base as we continue to execute our strategy to expand our reach to serve larger, complex merchants. Adjusted EBITDA is the primary financial performance measure used by management to evaluate its business and monitor results of operations.</p> <p>Adjusted EBITDA represents EBITDA further adjusted for certain non-cash and other non-recurring items that management believes are not indicative of ongoing operations. These adjustments include acquisition, restructuring and integration costs, equity-based compensation expense, management fees and other non-recurring items.</p> <p>We use non-GAAP financial measures to supplement financial information presented on a GAAP basis. We believe that excluding certain items from our GAAP results allows management to better understand our consolidated financial performance from period to period and better project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, we believe these non-GAAP financial measures provide our stakeholders with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period to period comparisons. There are limitations to the use of the</p> <p>non-GAAP financial measures presented in this prospectus. For example, our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.</p> <p>The non-GAAP financial measures are not meant to be considered as indicators of performance in isolation from or as a substitute for net income (loss) prepared in accordance with GAAP, and should be read only in conjunction with financial information presented on a GAAP basis. Reconciliations of each of gross revenue less network fees, EBITDA and adjusted EBITDA to its most directly comparable GAAP financial measure are presented below. We encourage you to review the reconciliations in conjunction with the presentation of the non-GAAP financial measures for each of the periods presented. In future fiscal periods, we may exclude such items and may incur income and expenses similar to these excluded items.</p>				

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

**Gross revenue less network fees:**

<i>(in millions)</i>	Year Ended December 31,		Nine Months Ended September 30,	
	2018	2019	2019	2020
Gross profit	\$150.4	\$179.0	\$128.8	\$128.3
Add back: Other costs of sales	102.3	126.5	92.5	105.9
Gross revenue less network fees	<u>\$252.7</u>	<u>\$305.5</u>	<u>\$221.3</u>	<u>\$234.2</u>

**EBITDA and adjusted EBITDA:**

<i>(in millions)</i>	Year Ended December 31,		Nine Months September 30,	
	2018	2019	2019	2020
Net loss	\$(49.9)	\$(58.1)	\$(44.3)	\$(90.1)
Interest expense	47.0	51.5	38.1	32.1
Income tax (benefit) provision	(3.8)	1.5	1.0	(1.0)
Depreciation and amortization expense	66.2	63.2	46.3	60.1
EBITDA	59.5	58.1	41.1	1.1
Acquisition, restructuring and integration costs(a)	24.8	28.3	27.5	4.8
Impact of adoption of ASC 606(b)	—	14.0	—	—
Equity-based compensation expense(c)	—	—	—	56.2
Impact of lease modifications(d)	—	—	—	(12.4)
Other nonrecurring items(e)	5.6	3.4	0.5	11.3
Adjusted EBITDA	<u>\$ 89.9</u>	<u>\$103.8</u>	<u>\$ 69.1</u>	<u>\$ 61.0</u>

- (a) For the year ended December 31, 2018, consists primarily of restructuring expenses of \$20.1 million. For the year ended December 31, 2019, consists primarily of adjustments to contingent liabilities of \$15.5 million, one-time professional fees of \$6.7 million, restructuring expenses of \$3.8 million, and deferred compensation arrangements of \$1.9 million. For the nine months ended September 30, 2019, consists primarily of fair value adjustments to contingent liabilities of \$15.0 million, one-time professional fees of \$6.7 million, restructuring expenses of \$3.7 million and deferred compensation arrangements of \$1.7 million. For the nine months ended September 30, 2020, consists primarily of change of control liabilities as a result of the IPO of \$10.3 million and deferred compensation arrangements of \$2.1 million, offset by fair value adjustments to contingent liabilities of \$8.0 million. See notes to our unaudited consolidated financial statements included elsewhere in this prospectus for more information on the restructuring expenses and contingent liability adjustments.
- (b) Effective January 1, 2019, we adopted ASC 606: *Revenue from Contracts with Customers*. As a result of the adoption of ASC 606, the cost of equipment deployed to new merchants in 2019 is expensed when shipped within "Cost of Sales" in our consolidated statements of operations. Previously, the cost of equipment deployed to new merchants was capitalized as an acquisition cost and amortized over the estimated life of a customer and the amortization was included in the depreciation and amortization expense used to calculate EBITDA. The impact on EBITDA as a result of the ASC 606 adoption was \$14.0 million. In order to provide comparability to our 2018 adjusted EBITDA, the impact of \$14.0 million is included as a component of adjusted EBITDA for the year ended December 31, 2019.
- (c) Represents the equity-based compensation expense for restricted stock units that vest over time and are not subject to continued service, as well as the restricted stock units that vest ratably over time and are subject to continued employment. See the notes to our consolidated financial statements included elsewhere in this prospectus for more information on equity-based compensation.
- (d) Effective June 30, 2020, we modified the terms and conditions of our SaaS arrangements and updated operational procedures. As a result, beginning June 30, 2020, hardware provided under our SaaS agreements is accounted for as an operating lease, whereas prior to June 30, 2020, these arrangements were accounted for as sales-type leases. This adjustment of \$12.4 million represents the one-time

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cumulative impact of modifying the contracts effective June 30, 2020. To provide comparability and consistency, EBITDA and adjusted EBITDA would have been higher by \$8.6 million for the nine months ended September 30, 2020, and \$10.4 million for the nine months ended September 30, 2019.

- (e) For the year ended December 31, 2018, primarily consists of a one-time accrual of \$2.3 million for cumulative unremitted sales and use tax related to years 2017 and prior. For the nine months ended September 30, 2020, primarily consists of a \$7.1 million loss on extinguishment of debt associated with the debt pre-payments and \$1.6 million for temporary fee waivers given on certain products from March 2020 through June 2020 as a result of COVID-19. See the notes to our unaudited consolidated financial statements included elsewhere in this prospectus for more information on the loss on extinguishment of debt. Also includes fees to the Continuing Equity Owners for consulting and managing services through the date of the IPO of \$2.0 million for each of the years ended December 31, 2018 and 2019, and \$0.8 million and \$1.5 million for the nine months ended September 30, 2020 and 2019, respectively. These fees are not required to be paid subsequent to the IPO. See the notes to our unaudited consolidated financial statements included elsewhere in this prospectus.



## RISK FACTORS

*Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this prospectus, including our consolidated financial statements and the related notes, before deciding to invest in our Class A common stock. The occurrence of any of the events described below could harm our business, financial condition, results of operations, liquidity or prospects. In such an event, the market price of our Class A common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business.*

### Business risks

***The recent novel coronavirus, or COVID-19, global pandemic has had and is expected to continue to have a material adverse effect on our business and results of operations.***

In late 2019, COVID-19 was first detected in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world have implemented measures to reduce the spread of COVID-19. These measures, including “shelter-in-place” orders suggested or mandated by governmental authorities or otherwise elected by companies as a preventive measure, have adversely affected workforces, customers, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn in the United States.

Numerous state and local jurisdictions, including in markets where we operate, have imposed, and others in the future may impose, “shelter-in-place” orders, quarantines, travel restrictions, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19. For example, the federal and state governments in the United States have imposed social distancing measures and restrictions on movement, only allowing essential businesses to remain open. Such orders or restrictions have resulted in the temporary closure of many of our merchant operations, work stoppages, slowdowns and delays, mandatory remote operations, travel restrictions and cancellation of events, among other effects, any of which may materially impact our business and results of operations.

As a result of the COVID-19 pandemic, we experienced a significant decrease in our payments volumes and expect the impact of shelter-in-place orders and other government measures to continue to significantly impact our business, results of operations and cash flows for the foreseeable future. As result of the COVID-19 pandemic, many of our hospitality merchants have experienced an 80% or greater decline in transaction volumes from pre-COVID-19 levels and many of our restaurant merchants are limited to take-out or delivery business only.

Since the COVID-19 pandemic began, we:

- drew \$68.5 million under our revolving credit facility in the first quarter of 2020, which was repaid in the second quarter of 2020;
- furloughed approximately 25% of our employees. As of September 30, 2020, we reinstated substantially all of our workforce and are hiring in certain areas to accommodate new merchant onboarding;
- accelerated approximately \$30.0 million of annual expense reduction plans related to previous acquisitions;
- re-prioritized our capital projects;
- instituted a company-wide hiring freeze, which has been lifted since August 2020; and
- reduced salaries for management across the organization, which were fully reinstated as of October 2020.

Due to the uncertainty of the COVID-19 pandemic, we will continue to assess the situation, including abiding by any government-imposed restrictions, market by market. We are unable to accurately predict the ultimate impact

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that the COVID-19 pandemic will have on our operations going forward due to uncertainties that will be dictated by the length of time that such disruptions continue, which will, in turn, depend on the currently unknowable duration and severity of the COVID-19 pandemic, the impact of governmental regulations that might be imposed in response to the pandemic, the impact of remote operations, the speed and extent to which normal economic and operating conditions will resume and overall changes in consumer behavior. In particular, even as our merchants re-open and adapt their operations, we cannot accurately predict the ongoing impact of government regulations and changing consumer behavior on our business. While we have not seen a meaningful degradation in new merchant sign-ups or an increase in existing merchant attrition as a result of the COVID-19 pandemic, it is possible that those business trends change if economic hardship across the country forces merchant closures. Any significant reduction in consumer visits to, or spending at, our merchants, would result in a loss of revenue to us. In particular, we cannot accurately forecast the potential impact of additional outbreaks as government restrictions are relaxed, further shelter-in-place or other government restrictions implemented in response to such outbreaks, the impact that weather has on merchants as a result of such restrictions, or the impact on the ability of our merchants to remain in business as a result of the ongoing pandemic, which could result in additional chargeback or merchant receivable losses, any future outbreak or any government restrictions related thereto.

In addition, the global deterioration in economic conditions, which may have an adverse impact on discretionary consumer spending, could also impact our business. For instance, consumer spending may be negatively impacted by general macroeconomic conditions, including a rise in unemployment, and decreased consumer confidence resulting from the COVID-19 pandemic. Changing consumer behaviors as a result of the COVID-19 pandemic may also have a material impact on our payments-based revenue for the foreseeable future, particularly for the hospitality and restaurant industries, verticals upon which we have predominantly focused on over the last decade.

In the past, governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to financial markets. If these actions are not successful, or if governments do not provide continued assistance needed as a result of COVID-19, the return of adverse economic conditions may cause a material impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section, such as those relating to our liquidity, indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

***Substantial and increasingly intense competition worldwide in the financial services, payments and payment technology industries may adversely affect our overall business and operations.***

The financial services, payments and payment technology industries are highly competitive, and our payment services and solutions compete against all forms of financial services and payment systems, including cash and checks and electronic, mobile, ecommerce and integrated payment platforms. Many of the areas in which we compete are evolving rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services. We compete against a wide range of businesses with varying roles within the payments value chain. If we are unable to differentiate ourselves from our competitors and drive value for our customers, we may not be able to compete effectively. Our competitors may introduce their own value-added or other innovative services or solutions more effectively than we do, which could adversely impact our current competitive position and prospects for growth. Our competitors also may be able to offer and provide services that we do not offer. We also compete against new entrants that have developed alternative payment systems, ecommerce payment systems, payment systems for mobile devices and customized integrated software payment solutions. Failure to compete effectively against any of these competitive threats could adversely affect our business, financial condition or results of operations. In addition, some of our competitors are larger and/or have greater financial resources than us, enabling them to maintain a wider range of product offerings, mount

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extensive promotional campaigns and be more aggressive in offering products and services at lower rates, which may adversely affect our business, financial condition or results of operations.

***Potential changes in competitive landscape, including disintermediation from other participants in the payments chain, could harm our business.***

We expect the competitive landscape will continue to change in a variety of ways, including:

- rapid and significant changes in technology, resulting in new and innovative payment methods and programs, that could place us at a competitive disadvantage and reduce the use of our products and services;
- competitors, including third-party processors (such as Chase Paymentech, Elavon, Fiserv, Global Payments and Worldpay) and integrated payment providers (such as Adyen, Lightspeed POS, Shopify and Square), merchants, governments and/or other industry participants may develop products and services that compete with or replace our value-added products and services, including products and services that enable payment networks and banks to transact with consumers directly;
- participants in the financial services, payments and payment technology industries may merge, create joint ventures, or form other business combinations that may strengthen their existing business services or create new payment services that compete with our services; and
- new services and technologies that we develop may be impacted by industry-wide solutions and standards related to migration to Europay, Mastercard and Visa, or EMV, standards, including chip technology, tokenization and other safety and security technologies.

Certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against us, such as by integrating competing platforms or features into products they control such as search engines, web browsers, mobile device operating systems or social networks; by making acquisitions; or by making access to our platform more difficult. Further, current and future competitors could choose to offer a different pricing model or to undercut prices in the market or our prices in an effort to increase their market share. Failure to compete effectively against any of these or other competitive threats could adversely affect our business, financial condition or results of operations.

***Our ability to anticipate and respond to changing industry trends and the needs and preferences of our merchants and consumers may adversely affect our competitiveness or the demand for our products and services.***

The financial services, payments and payments technology industries are subject to rapid technological advancements, resulting in new products and services, including mobile payment applications and customized integrated software payment solutions, and an evolving competitive landscape, as well as changing industry standards and merchant and consumer needs and preferences. We expect that new services and technologies applicable to the financial services, payments and payment technology industries will continue to emerge and external factors such as the COVID-19 pandemic may accelerate such emergence. These changes may limit the competitiveness of and demand for our services. Also, our merchants continue to adopt new technology for business. We must anticipate and respond to these changes in order to remain competitive within our relative markets. In addition, failure to develop value-added services that meet the needs and preferences of our merchants could adversely affect our ability to compete effectively in our industry. Any new solution we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. In addition, these solutions could become subject to legal or regulatory requirements, which could prohibit or slow the development and provision of such new solutions and/or our adoption thereof. Furthermore, our merchants' potential negative reaction to our products and services can spread quickly through social media and damage our reputation before we have the opportunity to respond. Improving and enhancing the functionality, performance, reliability, design, security and scalability of our platform is expensive, time-consuming and complex, and to the extent we are not able to do so in a manner that

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responds to our merchants' evolving needs, our business, financial condition and results of operations will be adversely affected. If we are unable to anticipate or respond to technological or industry standard changes on a timely basis, our ability to remain competitive could be adversely affected.

***Because we rely on third-party vendors to provide products and services, we could be adversely impacted if they fail to fulfill their obligations.***

We depend on third-party vendors for certain products and services, including components of our computer systems, software, data centers and telecommunications networks, to conduct our business. Any changes in these systems that degrade the functionality of our products and services, impose additional costs or requirements on it, or give preferential treatment to competitors' services, including their own services, could materially and adversely affect usage of our products and services. For example, we are dependent on our relationship with a single third-party processor for services such as merchant authorization, processing, risk and chargeback monitoring accounting and clearing and settlement for the transactions we service. In the event our agreement with our third-party processor is terminated, or if upon its expiration we are unable to renew the contract on terms favorable to us, or at all, it may be difficult for us to replace these services which may adversely affect our operations and profitability.

We also rely on third parties for specific software and devices used in providing our products and services. Some of these organizations and service providers provide similar services and technology to our competitors, and we do not have long-term or exclusive contracts with them.

Our systems and operations or those of our merchants and software partners could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, computer viruses, denial-of-service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events. For example, the extent to which the COVID-19 pandemic may impact our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic and the actions to contain COVID-19 or treat its impact, among others. In addition, we may be unable to renew our existing contracts with our most significant merchants and software and partners or our merchants and software partners may stop providing or otherwise supporting the products and services we obtain from them, and we may not be able to obtain these or similar products or services on the same or similar terms as our existing arrangements, if at all. The failure of our third-party vendors to perform their obligations and provide the products and services we obtain from them in a timely manner for any reason could adversely affect our operations and profitability due to, among other consequences:

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

***Health concerns arising from the outbreak of a health epidemic or pandemic may have an adverse effect on our business.***

In addition to the COVID-19 pandemic, our business could be materially and adversely affected by the outbreak of a widespread health epidemic or pandemic, including arising from various strains of avian flu or swine flu,

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such as H1N1, particularly if located in the United States. The occurrence of such an outbreak or other adverse public health developments could materially disrupt our business and operations. Such events could also significantly impact our industry and cause a temporary closure of our merchants' businesses, which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, other viruses may be transmitted through human contact, and the risk of contracting viruses could cause consumers to avoid gathering in public places or patronizing certain businesses, which could adversely affect payment volumes. We could also be adversely affected if government authorities impose mandatory closures, seek voluntary closures, impose restrictions on operations of our merchants' businesses, or restrict the import or export of hardware and equipment. Even if such measures are not implemented and a virus or other disease does not spread significantly, the perceived risk of infection or health risk may adversely affect our business and operating results.

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

Our future growth and profitability depend upon the growth of the markets in which we currently operate and our ability to increase our penetration and service offerings within these markets, as well as the emergence of new markets for our services and our ability to successfully expand into these new markets. It is difficult to attract new merchants because of potential disadvantages associated with switching payment processing vendors, such as transition costs, business disruption and loss of accustomed functionality. There can be no assurance that our efforts to overcome these factors will be successful, and this resistance may adversely affect our growth. A merchant's payment processing activity with us may also decrease for a variety of reasons, including the merchant's level of satisfaction with our products and services, the effectiveness of our support services, pricing of our products and services, the pricing and quality of competing products or services, the effects of global economic conditions (including as a result of the COVID-19 pandemic), or reductions in the consumer spending levels.

Our expansion into new markets is also dependent upon our ability to adapt our existing technology and offerings or to develop new or innovative applications to meet the particular service needs of each new market. In order to do so, we will need to anticipate and react to market changes and devote appropriate financial and technical resources to our development efforts, and there can be no assurance that we will be successful in these efforts.

Furthermore, we may expand into new geographical markets, including foreign countries, in which we do not currently have any operating experience. We cannot assure you that we will be able to successfully continue such expansion efforts due to our lack of experience in such markets and the multitude of risks associated with global operations, including the possibility of needing to obtain appropriate regulatory approval.

***Our services and products must integrate with a variety of operating systems, software, device and web browsers, and our business may be materially and adversely affected if we are unable to ensure that our services interoperate with such operating systems, device, software and web browsers.***

We are dependent on the ability of our products and services to integrate with a variety of operating systems, software and devices, such as the POS terminals we provide to merchants, as well as web browsers that we do not control. Any changes in these systems that degrade the functionality of our products and services, impose additional costs or requirements on us, or give preferential treatment to competitive services, could materially and adversely affect usage of our products and services. In addition, system integrators may show insufficient appetite to enable our products and services to integrate with a variety of operating systems, software and devices. In the event that it is difficult for our merchants to access and use our products and services, our business, financial condition, results of operations and prospects may be materially and adversely affected.

***We depend, in part, on our merchant and software partner relationships and strategic partnerships with various institutions to operate and grow our business. If we are unable to maintain these relationships and partnerships, our business may be adversely affected.***

We depend, in part, on our merchant and software partner relationships and partnerships with various institutions to operate and grow our business. We rely on the growth of our merchant and other strategic relationships, and our ability to maintain these relationships and other distribution channels, to support and grow our business. If we fail to maintain these relationships, or if our software partners or other strategic partners fail to maintain their brands or decrease the size of their branded networks, our business may be adversely affected. In addition, our contractual arrangements with our merchants and other strategic partners vary in length, and may also allow for early termination upon the occurrence of certain events. There can be no assurance that we will be able to renew these contractual arrangements on similar terms or at all. The loss of merchant or software partner relationships could adversely affect our business, financial condition or results of operations.

We rely on our sponsor bank to provide sponsorship to card and other payment networks and treasury services. If our sponsor bank stops providing sponsorship and treasury services, we would need to find one or more other financial institutions to provide those services. If we are unable to find a replacement institution, we may no longer be able to provide processing services to certain merchants, which could adversely affect our business, financial condition or results of operations. In the event of a chargeback, merchant bankruptcy or other failure to fund, or other intervening failure in the payment network system, we may be unable to recoup certain payments, which could adversely affect our business, financial condition or results of operations.

***A significant number of our merchants are small- and medium-sized businesses and small affiliates of large companies, which can be more difficult and costly to retain than larger enterprises and may increase the impact of economic fluctuations on us.***

We market and sell our products and services to, among others, SMBs. To continue to grow our revenue, we must add merchants, sell additional services to existing merchants and encourage existing merchants to continue doing business with us. However, retaining SMBs can be more difficult than retaining large enterprises, as SMB merchants:

- often have higher rates of business failure and more limited resources;
- may have decisions related to the choice of payment processor dictated by their affiliated parent entity; and
- are more able to change their payment processors than larger organizations dependent on our services.

SMBs are typically more susceptible to the adverse effects of economic fluctuations, including as a result of the COVID-19 pandemic. Adverse changes in the economic environment or business failures of our SMB merchants may have a greater impact on us than on our competitors who do not focus on SMBs to the extent that we do. As a result, we may need to attract and retain new merchants at an accelerated rate or decrease our expenses to reduce negative impacts on our business, financial condition and results of operations.

***Global economic, political and other conditions may adversely affect trends in consumer, business and government spending, which may adversely impact the demand for our services and our revenue and profitability.***

The financial services, payments and payment technology industries in which we operate depend heavily upon the overall level of consumer, business and government spending. A sustained deterioration in general economic conditions (including distress in financial markets and turmoil in specific economies around the world), in particular as a result of the COVID-19 pandemic, may adversely affect our financial performance by reducing the number or average purchase amount of transactions we process. See “—The recent novel coronavirus, or COVID-19, global pandemic has had and is expected to continue to have a material adverse effect on our business and results of operations.” A reduction in the amount of consumer spending or credit card transactions could result in a decrease of our revenue and profits.

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Adverse economic trends may accelerate the timing, or increase the impact of, risks to our financial performance. These trends could include:

- declining economies and the pace of economic recovery can change consumer spending behaviors, on which the majority of our revenue is dependent;
- low levels of consumer and business confidence typically associated with recessionary environments, and those markets experiencing relatively high unemployment, may result in decreased spending by cardholders;
- budgetary concerns in the United States and other countries around the world could affect the United States and other sovereign credit ratings, which could impact consumer confidence and spending;
- financial institutions may restrict credit lines to cardholders or limit the issuance of new cards to mitigate cardholder credit concerns;
- uncertainty and volatility in the performance of our merchants' businesses, particularly SMBs, may make estimates of our revenues and financial performance less predictable;
- cardholders or merchants may decrease spending for value-added services we market and sell; and
- government intervention, including the effect of laws, regulations and government investments in our merchants, may have potential negative effects on our business and our relationships with our merchants or otherwise alter their strategic direction away from our products and services.

In addition, the banking industry remains subject to consolidation regardless of overall economic conditions. In times of economic distress, various financial institutions in the markets we serve have been acquired or merged with and into other financial institutions, including those with which we partner. If a current referral partner of ours is acquired by another bank, the acquiring bank may seek to terminate our agreement and impose its own merchant services program on the acquired bank. We may be unable to retain our banking relationships post-acquisition, or may have to offer financial concessions to do so, which could adversely affect our results of operations or growth.

We may in the future offer merchant acquiring and processing services in geographies outside of the United States, including potentially in the European Union or the United Kingdom. In such circumstances, we may become subject to additional European Union and United Kingdom financial regulatory requirements and we could become subject to risks associated with the ongoing uncertainty surrounding the future relationship between the United Kingdom and the European Union (including any resulting economic downturn) following the United Kingdom's exit from the European Union (Brexit) on January 31, 2020. We are subject to risks associated with operations in international markets, including changes in foreign governmental policies and requirements applicable to our business, including the presence of more established competitors and our lack of experience in such non-U.S. markets. In addition, any future partners in non-U.S. jurisdictions, may also be acquired, reorganized or otherwise disposed of in the event of further market turmoil or losses in their loan portfolio that result in such financial institutions becoming less than adequately capitalized. Our revenue derived from these and other non-U.S. operations will be subject to additional risks, including those resulting from social and geopolitical instability and unfavorable political or diplomatic developments, all of which could adversely affect our business, financial condition or results of operations.

In the event we expand internationally, we may face challenges due to the presence of more established competitors and our lack of experience in such non-U.S. markets. If we are unable to successfully manage these risks relating to the international expansion of our business, it could adversely affect our business, financial condition or results of operations.

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***We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and consumer protection laws across different markets where we conduct our business. Our actual or perceived failure to comply with such obligations could harm our business.***

In the United States and other jurisdictions in which our services are used, we are subject to various consumer protection laws (including laws on disputed transactions) and related regulations. If we are found to have breached any consumer protection laws or regulations in any such market, we may be subject to enforcement actions that require us to change our business practices in a manner which may negatively impact our revenue, as well as expose ourselves to litigation, fines, civil and/or criminal penalties and adverse publicity that could cause our customers to lose trust in us, negatively impacting our reputation and business in a manner that harms our financial position.

As part of our business, we collect personally identifiable information, also referred to as personal data, and other potentially sensitive and/or regulated data from our consumers and the merchants we work with. Laws and regulations in the United States and around the world restrict how personal information is collected, processed, stored, transferred, used and disclosed, as well as set standards for its security, implement notice requirements regarding privacy practices, and provide individuals with certain rights regarding the use, disclosure and sale of their protected personal information. Several foreign jurisdictions, including the EU and the United Kingdom, have laws and regulations which are more restrictive in certain respects than those in the United States. For example, the EU General Data Protection Regulation, or GDPR, which came into force on May 25, 2018, implemented stringent operational requirements for the use of personal data. The European regime also includes directives which, among other things, require EU member states to regulate marketing by electronic means and the use of web cookies and other tracking technology. Each EU member state has transposed the requirements of these directives into its own national data privacy regime, and therefore the laws may differ between jurisdictions. These are also under reform and are expected to be replaced by a regulation which should provide consistent requirements across the EU.

The GDPR introduced more stringent requirements (which will continue to be interpreted through guidance and decisions over the coming years) and require organizations to erase an individual's information upon request, implement mandatory data breach notification requirements, additional new obligations on service providers and strict protections on how data may be transferred outside of the European Economic Area, or the EEA. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA to the United States. Most recently, on July 16, 2020, the Court of Justice of the EU struck down a permitted personal data transfer mechanism between the EEA and the United States, invalidating the use of the EU-U.S. Privacy Shield Framework and further casting doubt on the use of another main transfer mechanism, the standard contractual clauses.

We have previously relied on our own Privacy Shield certification and our relevant customers' and partners' Privacy Shield certifications for the purposes of transferring personal data from the EEA to the U.S. in compliance with the GDPR's data export conditions. These recent developments will require us to review and amend the legal mechanisms by which we make and/ or receive personal data transfers to/ in the U.S., including updating agreements to put in place standard contractual clauses. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses cannot be used, and/or start taking enforcement action or block personal data transfers to or from a particular jurisdiction, we could suffer additional costs, complaints and/or regulatory investigations or fines, reputational harm and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

In addition, the United Kingdom's withdrawal from the European Union means that, following the expiration of the transition period at the end of 2020 (unless further extended), we will also need to comply with UK data protection laws (in addition to the EU GDPR) and the United Kingdom will become a "third country" for the



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purposes of data transfers under the GDPR. These changes may require us to find alternative solutions for the compliant transfer of personal data into (and possibly from) the United Kingdom.

In the United States, both the federal and various state governments have adopted or are considering, laws, guidelines or rules for the collection, distribution, use and storage of information collected from or about consumers or their devices. For example, California enacted the California Consumer Privacy Act, or CCPA, which became enforceable by the California Attorney General on July 1, 2020, and requires new disclosures to California consumers, imposes new rules for collecting or using information about minors, and affords consumers new abilities to opt out of certain disclosures of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The effects of the CCPA, its implementing regulations, and uncertainties about the scope and applicability of exemptions that may apply to our business, are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply. Additionally, a ballot initiative from privacy rights advocates that augments and expands CCPA was passed by California voters during the November 2020 election, which will strengthen privacy laws in California and create a new privacy regulatory agency in the state.

Restrictions on the collection, use, sharing or disclosure of personally identifiable information or additional requirements and liability for security and data integrity could require us to modify our solutions and features, possibly in a material manner, could limit our ability to develop new services and features and could subject us to increased compliance obligations and regulatory scrutiny. Non-compliance with data protection and privacy requirements may result in regulatory fines (which for certain breaches of the GDPR are up to the greater of 20 million Euros or 4% of total global annual turnover), regulatory investigations, reputational damage, orders to cease/ change our processing of our data, enforcement notices, and/ or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

***Our inability to protect our systems and data from continually evolving cybersecurity risks, security breaches or other technological risks could affect our reputation among our merchants and consumers and may expose us to liability.***

We are subject to a number of legal requirements, contractual obligations and industry standards regarding security, data protection and privacy and any failure to comply with these requirements, obligations or standards could have an adverse effect on our reputation, business, financial condition and operating results.

In conducting our business, we process, transmit and store sensitive business information and personally identifiable information about our merchants, consumers, sales and financial institution partners, vendors, and other parties. This information may include account access credentials, credit and debit card numbers, bank account numbers, social security numbers, driver's license numbers, names and addresses and other types of sensitive business or personal information. Some of this information is also processed and stored by our merchants, software and financial institution partners, third-party service providers to whom we outsource certain functions and other agents, which we refer to collectively as our associated third parties. We have certain responsibilities to payment networks and their member financial institutions for any failure, including the failure of our associated third parties, to protect this information.

In addition, as a provider of security-related solutions to merchants and other business customers, our products and services may themselves be targets of cyber-attacks that attempt to sabotage or otherwise disable them, or the defensive and preventative measures we take ultimately may not be able to effectively detect, prevent, or protect against or otherwise mitigate losses from all cyber-attacks. Despite significant efforts to create security barriers against such threats, it is virtually impossible for us to eliminate these risks entirely. Any such breach could compromise our networks, creating system disruptions or slowdowns and exploiting security vulnerabilities of

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our products. Additionally, the information stored on our networks could be accessed, publicly disclosed, lost, or stolen, which could subject us to liability and cause us financial harm. These breaches, or any perceived breach, may also result in damage to our reputation, negative publicity, loss of key partners, merchants and sales, increased costs to remedy any problem, and costly litigation, and may therefore adversely impact market acceptance of our products and seriously affect our business, financial condition or results of operations.

We have previously been the target of malicious third-party attempts to identify and exploit system vulnerabilities, and/or penetrate or bypass our security measures, in order to gain unauthorized access to our networks and systems or those of third parties associated with us. If these attempts are successful it could lead to the compromise of sensitive, business, personal or confidential information. While we proactively employ multiple methods at different layers of our systems to defend against intrusion and attack and to protect our data, we cannot be certain that these measures are sufficient to counter all current and emerging technology threats.

Our computer systems and the computer systems of our merchants and software partners have been, and could be in the future, subject to breaches, and our data protection measures may not prevent unauthorized access. While we believe the procedures and processes we have implemented to handle an attack are adequate, the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often difficult to detect. In addition, increased remote operations creates an additional risk of attack while decreasing our ability to monitor. Threats to our systems and associated third party systems can originate from human error, fraud or malice on the part of employees or third parties, or simply from accidental technological failure. Computer viruses and other malware can be distributed and could infiltrate our systems or those of associated third parties. In addition, denial of service or other attacks could be launched against us for a variety of purposes, including to interfere with our services or create a diversion for other malicious activities. Our defensive measures may not prevent unplanned downtime, unauthorized access or unauthorized use of sensitive data. While we maintain cyber errors and omissions insurance coverage that covers certain aspects of cyber risks, our insurance coverage may be insufficient to cover all losses. Further, while we select our associated third parties carefully, we do not control their actions. Any problems experienced by these third parties, including those resulting from breakdowns or other disruptions in the services provided by such parties or cyber-attacks and security breaches, could adversely affect our ability to service our merchants or otherwise conduct our business.

We could also be subject to liability for claims relating to misuse of personal information, such as unauthorized marketing purposes and violation of consumer protection or data privacy laws. We cannot provide assurance that the contractual requirements related to security and privacy that we impose on our service providers who have access to merchant and consumer data will be followed or will be adequate to prevent the unauthorized use or disclosure of data. In addition, we have agreed in certain agreements to take certain protective measures to ensure the confidentiality of merchant and consumer data. The costs of systems and procedures associated with such protective measures may increase and could adversely affect our ability to compete effectively. Any failure to adequately enforce or provide these protective measures could result in liability, protracted and costly litigation, governmental and card network intervention and fines and, with respect to misuse of personal information of our merchants and consumers, lost revenue and reputational harm.

Any type of security breach, attack or misuse of data, whether experienced by us or an associated third party, could harm our reputation or deter existing or prospective merchants from using our services, increase our operating expenses in order to contain and remediate the incident, expose us to unbudgeted or uninsured liability, disrupt our operations (including potential service interruptions), divert management focus away from other priorities, increase our risk of regulatory scrutiny, result in the imposition of penalties and fines under state, federal and foreign laws or by payment networks and adversely affect our continued payment network registration and financial institution sponsorship. As set out above, fines under the GDPR, including for inadequate security, can reach €20 million or up to 4% of the total worldwide annual group turnover of the preceding financial year, whichever is higher. Further, if we were to be removed from networks' lists of Payment Card Industry Data Security Standard, compliant service providers, our existing merchants, sales and financial

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institution partners or other third parties may cease using or referring our services. Also, prospective merchants, sales partners, financial institution partners or other third parties may choose to terminate their relationship with us, or delay or choose not to consider us for their processing needs, and the payment networks on which we rely could refuse to allow us to continue processing through their networks.

***We may experience failures in our processing systems due to software defects, computer viruses and development delays, which could damage customer relations and expose us to liability.***

Our core business depends heavily on the reliability of our processing systems, including the security of the applications and systems we develop and license to our customers, in addition to the security of the processing system of our sponsor bank. Software defects or vulnerabilities, a system outage, or other failures could adversely affect our business, financial condition or results of operations, including by damaging our reputation or exposing us to third-party liability. Payment network rules and certain governmental regulations allow for possible penalties if our products and services do not meet certain operating standards. To successfully operate our business, we must be able to protect our systems from interruption, including from events that may be beyond our control. Events that could cause system interruptions include fire, natural disaster, unauthorized entry, power loss, telecommunications failure, computer viruses, terrorist acts and war. Although we have taken steps to protect against data loss and system failures, we still face the risk that we may lose critical data or experience system failures. To help protect against these events, we perform a portion of disaster recovery operations ourselves, as well as utilize select third parties for certain operations. To the extent we outsource any disaster recovery functions, we are at risk of the merchant's unresponsiveness or other failures in the event of breakdowns in our systems. In addition, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

Our products and services are based on sophisticated software and computing systems that are constantly evolving. We often encounter delays and cost overruns in developing changes implemented to our systems. In addition, the underlying software may contain undetected errors, viruses or defects. Defects in our software products and errors or delays in our processing of electronic transactions could result in additional development costs, diversion of technical and other resources from our other development efforts, loss of credibility with current or potential merchants, harm to our reputation or exposure to liability claims. In addition, we rely on technologies supplied to us by third parties that may also contain undetected errors, viruses or defects that could adversely affect our business, financial condition or results of operations. Although we attempt to limit our potential liability for warranty claims through disclaimers in our software documentation and limitation of liability provisions in our licenses and other agreements with our merchants and software partners, we cannot assure that these measures will be successful in limiting our liability. Additionally, we and our merchants and software partners are subject to payment network rules. If we do not comply with payment network requirements or standards, we may be subject to fines or sanctions, including suspension or termination of our registrations and licenses necessary to conduct business. We have experienced high growth rates in payment transaction volumes over the past years and expect growth to continue for the coming years; however, despite the implementation of architectural changes to safeguard sufficient future processing capacity on our payments platform, in the future the payments platform could potentially reach the limits of the number of transactions it is able to process, resulting in longer processing time or even downtime. Our efforts to safeguard sufficient future processing capacity are time-consuming, involve significant technical risk and may divert our resources from new features and products, and there can be no guarantee that these efforts will succeed. Furthermore, any efforts to further scale the platform or increase its complexity to handle a larger number or more complicated transactions could result in performance issues, including downtime. A failure to adequately scale our payments platform could therefore materially and adversely affect our business, financial condition or results of operations.

***Degradation of the quality of the products and services we offer, including support services, could adversely impact our ability to attract and retain merchants and software partners.***

Our merchants and software partners expect a consistent level of quality in the provision of our products and services. The support services we provide are a key element of the value proposition to our merchants and

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software partners. If the reliability or functionality of our products and services is compromised or the quality of those products or services is otherwise degraded, or if we fail to continue to provide a high level of support, we could lose existing merchants and software partners and find it harder to attract new merchants and software partners. If we are unable to scale our support functions to address the growth of our merchant and partner network, or our employees in alternative work locations are unable to adequately support customers, the quality of our support may decrease, which could adversely affect our ability to attract and retain merchants and software partners.

A significant natural disaster could have a material and adverse effect on our business. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems at our headquarters or data centers could result in lengthy interruptions in access to or functionality of our platform or could result in related liabilities.

### ***Increased customer attrition could cause our financial results to decline.***

We experience attrition in customer credit and debit card processing volume resulting from several factors, including business closures, transfers of merchants' accounts to our competitors, unsuccessful contract renewal negotiations and account closures that we initiate for various reasons, such as heightened credit risks, unacceptable card types or businesses, or contract breaches by customers. In addition, if a software partner switches to another payment processor, terminates our services, internalizes payment processing functions that we perform, merges with or is acquired by one of our competitors, or shuts down or becomes insolvent, we may no longer receive new merchant referrals from the software partner, and we risk losing existing merchants that were originally enrolled by the software partner. We cannot predict the level of attrition in the future and it could increase. Our software partners, most of which are not exclusive, are an important source of new business. Higher than expected attrition could adversely affect our business, financial condition or results of operations. If we are unable to renew our customer contracts on favorable terms, or at all, our business, financial condition or results of operations could be adversely affected.

### ***Fraud by merchants or others could adversely affect our business, financial condition or results of operations.***

We may be liable for certain fraudulent transactions or credits initiated by merchants or others. Examples of merchant fraud include merchants or other parties knowingly using a stolen or counterfeit credit, debit or prepaid card, card number, or other credentials to record a false sales or credit transaction, processing an invalid card or intentionally failing to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud. Failure to effectively manage risk and prevent fraud could increase our chargeback liability or cause us to incur other liabilities. It is possible that incidents of fraud could increase in the future. Increases in chargebacks or other liabilities could adversely affect our business, financial condition or results of operations.

### ***Our ability to recruit, retain and develop qualified personnel is critical to our success and growth.***

All of our businesses function at the intersection of rapidly changing technological, social, economic and regulatory environments that require a wide range of expertise and intellectual capital. For us to successfully compete and grow, we must recruit, retain and develop personnel who can provide the necessary expertise across a broad spectrum of intellectual capital needs. In addition, we must develop, maintain and, as necessary, implement appropriate succession plans to assure we have the necessary human resources capable of maintaining continuity in our business. For instance, we are highly dependent on the expertise of our Founder and Chief Executive Officer, Jared Isaacman. The market for qualified personnel is competitive and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. In addition, from time to time, there may be changes in our management team that may be disruptive to our business. If our management team, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed. Our effort to

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retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. We cannot assure that key personnel, including our executive officers, will continue to be employed or that we will be able to attract and retain qualified personnel in the future. Failure to recruit, retain or develop qualified personnel could adversely affect our business, financial condition or results of operations.

***We incur chargeback liability when our merchants refuse to or cannot reimburse chargebacks resolved in favor of their customers. Any increase in chargebacks not paid by our merchants may adversely affect our business, financial condition or results of operations.***

In the event a dispute between a cardholder and a merchant is not resolved in favor of the merchant, the transaction is normally charged back to the merchant and the purchase price is credited or otherwise refunded to the cardholder. If we are unable to collect such amounts from the merchant's account or reserve account, if applicable, or if the merchant refuses or is unable, due to closure, bankruptcy or other reasons, to reimburse us for a chargeback, we are responsible for the amount of the refund paid to the cardholder. The risk of chargebacks is typically greater with those merchants that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment (for example in the hospitality and auto rental industries, both of which we support), as well as "card not present" transactions in which consumers do not physically present cards to merchants in connection with the purchase of goods and services, such as ecommerce, telephonic and mobile transactions. We may experience significant losses from chargebacks in the future. Any increase in chargebacks not paid by our merchants could have a material adverse effect on our business, financial condition or results of operations. We have policies and procedures to monitor and manage merchant-related credit risks and often mitigate such risks by requiring collateral, such as cash reserves, and monitoring transaction activity. Notwithstanding our policies and procedures for managing credit risk, it is possible that a default on such obligations by one or more of our merchants could adversely affect our business, financial condition or results of operations.

***We expend significant resources pursuing sales opportunities, and if we fail to close sales after expending significant time and resources to do so, our business, financial condition and results of operations could be adversely affected.***

The initial installation and set-up of many of our services often involve significant resource commitments by our merchants, particularly those with larger operational scale. Potential merchants generally commit significant resources to an evaluation of available services and may require us to expend substantial time, effort and money educating them as to the value of our services. We incur substantial costs in order to obtain each new customer. We may expend significant funds and management resources during a sales cycle and ultimately fail to close the sale. Our sales cycle may be extended due to our merchants' budgetary constraints or for other reasons. If we are unsuccessful in closing sales after expending significant funds and management resources or we experience delays or experience greater than anticipated costs, it could have a material adverse effect on our business, financial condition and results of operations.

***There may be a decline in the use of cards as a payment mechanism for consumers or adverse developments with respect to the card industry in general.***

If consumers do not continue to use credit or debit cards as a payment mechanism for their transactions, if there continues to be a reduction in "card present" transactions as a result of the COVID-19 pandemic, or if there is a change in the mix of payments between cash, credit cards and debit cards and other emerging means of payment our business could be adversely affected. Consumer credit risk may make it more difficult or expensive for consumers to gain access to credit facilities such as credit cards. Regulatory changes may result in financial institutions seeking to charge their customers additional fees for use of credit or debit cards. Such fees may result in decreased use of credit or debit cards by cardholders. In order to consistently increase and maintain our profitability, consumers and businesses must continue to use electronic payment methods that we process, including credit and debit cards. If consumers and businesses do not continue to use credit, debit or prepaid cards

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as a payment mechanism for their transactions or if there is a change in the mix of payments between cash, alternative currencies and technologies, credit, debit and prepaid cards, or the corresponding methodologies used for each, which is adverse to us, it could have a material adverse effect on our business, financial condition and results of operations.

***Increases in card network fees and other changes to fee arrangements may result in the loss of merchants or a reduction in our earnings.***

From time to time, card networks, including Visa and Mastercard, increase the fees that they charge processors. We could attempt to pass these increases along to our merchants, but this strategy might result in the loss of merchants to our competitors who do not pass along the increases. If competitive practices prevent us from passing along the higher fees to our merchants in the future, we may have to absorb all or a portion of such increases, which may increase our operating costs and reduce our earnings. In addition, regulators are subjecting interchange and other fees to increased scrutiny, and new regulations could require greater pricing transparency of the breakdown in fees or fee limitations, which could lead to increased price-based competition, lower margins and higher rates of merchant attrition and affect our business, financial condition or results of operations.

In addition, in certain of our markets, card issuers pay merchant acquirers such as us fees based on debit card usage in an effort to encourage debit card use. If these card issuers discontinue this practice, our revenue and margins in these jurisdictions could be adversely affected.

***If we fail to comply with the applicable requirements of payment networks, they could seek to fine us, suspend us or terminate our registrations. If our merchants or sales partners incur fines or penalties that we cannot collect from them, we may have to bear the cost of such fines or penalties.***

In order to provide our transaction processing services, several of our subsidiaries are registered with Visa and Mastercard and other payment networks as members or as service providers for members. Visa, Mastercard, and other payment networks, set the rules and standards with which we must comply. The termination of our member registration or our status as a certified service provider, or any changes in network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to or through our merchants or partners, could adversely affect our business, financial condition or results of operations.

As such, we and our merchants are subject to payment network rules that could subject us or our merchants to a variety of fines or penalties that may be levied by such networks for certain acts or omissions by us or our merchants. The rules of card networks are set by their boards, which may be influenced by card issuers, and some of those issuers are our competitors with respect to these processing services. Many banks directly or indirectly sell processing services to merchants in direct competition with us. These banks could attempt, by virtue of their influence on the networks, to alter the networks' rules or policies to the detriment of non-members including certain of our businesses. The termination of our registrations or our status as a service provider or a merchant processor, or any changes in network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to our merchants, could adversely affect our business, financial condition or results of operations. If a merchant fails to comply with the applicable requirements of card networks, it could be subject to a variety of fines or penalties that may be levied by card networks. If we cannot collect the amounts from the applicable merchant, we may have to bear the cost of the fines or penalties, resulting in lower earnings for us. The termination of our registration, or any changes in card network rules that would impair our registration, could require us to stop providing payment processing services relating to the affected card network, which would adversely affect our ability to conduct our business.

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***Many of our key components are procured from a single or limited number of suppliers. Thus, we are at risk of shortage, price increases, tariffs, changes, delay, or discontinuation of key components, which could disrupt and materially and adversely affect our business.***

Many of the key components used to manufacture our products, such as our POS systems, come from limited or single sources of supply. In addition, in some cases, we rely only on one manufacturer to fabricate, test, and assemble our products. In general, our contract manufacturers fabricate or procure components on our behalf, subject to certain approved procedures or supplier lists, and we do not have firm commitments from all of these manufacturers to provide all components, or to provide them in quantities and on timelines that we may require.

Due to our reliance on the components and products produced by suppliers such as these, we are subject to the risk of shortages and long lead times in the supply of certain components or products. We are still in the process of identifying alternative manufacturers for the assembly of our products and for many of the single-sourced components used in our products. In the case of off-the-shelf components, we are subject to the risk that our suppliers may discontinue or modify them, or that the components may cease to be available on commercially reasonable terms, or at all. We have in the past experienced, and may in the future experience, component shortages or delays or other problems in product assembly, and the availability of these components or products may be difficult to predict. For example, our manufacturers may experience temporary or permanent disruptions in their manufacturing operations due to equipment breakdowns, labor strikes or shortages, natural disasters, component or material shortages, cost increases, acquisitions, insolvency, changes in legal or regulatory requirements, or other similar problems.

Additionally, various sources of supply-chain risk, including strikes or shutdowns at delivery ports or loss of or damage to our products while they are in transit or storage, intellectual property theft, losses due to tampering, issues with quality or sourcing control, failure by our suppliers to comply with applicable laws and regulation, potential tariffs or other trade restrictions, or other similar problems could limit or delay the supply of our products or harm our reputation. In the event of a shortage or supply interruption from suppliers of these components, we may not be able to develop alternate sources quickly, cost-effectively, or at all. Any interruption or delay in manufacturing or component supply, any increases in component costs, or the inability to obtain these parts or components from alternate sources at acceptable prices and within a reasonable amount of time, would harm our ability to provide our products to sellers on a timely basis. This could harm our relationships with our sellers, prevent us from acquiring new sellers, and materially and adversely affect our business.

***Cost savings initiatives may not produce the savings expected and may negatively impact our other initiatives and efforts to grow our business.***

We are consistently exploring measures aimed at improving our profitability and maintaining flexibility in our capital resources, including the introduction of cost savings initiatives. In response to the COVID-19 pandemic, we furloughed approximately 25% of our employees, accelerated expense reduction plans related to previous acquisitions, limited discretionary spending, re-prioritized our capital projects, instituted a company-wide hiring freeze and reduced salaries for management. As of September 30, 2020, substantially all of furloughed employees were reinstated (with additional hiring in certain areas to accommodate new merchant onboarding), the hiring freeze was lifted and management salary reductions were partially reinstated. We expect to continue to take measures to improve our profitability and cash flows from operating activities. However, there can be no assurance that the cost control measures will be successful. In addition, these and any future spending reductions, if any, may negatively impact our other initiatives or our efforts to grow our business, which may negatively impact our future results of operations and increase the burden on existing management, systems, and resources.

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

We have experienced in the past, and expect to continue to experience, seasonal fluctuations in our revenue, which can vary by region. For instance, our revenue has historically been strongest in our second and third

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quarters and weakest in our first quarter. Some variability results from seasonal retail events and the number of business days in a month or quarter. We also experience volatility in certain other metrics, such as number of transactions processed and payment processing volumes. Volatility in our key operating metrics or their rates of growth could result in fluctuations in financial condition or results of operations and may lead to adverse inferences about our prospects, which could result in declines in our stock price.

### **Financial risks**

***Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would negatively affect our business, financial condition or results of operations.***

As a result of our prior acquisitions, a significant portion of our total assets consists of intangible assets (including goodwill). Goodwill and intangible assets, net of amortization, together accounted for approximately 81% and 54% of the total assets on our balance sheet as of December 31, 2019 and September 30, 2020, respectively. To the extent we engage in additional acquisitions we may recognize additional intangible assets and goodwill. We evaluate goodwill for impairment annually at October 1 and whenever events or circumstances make it more likely than not that impairment may have occurred. Under current accounting rules, any determination that impairment has occurred would require us to record an impairment charge, which would adversely affect our earnings. An impairment of a significant portion of goodwill or intangible assets could adversely affect our business, financial condition or results of operations.

***Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our debt obligations.***

We have substantial indebtedness. As of September 30, 2020, on an adjusted basis after giving effect to the Senior Notes Offering and the use of the net proceeds therefrom, we would have had an aggregate principal amount of approximately \$451.8 million of outstanding indebtedness (\$851.8 million after giving further effect to the Concurrent Convertible Notes Offering, or up to \$911.8 million if the initial purchasers in such offering exercise their option to purchase additional Convertible Notes in full). Our substantial indebtedness could have adverse consequences, including:

- exposing us to the risk of increased interest rates to the extent any of our borrowings are at variable rates of interest;
- increasing our cost of borrowing;
- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payments on our indebtedness, reducing our ability to use cash flow to fund our operations, capital expenditures and future business opportunities;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including restrictive covenants and borrowing conditions, which could result in an event of default under the agreements governing such indebtedness;
- restricting us from making strategic acquisitions or causing us to make nonstrategic divestitures;
- making it more difficult for us to obtain network sponsorship and clearing services from financial institutions or to obtain or retain other business with financial institutions;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.



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Successful execution of our business strategy is dependent in part upon our ability to manage our capital structure to reduce interest expense and enhance free cash flow generation. As of September 30, 2020, on an as adjusted basis after giving effect to the Senior Notes Offering and the use of the net proceeds therefrom, we had \$450.0 million outstanding under our 4.625% Senior Notes due 2026, the First Lien Term Loan Facility was fully repaid as of the closing of the Senior Notes Offering. Additionally, we expect to issue \$400.0 million aggregate principal amount of Convertible Notes (up to \$460.0 million aggregate principal amount if the initial purchasers in such offering exercise their option to purchase additional Convertible Notes in full). The Concurrent Convertible Notes Offering, if completed, will significantly increase our indebtedness, which will heighten the potential for the consequences discussed above and could negatively impact our credit ratings. The Second Lien Term Loan Facility and the Revolving Credit Facility were fully repaid in the second quarter of 2020. The Revolving Credit Facility had remaining capacity of \$89.5 million as of September 30, 2020, net of a \$0.5 million letter of credit. We may not be able to refinance our senior notes or our other existing indebtedness at or prior to their maturity at attractive rates of interest because of our high levels of debt, debt incurrence restrictions under our debt agreements or because of adverse conditions in credit markets generally.

Any such fluctuation in the financial and credit markets, or in the rating of us or our subsidiaries, may impact our ability to access debt markets in the future or increase our cost of current or future debt, which could adversely affect our business, financial condition or results of operations.

### ***Restrictions imposed by our senior notes and our other outstanding indebtedness may materially limit our ability to operate our business and finance our future operations or capital needs.***

While the terms of the Indenture governing our 4.625% Senior Notes due 2026 and the agreement governing our Revolving Credit Facility restrict Shift4 Payments, LLC, Shift4 Payments Finance Sub, Inc. and their restricted subsidiaries, which currently includes all of our domestic subsidiaries, from engaging in specified types of transactions. These covenants restrict their ability, and that of their restricted subsidiaries, to, among other things:

- incur additional debt and provide additional guarantees;
- pay dividends and make other restricted payments, including certain investments;
- create or permit certain liens;
- make certain asset sales;
- use the proceeds from the sales of assets and subsidiary stock;
- create or permit restrictions on the ability of the restricted subsidiaries to pay dividends or make other inter-company distributions to Shift4 Payments, LLC;
- engage in certain transactions with affiliates;
- designate subsidiaries as unrestricted subsidiaries;
- enter into sale and leaseback transactions; and
- consolidate, merge or transfer all or substantially all assets.

However, while the Indenture governing our senior notes and the agreement governing our Revolving Credit Facility will place limitations on our subsidiaries' ability to pay dividends or make other distributions, repurchase or redeem capital stock, and make loans and investments, these limitations are subject to significant qualifications and exceptions. The aggregate amount of payments made in compliance with these limitations could be substantial.

A breach of the covenants or restrictions under the Indenture could result in an event of default under the senior notes. Such a default may allow the holders to accelerate the debt and may result in the acceleration of any other future debt to which a cross-acceleration or cross-default provision applies. In the event our noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be:

- limited in how we conduct our business;

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- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy. In addition, our financial results, our level of indebtedness and our credit ratings could adversely affect the availability and terms of our financing.

In addition, a payment default, including an acceleration following an event of default, under the Indenture, could trigger an event of default under another future debt instrument, which could result in the principal of and the accrued and unpaid interest on such debt becoming due and payable.

The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

***Accelerated funding programs increase our working capital requirements and expose us to incremental credit risk, and if we are unable to access or raise sufficient liquidity to address these funding programs we may be exposed to additional competitive risk.***

In response to demand from our merchants and competitive offerings, we offer certain of our merchants various accelerated funding programs, which are designed to enable qualified participating merchants to receive their deposits from credit card transactions in an expedited manner. These programs increase our working capital requirements and expose us to incremental credit risk related to our merchants, which could constrain our ability to raise additional capital to fund our operations and adversely affect our growth, financial condition and results of operations. Our inability to access or raise sufficient liquidity to address our needs in connection with the anticipated expansion of such advance funding programs could put us at a competitive disadvantage by restricting our ability to offer programs to all of our merchants similar to those made available by various of our competitors.

***Our results of operations may be adversely affected by changes in foreign currency exchange rates.***

Revenue and profit generated by our non-U.S. operations will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. In addition, we may become subject to exchange control regulations that restrict or prohibit the conversion of our other revenue currencies into U.S. dollars. Any of these factors could decrease the value of revenues and earnings we derive from our non-U.S. operations and adversely affect our business.

While we currently have limited diversification in foreign currency, we may seek to reduce our exposure to fluctuations in foreign currency exchange rates through the use of hedging arrangements. To the extent that we hedge our foreign currency exchange rate exposure, we forgo the benefits we would otherwise experience if foreign currency exchange rates changed in our favor. No strategy can completely insulate us from risks associated with such fluctuations and our currency exchange rate risk management activities could expose us to substantial losses if such rates move materially differently from our expectations.

***New or revised tax regulations or their interpretations, or becoming subject to additional foreign or U.S. federal, state or local taxes that cannot be passed through to our merchants or partners, could reduce our net income.***

We are subject to tax laws in each jurisdiction where we do business. Changes in tax laws or their interpretations could decrease the amount of revenues we receive, the value of any tax loss carry-forwards and tax credits recorded on our balance sheet and the amount of our cash flow, and adversely affect our business, financial condition or results of operations.

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Additionally, companies in the electronic payments industry, including us, may become subject to incremental taxation in various tax jurisdictions. Taxing jurisdictions have not yet adopted uniform positions on this topic. If we are required to pay additional taxes and are unable to pass the tax expense through to our merchants, our costs would increase and our net income would be reduced.

***If we cannot pass along increases in interchange and other fees from payment networks to our merchants, our operating margins would be reduced.***

We pay interchange, assessment, transaction and other fees set by the payment networks to such networks and, in some cases, to the card issuing financial institutions for each transaction we process. From time to time, the payment networks increase the interchange fees and other fees that they charge payment processors and the financial institution sponsors. At their sole discretion, our financial institution sponsors have the right to pass any increases in interchange and other fees on to us and they have consistently done so in the past. We are generally permitted under the contracts into which we enter, and in the past we have been able to, pass these fee increases along to our merchants through corresponding increases in our processing fees. However, if we are unable to pass through these and other fees in the future, it could have a material adverse effect on our business, financial condition and results of operations.

### **Legal and regulatory risks**

***Failure to comply with the U.S. Foreign Corrupt Practices Act, or the FCPA, anti-money laundering, economic and trade sanctions regulations, and similar laws could subject us to penalties and other adverse consequences.***

We may operate our business in foreign countries where companies often engage in business practices that are prohibited by U.S. and other regulations applicable to us. We are subject to anti-corruption laws and regulations, including the FCPA and other laws that prohibit the making or offering of improper payments to foreign government officials and political figures, including anti-bribery provisions enforced by the Department of Justice and accounting provisions enforced by the SEC. These laws prohibit improper payments or offers of payments to foreign governments and their officials and political parties by the United States and other business entities for the purpose of obtaining or retaining business. We have implemented policies, procedures, systems, and controls designed to identify and address potentially impermissible transactions under such laws and regulations; however, there can be no assurance that all of our employees, consultants and agents, including those that may be based in or from countries where practices that violate U.S. or other laws may be customary, will not take actions in violation of our policies, for which we may be ultimately responsible.

In addition, we are contractually required to comply with anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, or the BSA. Among other things, the BSA requires subject entities to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity, and maintain transaction records.

We are also subject to certain economic and trade sanctions programs that are administered by the Department of Treasury's Office of Foreign Assets Control, or OFAC, which prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations. Other entities may be subject to additional foreign or local sanctions requirements in other relevant jurisdictions.

Similar anti-money laundering and counter terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified in lists maintained by the country equivalents to OFAC lists in several other countries and require specific data retention obligations to be observed by intermediaries in the payment process. Our businesses in those jurisdictions are subject to those data retention obligations.

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Failure to comply with any of these laws and regulations or changes in this regulatory environment, including changing interpretations and the implementation of new or varying regulatory requirements by the government, may result in significant financial penalties, reputational harm or change the manner in which we currently conduct some aspects of our business, which could adversely affect our business, financial condition or results of operations.

***Failure to protect, enforce and defend our intellectual property rights may diminish our competitive advantages or interfere with our ability to market and promote our products and services.***

Our trademarks, trade names, trade secrets, patents, know-how, proprietary technology and other intellectual property are important to our future success. We believe our trademarks and trade names are widely recognized and associated with quality and reliable service. While it is our policy to protect and defend our intellectual property rights vigorously, we cannot predict whether the steps we take to protect our intellectual property will be adequate to prevent infringement, misappropriation, dilution or other potential violations of our intellectual property rights. We also cannot guarantee that others will not independently develop technology with the same or similar functions to any proprietary technology we rely on to conduct our business and differentiate ourselves from our competitors. Unauthorized parties may also attempt to copy or obtain and use our technology to develop applications with the same functionality as our solutions, and policing unauthorized use of our technology and intellectual property rights is difficult and may not be effective. Furthermore, we may face claims of infringement of third-party intellectual property rights that could interfere with our ability to market and promote our brands, products and services. Any litigation to enforce our intellectual property rights or defend ourselves against claims of infringement of third-party intellectual property rights could be costly, divert attention of management and may not ultimately be resolved in our favor. Moreover, if we are unable to successfully defend against claims that we have infringed the intellectual property rights of others, we may be prevented from using certain intellectual property or may be liable for damages, which in turn could materially adversely affect our business, financial condition or results of operations.

While software and other of our proprietary works may be protected under copyright law, we have chosen not to register any copyrights in these works, and instead, primarily rely on protecting our software as a trade secret. In order to bring a copyright infringement lawsuit in the United States, the copyright must be registered with the United States Copyright Office. Accordingly, the remedies and damages available to us for unauthorized use of our software may be limited.

We attempt to protect our intellectual property and proprietary information by requiring all of our employees, consultants and certain of our contractors to execute confidentiality and invention assignment agreements. However, we may not obtain these agreements in all circumstances, and individuals with whom we have these agreements may not comply with their terms. The assignment of intellectual property rights under these agreements may not be self-executing or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. In addition, we may not be able to prevent the unauthorized disclosure or use of our technical know-how or other trade secrets by the parties to these agreements despite the existence generally of confidentiality agreements and other contractual restrictions. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective.

In addition, we use open-source software in connection with our proprietary software and expect to continue to use open-source software in the future. Some open-source licenses require licensors to provide source code to licensees upon request, or prohibit licensors from charging a fee to licensees. While we try to insulate our proprietary code from the effects of such open-source license provisions, we cannot guarantee we will be successful. Accordingly, we may face claims from others claiming ownership of, or seeking to enforce the license terms applicable to such open-source software, including by demanding release of the open-source software, derivative works or our proprietary source code that was developed or distributed with such software.

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These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for the open-source code change, we may be forced to re-engineer our software or incur additional costs.

***Our existing patents may not be valid, and we may not be able to obtain and enforce additional patents to protect our proprietary rights from use by potential competitors. Companies with other patents could require us to stop using or pay to use required technology.***

We have applied for, and intend to continue to apply for, patents relating to our proprietary software and technology. Such applications may not result in the issuance of any patents, and any patents now held or that may be issued may not provide adequate protection from competition. Furthermore, because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, it is possible that patents issued or licensed to us may be challenged successfully and found to be invalid or unenforceable. In that event, any competitive advantage that such patents might provide would be lost. If we are unable to secure or to continue to maintain patent coverage, our technology could become subject to competition from the sale of similar competing products.

Competitors may also be able to design around our patents. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. If these developments were to occur, we could face increased competition. In addition, filing, prosecuting, maintaining, defending and enforcing patents on our software and technology in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States.

***Failure to comply with, or changes in, laws, regulations and enforcement activities may adversely affect the products, services and markets in which we operate.***

We, our merchants and certain third party partners are subject to laws, regulations and industry standards that affect the electronic payments industry in the many countries in which our services are used. In particular, certain merchants and software partners and our sponsor bank are subject to numerous laws and regulations applicable to banks, financial institutions, and card issuers in the United States and abroad, and, consequently, we are at times affected by these foreign, federal, state, and local laws and regulations. There may be changes to the laws, regulation and standards that affect our operations in substantial and unpredictable ways at the federal and state level in the United States and in other countries in which our services are used. Changes to laws, regulations and standards, including interpretation and enforcement of such laws, regulations and standards could increase the cost of doing business or otherwise change how or where we want to do business. In addition, changes to laws, regulations and standards could affect our merchants and software partners and could result in material effects on the way we operate or the cost to operate our business.

In addition, the U.S. government has increased its scrutiny of a number of credit card practices, from which some of our merchants derive significant revenue. Regulation of the payments industry, including regulations applicable to us, our merchants and software partners, has increased significantly in recent years. Failure to comply with laws and regulations applicable to our business may result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of services or the imposition of consent orders or civil and criminal penalties, including fines which could adversely affect our business, financial condition or results of operations.

We are also subject to U.S. financial services regulations, a myriad of consumer protection laws, including economic sanctions, laws and regulations, anticorruption laws, escheat regulations and privacy and information security regulations. Changes to legal rules and regulations, or interpretation or enforcement of them, could have a negative financial effect on us. Any lack of legal certainty exposes our operations to increased risks, including

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increased difficulty in enforcing our agreements in those jurisdictions and increased risks of adverse actions by local government authorities, such as expropriations. In addition, certain of our alliance partners are subject to regulation by federal and state authorities and, as a result, could pass through some of those compliance obligations to us, which could adversely affect our business, financial condition or results of operations.

In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, significantly changed the U.S. financial regulatory system. Among other things, Title X of the Dodd-Frank Act established the Consumer Financial Protection Bureau, or CFPB, which regulates consumer financial products and services, including some offered by certain of our merchants. Regulation, examination and enforcement actions from the CFPB may require us to adjust our activities and may increase our compliance costs.

Separately, under the Dodd-Frank Act, debit interchange fees that a card issuer receives and which are established by a payment network for an electronic debit transaction are regulated by the Board of Governors of the Federal Reserve System, or the Federal Reserve, and must be “reasonable and proportional” to the cost incurred by the card issuer in authorizing, clearing, and settling the transaction. The Federal Reserve has capped debit interchange rates for card issuers operating in the United States with assets of \$10 billion or more at the sum of \$0.21 per transaction and an *ad valorem* component of 5 basis points to reflect a portion of the card issuer’s fraud losses plus, for qualifying card issuers, an additional \$0.01 per transaction in debit interchange for fraud prevention costs. Regulations such as these could result in the need for us to make capital investments to modify our services to facilitate our existing merchants’ and potential merchants’ compliance and reduce the fees we are able to charge our merchants. These regulations also could result in greater pricing transparency and increased price-based competition leading to lower margins and higher rates of merchant attrition. Furthermore, the requirements of the regulations could result in changes in our merchants’ business practices, which could change the demand for our services and alter the type or volume of transactions that we process on behalf of our merchants.

### **Risks related to our organizational structure**

*Our principal asset is our interest in Shift4 Payments, LLC, and, as a result, we depend on distributions from Shift4 Payments, LLC to pay our taxes and expenses, including payments under the TRA. Shift4 Payments, LLC’s ability to make such distributions may be subject to various limitations and restrictions.*

We are a holding company and have no material assets other than our ownership of LLC Interests. As of September 30, 2020, we owned 55.6% of the economic interest in Shift4 Payments, LLC. As such, we have no independent means of generating revenue or cash flow, and our ability to pay our taxes and operating expenses or declare and pay dividends in the future, if any, are dependent upon the financial results and cash flows of Shift4 Payments, LLC and distributions we receive from Shift4 Payments, LLC. There can be no assurance that our subsidiaries will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions, including negative covenants in our debt instruments, will permit such distributions. Although Shift4 Payments, LLC is not currently subject to any debt instruments or other agreements that would restrict its ability to make distributions to Shift4 Payments, Inc., the terms of our Credit Facilities and other outstanding indebtedness restrict the ability of our subsidiaries to pay dividends to Shift4 Payments, LLC.

Shift4 Payments, LLC reports as a partnership for U.S. federal income tax purposes and, as such, generally is not subject to any entity-level U.S. federal income tax. Instead, any taxable income of Shift4 Payments, LLC is allocated to holders of LLC Interests, including us. Accordingly, we incur income taxes on our allocable share of any net taxable income of Shift4 Payments, LLC. Under the terms of the Shift4 Payments LLC Agreement, Shift4 Payments, LLC is obligated to make tax distributions to holders of LLC Interests, including us. In addition to tax expenses, we also incur expenses related to our operations, including payments under the TRA, which we expect could be significant. See “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.” We intend, as its managing member, to cause Shift4 Payments, LLC to make cash distributions to the owners of LLC Interests in an amount sufficient to (1) fund all or part of their tax obligations in respect of

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taxable income allocated to them and (2) cover our operating expenses, including payments under the TRA. However, Shift4 Payments, LLC's ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would either violate any contract or agreement to which Shift4 Payments, LLC is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering Shift4 Payments, LLC insolvent. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations (including as a result of an acceleration of our obligations under the TRA), we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. To the extent that we are unable to make timely payments under the TRA for any reason, such payments generally will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the TRA and therefore accelerate payments due under the TRA. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement" and "Certain Relationships and Related Party Transactions—Shift4 LLC Agreement—Distributions." In addition, if Shift4 Payments, LLC does not have sufficient funds to make distributions, our ability to declare and pay cash dividends will also be restricted or impaired. See "—Risks related to the offering and ownership of our Class A common stock" and "Dividend Policy."

Under the Shift4 Payments LLC Agreement, we expect Shift4 Payments, LLC, from time to time, to make distributions in cash to its equityholders, in amounts sufficient to cover the taxes on their allocable share of taxable income of Shift4 Payments, LLC. As a result of (i) potential differences in the amount of net taxable income indirectly allocable to us and to Shift4 Payments, LLC's other equityholders, (ii) the lower tax rate applicable to corporations as opposed to individuals and (iii) the favorable tax benefits that we anticipate from (a) future purchases or redemptions of LLC Interests from the Continuing Equity Owners, (b) payments under the Tax Receivable Agreement and (c) the acquisition of interests in Shift4 Payments, LLC from its equityholders, we expect that these tax distributions may be in amounts that exceed our tax liabilities. Our board of directors will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, the payment of obligations under the Tax Receivable Agreement and the payment of other expenses. We have no obligation to distribute such cash (or other available cash) to our stockholders. No adjustments to the exchange ratio for LLC Interests and corresponding shares of Class A common stock will be made as a result of any cash distribution by us or any retention of cash by us. To the extent we do not distribute such excess cash as dividends on our Class A common stock or otherwise take ameliorative actions between LLC Interests and shares of Class A common stock and instead, for example, hold such cash balances, or lend them to Shift4 Payments, LLC, this may result in shares of our Class A common stock increasing in value relative to the value of LLC Interests. The holders of LLC Interests may benefit from any value attributable to such cash balances if they acquire shares of Class A common stock in exchange for their LLC Interests, notwithstanding that such holders may previously have participated as holders of LLC Interests in distributions that resulted in such excess cash balances.

***The TRA with the Continuing Equity Owners and the Blocker Shareholders requires us to make cash payments to them in respect of certain tax benefits to which we may become entitled, and we expect that the payments we are required to make will be substantial.***

Under the TRA, we are required to make cash payments to the Continuing Equity Owners and the Blocker Shareholders equal to 85% of the tax benefits, if any, that we actually realize, or in certain circumstances are deemed to realize, as a result of (1) the increases in our share of the tax basis of assets of Shift4 Payments, LLC resulting from any redemptions of LLC Interests from the Continuing Equity Owners as described under "Certain Relationships and Related Party Transactions—Shift4 LLC Agreement—Common Unit Redemption Right," (2) our utilization of certain tax attributes of the Blocker Companies and (3) certain other tax benefits related to our making payments under the TRA. The payment obligations under the TRA are obligations of Shift4 Payments, Inc. and we expect that the amount of the cash payments that we are required to make under the TRA will be significant. Any payments made by us to the Continuing Equity Owners and the Blocker Shareholders under the TRA will not be available for reinvestment in our business and will generally reduce the amount of overall cash flow that might have otherwise been available to us. The payments under the TRA are not

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conditioned upon continued ownership of us by the exchanging Continuing Equity Owners. Furthermore, our future obligation to make payments under the TRA could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the TRA. For more information, see “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.” The actual increase in tax basis, as well as the amount and timing of any payments under the TRA, will vary depending upon a number of factors, including the timing of redemptions by the Continuing Equity Owners, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable, the amount of gain recognized by such holders of LLC Interests, the amount and timing of the taxable income allocated to us or otherwise generated by us in the future, the portion of our payments under the Tax Receivable Agreement constituting imputed interest and the federal and state tax rates then applicable.

***Our organizational structure, including the TRA, confers certain benefits upon the Continuing Equity Owners and the Blocker Shareholders that will not benefit holders of our Class A common stock to the same extent that it will benefit the Continuing Equity Owners and the Blocker Shareholders.***

Our organizational structure, including the TRA, confers certain benefits upon the Continuing Equity Owners and the Blocker Shareholders that will not benefit the holders of our Class A common stock to the same extent that it will benefit the Continuing Equity Owners and the Blocker Shareholders. We entered into the TRA with Shift4 Payments, LLC, the Continuing Equity Owners and the Blocker Shareholders in connection with the completion of the IPO, which provides for the payment by Shift4 Payments, Inc. to the Continuing Equity Owners and the Blocker Shareholders of 85% of the amount of tax benefits, if any, that Shift4 Payments, Inc. actually realizes, or in some circumstances is deemed to realize, as a result of (1) the increases in the tax basis of assets of Shift4 Payments, LLC resulting from any redemptions of LLC Interests from the Continuing Equity Owners as described under “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement—Common Unit Redemption Right” (2) our utilization of certain tax attributes of the Blocker Companies and (3) certain other tax benefits related to our making payments under the TRA. See “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.” Although Shift4 Payments, Inc. retains 15% of the amount of such tax benefits, this and other aspects of our organizational structure may adversely impact the future trading market for the Class A common stock.

***In certain cases, payments under the TRA to the Continuing Equity Owners and the Blocker Shareholders may be accelerated or significantly exceed any actual benefits we realize in respect of the tax attributes subject to the TRA.***

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

As a result of the foregoing, (1) we could be required to make payments under the TRA that are greater than the specified percentage of any actual benefits we ultimately realize in respect of the tax benefits that are subject to the TRA and (2) if we elect to terminate the TRA early, we would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the TRA. The maximum TRA liability in the event of an early termination would be approximately \$554.9 million, subject to the timing of such early termination, negotiation and certain assumptions, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to fund or finance our obligations under the TRA.



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***We will not be reimbursed for any payments made to the Continuing Equity Owners or the Blocker Shareholders under the TRA in the event that any tax benefits are disallowed.***

Payments under the TRA will be based on the tax reporting positions that we determine, and the U.S. Internal Revenue Service, or the IRS, or another tax authority may challenge all or part of the tax basis increases or other tax benefits we claim, as well as other related tax positions we take, and a court could sustain such challenge. If the outcome of any such challenge would reasonably be expected to materially affect a recipient's payments under the TRA, then we will not be permitted to settle such challenge without the consent (not to be unreasonably withheld or delayed) of Searchlight and Rook. The interests of the Continuing Equity Owners and the Blocker Shareholders in any such challenge may differ from or conflict with our interests and your interests, and Searchlight and Rook may exercise their consent rights relating to any such challenge in a manner adverse to our interests and your interests. We will not be reimbursed for any cash payments previously made to the Continuing Equity Owners or the Blocker Shareholder under the TRA in the event that any tax benefits initially claimed by us and for which payment has been made to a Continuing Equity Owner or the Blocker Shareholder are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to a Continuing Equity Owner or the Blocker Shareholder will be netted against any future cash payments that we might otherwise be required to make to such Continuing Equity Owner or such Blocker Shareholder, as applicable, under the terms of the TRA. However, we might not determine that we have effectively made an excess cash payment to a Continuing Equity Owner or the Blocker Shareholder for a number of years following the initial time of such payment and, if any of our tax reporting positions are challenged by a taxing authority, we will not be permitted to reduce any future cash payments under the TRA until any such challenge is finally settled or determined. Moreover, the excess cash payments we previously made under the TRA could be greater than the amount of future cash payments against which we would otherwise be permitted to net such excess. As a result, payments could be made under the TRA significantly in excess of any tax savings that we realize in respect of the tax attributes with respect to a Continuing Equity Owner or the Blocker Shareholder that are the subject of the TRA.

***Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results of operations and financial condition.***

We are subject to taxes by the U.S. federal, state, local and foreign tax authorities. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- allocation of expenses to and among different jurisdictions;
- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of equity-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, tax treaties, regulations or interpretations thereof; or
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other taxes by U.S. federal, state, and local and foreign taxing authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition.

*If we were deemed to be an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act, including as a result of our ownership of Shift4 Payments, LLC, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.*

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an “investment company” for purposes of the 1940 Act if (1) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (2) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an “investment company,” as such term is defined in either of those sections of the 1940 Act.

We and Shift4 Payments, LLC conduct our operations so that we will not be deemed an investment company. As the sole managing member of Shift4 Payments, LLC, we control and operate Shift4 Payments, LLC. On that basis, we believe that our interest in Shift4 Payments, LLC is not an “investment security” as that term is used in the 1940 Act. However, if we were to cease participation in the management of Shift4 Payments, LLC, or if Shift4 Payments, LLC itself becomes an investment company, our interest in Shift4 Payments, LLC could be deemed an “investment security” for purposes of the 1940 Act.

If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties and that third parties could seek to obtain rescission of transactions undertaken during the period it was established that we were an unregistered investment company. If we were required to register as an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

**Risks related to the offering and ownership of our Class A common stock**

*Searchlight and our Founder will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders.*

Upon consummation of this offering, Searchlight and our Founder will control, in the aggregate, approximately 91.6% of the voting power represented by all our outstanding classes of stock. As a result, Searchlight and our Founder will continue to exercise significant influence over all matters requiring stockholder approval, including the election and removal of directors and the size of our board, any amendment of our amended and restated certificate of incorporation or bylaws and any approval of significant corporate transactions (including a sale of substantially all of our assets), and will continue to have significant control over our management and policies.

Our Founder, an affiliate of our Founder and affiliates of Searchlight are members of our board of directors. These board members are designees of Searchlight and our Founder and can take actions that have the effect of delaying or preventing a change of control of us or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. These actions may be taken even if other stockholders oppose them. The concentration of voting power with Searchlight and our Founder may have an adverse effect on the price of our Class A common stock. The interests of Searchlight and our Founder may not be consistent with your interests as a stockholder.

Searchlight and their respective affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, Searchlight and their respective affiliates may engage in activities where their interests conflict with our interests or those of our stockholders. Searchlight may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, Searchlight may have an interest in us pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you.

***The multiple class structure of our common stock has the effect of concentrating voting power with our Founder and Searchlight, which will limit your ability to influence the outcome of important transactions, including a change in control.***

Our Class B common stock and Class C common stock each have ten votes per share, and our Class A common stock has one vote per share. Upon the closing of this offering, Jared Isaacman, our Founder, Chief Executive Officer and a member of our board of directors will control approximately 66.4% of the voting power of our outstanding capital stock; and Searchlight will hold approximately 25.2% of the voting power of our outstanding capital stock. Accordingly, upon the closing of this offering, our Founder and Searchlight will together hold all of the issued and outstanding shares of our Class B common stock and Class C common stock and therefore, individually or together, will be able to significantly influence matters submitted to our stockholders for approval, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions. Our Founder and Searchlight, individually or together, may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock. Future transfers by the holders of Class B common stock and Class C common stock will generally result in those shares converting into shares of Class A common stock, subject to limited exceptions. For information about our multiple class structure, see the section titled “Description of Capital Stock.”

***We cannot predict the effect our multiple class structure may have on the market price of our Class A common stock.***

We cannot predict whether our multiple class structure will result in a lower or more volatile market price of our Class A common stock, in adverse publicity, or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it plans to require new constituents of its indices to have greater than 5% of the company’s voting rights in the hands of public stockholders, and S&P Dow Jones announced that it will no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400, and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices and in October 2018, MSCI announced its decision to include equity securities “with unequal voting structures” in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under such announced policies, the multiple class structure of our common stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to track those indices would not invest in our Class A common stock. These policies are relatively new and it is unclear what effect, if any, they will have on the valuations of publicly-traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

***We are a “controlled company” within the meaning of the NYSE rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such corporate governance requirements.***

Searchlight and our Founder have more than 50% of the voting power for the election of directors, and, as a result, we are considered a “controlled company” for the purposes of the NYSE. As such, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements, including the requirements to

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have a majority of independent directors on our board of directors, an entirely independent nominating and corporate governance committee, an entirely independent compensation committee or to perform annual performance evaluations of the nominating and corporate governance and compensation committees.

The corporate governance requirements and specifically the independence standards are intended to ensure that directors who are considered independent are free of any conflicting interest that could influence their actions as directors. We currently utilize certain exemptions afforded to a “controlled company.” As a result, we are not subject to certain corporate governance requirements, including that a majority of our board of directors consists of “independent directors,” as defined under the rules of the NYSE. In addition, we are not required to have a nominating and corporate governance committee or compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities or to conduct annual performance evaluations of the nominating and corporate governance and compensation committees.

Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

### ***Certain provisions of Delaware law and antitakeover provisions in our organizational documents could delay or prevent a change of control.***

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

- a multi-class common stock structure;
- a classified board of directors with staggered three-year terms;
- the ability of our board of directors to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- prohibit cumulative voting in the election of directors; and
- the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 $\frac{2}{3}$ % of the voting power represented by our then-outstanding common stock.

These antitakeover provisions could make it more difficult for a third party to acquire us, even if the third party’s offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares.

In addition, we have opted out of Section 203 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, but our amended and restated certificate of incorporation provides that engaging in any of a broad range of business combinations with any “interested” stockholder (any stockholder with 15% or more of our voting stock) for a period of three years following the date on which the stockholder became an “interested” stockholder is prohibited, subject to certain exceptions. See “Description of Capital Stock.”

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***The JOBS Act allows us to postpone the date by which we must comply with certain laws and regulations intended to protect investors and to reduce the amount of information we provide in our reports filed with the SEC. We cannot be certain if this reduced disclosure will make our Class A common stock less attractive to investors.***

The JOBS Act is intended to reduce the regulatory burden on “emerging growth companies.” As defined in the JOBS Act, a public company whose initial public offering of common equity securities occurs after December 8, 2011 and whose annual gross revenues are less than \$1.07 billion will, in general, qualify as an “emerging growth company” until the earliest of:

- the last day of its fiscal year following the fifth anniversary of the date of its initial public offering of common equity securities;
- the last day of its fiscal year in which it has annual gross revenue of \$1.07 billion or more;
- the date on which it has, during the previous three-year period, issued more than \$1.07 billion in nonconvertible debt; and
- the date on which it is deemed to be a “large accelerated filer,” which will occur at such time as the company (1) has an aggregate worldwide market value of common equity securities held by non-affiliates of \$700 million or more as of the last business day of its most recently completed second fiscal quarter, (2) has been required to file annual and quarterly reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, for a period of at least 12 months and (3) has filed at least one annual report pursuant to the Exchange Act.

Under this definition, we are an “emerging growth company” and could remain an “emerging growth company” until as late as the fifth anniversary of the completion of our IPO. For so long as we are an “emerging growth company,” we are, among other things:

- not required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act;
- not required to hold a nonbinding advisory stockholder vote on executive compensation pursuant to Section 14A(a) of the Exchange Act;
- not required to seek stockholder approval of any golden parachute payments not previously approved pursuant to Section 14A(b) of the Exchange Act;
- exempt from the requirement of the Public Company Accounting Oversight Board, or PCAOB, regarding the communication of critical audit matters in the auditor’s report on the financial statements; and
- subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. This permits an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period and, as a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies.

We cannot predict if investors will find our Class A common stock less attractive as a result of our decision to take advantage of some or all of the reduced disclosure requirements above. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

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***Because we have no current plans to pay regular cash dividends on our Class A common stock following this offering, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.***

We do not anticipate paying any regular cash dividends on our Class A common stock. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, general and economic conditions, our results of operations and financial condition, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and such other factors that our board of directors may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur, including under our Credit Facilities and indenture governing our senior notes. Therefore, any return on investment in our Class A common stock is solely dependent upon the appreciation of the price of our Class A common stock on the open market, which may not occur. See “Dividend Policy” for more detail.

***Our amended and restated certificate of incorporation provides, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.***

Our amended and restated certificate of incorporation provides, subject to limited exceptions, that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (1) derivative action or proceeding brought on behalf of our Company, (2) action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee or stockholder of our Company to the Company or the Company’s stockholders, creditors or other constituents, (3) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL, or our amended and restated certificate of incorporation or our amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (4) action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. For instance, the provision would not apply to actions arising under federal securities laws, including suits brought to enforce any liability or duty created by the Securities Act, Exchange Act, or the rules and regulations thereunder. Our amended and restated certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. The choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation.

***Our amended and restated certificate of incorporation provides that the doctrine of “corporate opportunity” will not apply against Searchlight, any of our directors who are employees of or affiliated with Searchlight, Rook, any of our directors who are employees of or affiliated with Rook, or any director or stockholder who is not employed by us or our subsidiaries.***

The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property

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that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Our amended and restated certificate of incorporation provides that the doctrine of “corporate opportunity” does not apply against Searchlight, any of our directors who are employees of or affiliated with Searchlight, Rook, any of our directors who are employees of or affiliated with Rook, or any director or stockholder who is not employed by us or our subsidiaries. Searchlight, any of our directors who are employees of or affiliated with Searchlight, Rook, any of our directors who are employees of or affiliated with Rook, or any director or stockholder who is not employed by us or our subsidiaries will therefore have no duty to communicate or present corporate opportunities to us, and have the right to either hold any corporate opportunity for their (and their affiliates’) own account and benefit or to recommend, assign or otherwise transfer such corporate opportunity to persons other than us, including to any director or stockholder who is not employed by us or our subsidiaries. Our amended and restated certificate of incorporation does not renounce our interest in any business opportunity that is expressly offered to an employee director or employee in his or her capacity as a director or employee of Shift4 Payments, Inc.

As a result, certain of our stockholders, directors and their respective affiliates are not prohibited from operating or investing in competing businesses. We therefore may find ourselves in competition with certain of our stockholders, directors or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business or prospects.

***We are subject to rules and regulations established from time to time by the SEC and the NYSE regarding our internal control over financial reporting. If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner.***

We are subject to the rules and regulations established from time to time by the SEC and the NYSE. These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Such reporting obligations place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel.

In addition, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting by the time our second annual report is filed with the SEC and thereafter, which will require us to document and make significant changes to our internal control over financial reporting. Likewise, our independent registered public accounting firm will be required to provide an attestation report on the effectiveness of our internal control over financial reporting at such time as we cease to be an “emerging growth company,” as defined in the JOBS Act, and we become an accelerated or large accelerated filer although, as described above, we could potentially qualify as an “emerging growth company” until as late as the fifth anniversary of the completion of the IPO.

We expect to incur costs related to implementing an internal audit and compliance function in the upcoming years to further improve our internal control environment. If we identify material weaknesses in our internal control over financial reporting or if we are unable to comply with the demands placed upon us as a public company, including the requirements of Section 404 of the Sarbanes-Oxley Act, in a timely manner, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. We also could become subject to sanctions or investigations by the SEC or other regulatory authorities. In addition, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, when required, investors may lose confidence in the accuracy and completeness of our

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financial reports, we may face restricted access to the capital markets and our stock price may be adversely affected.

***The Concurrent Convertible Notes Offering and future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our Class A common stock to decline.***

The sale of shares of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon consummation of this offering, we will have outstanding a total of 38,403,975 shares of Class A common stock. Of these shares, all shares sold in this offering, the IPO and the September Follow-on Offering (totaling 36,750,000 shares of Class A common stock) will be freely tradable without restriction or further registration under the Securities Act, other than any shares held by our “affiliates,” as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to the Rule 144 resale restrictions, other than the holding period requirement. The remaining shares of Class A common stock (including shares issuable upon exchange or redemption of LLC Interests and shares of our Class C common stock) will be “restricted securities,” as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act. See “Shares Eligible For Future Sale.”

In connection with the IPO, our directors and executive officers, and substantially all of our stockholders (including the selling stockholders in this offering) entered into lock-up agreements with the underwriters for the IPO, or the IPO lock-up agreements, pursuant to which each of these persons or entities, subject to certain exceptions, for a period of 180 days after June 4, 2020, agreed that, without the prior written consent of any two of Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC, or collectively, the Lock-up Release Parties, they would not (1) offer, pledge, loan, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers, managers and members in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock. See “Shares Eligible for Future Sale—IPO Lock-Up Agreements.” In connection with the Follow-on Offering, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC have given written consent to permit filing of the registration statement. Additionally, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC have agreed to release the restrictions under the IPO lock-up agreements of the Continuing Equity Owners, including our Founder and Rook, subject to the delivery and effectiveness of the lock-up agreements described under “Shares Eligible for Future Sale—Follow-on Lock-Up Agreements.”

In connection with the Follow-on Offering, our officers and directors, the selling stockholders in the Follow-on Offering and the other Continuing Equity Owners agreed that, without the prior written consent of any two of the Lock-up Release Parties, we and they will not, subject to certain exceptions, during the period ending 90 days after September 10, 2020 (1) offer, sell, contract to sell, loan, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly or publicly disclose the intention to make any offer, loan, sale, pledge or disposition of any shares of our Class A common stock or Class C common stock, or any options or warrants to purchase any shares of our Class A common stock or Class C common stock, or any



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securities convertible into, or exchangeable for, or that represent the right to receive, shares of our Class A common stock or Class C common stock; or (2) enter into any swap or other arrangement that transfers to another, all or a portion of the economic consequences of ownership of our Class A common stock or Class C common stock or any securities convertible into or exercisable or exchangeable for shares of our Class A common stock or Class C common stock, whether any transaction described above is to be settled by delivery of our Class A common stock, Class C common stock or such other securities, in cash or otherwise. See “Shares Eligible for Future Sale—Follow-on Lock-Up Agreements.” In connection with this offering, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC have given written consent to permit filing of this registration statement. Additionally, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC have agreed to release the restrictions under the follow-on lock-up agreements of the selling stockholders with respect to the shares of Class A common stock to be sold in this offering, subject to the delivery and effectiveness of the lock-up agreements described under “Shares Eligible for Future Sale—Lock-Up Agreements.”

We and the selling stockholders in this offering have agreed that, without the prior written consent of any two of the Lock-up Release Parties, we and they will not, subject to certain exceptions, during the period ending 60 days after the date of this prospectus (1) offer, sell, contract to sell, loan, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly or publicly disclose the intention to make any offer, loan, sale, pledge or disposition of any shares of our Class A common stock or Class C common stock, or any options or warrants to purchase any shares of our Class A common stock or Class C common stock, or any securities convertible into, or exchangeable for, or that represent the right to receive, shares of our Class A common stock or Class C common stock; or (2) enter into any swap or other arrangement that transfers to another, all or a portion of the economic consequences of ownership of our Class A common stock or Class C common stock or any securities convertible into or exercisable or exchangeable for shares of our Class A common stock or Class C common stock, whether any transaction described above is to be settled by delivery of our Class A common stock, Class C common stock or such other securities, in cash or otherwise. See “Shares Eligible for Future Sale—Lock-Up Agreements.”

Our Founder will not need to seek any consent of the underwriters in this offering to sell, transfer, hedge or otherwise enter into transactions in respect of 25.8 million LLC Interests and 4.6 million shares of our Class C common stock, representing approximately 37.9% of direct and indirect economic interests in Shift4 Payments, LLC in the aggregate, after giving effect to this offering.

Additionally, Rook has entered into a margin loan agreement pursuant to which it pledged LLC Interests and Class B common stock to secure a margin loan. If Rook were to default on its obligations under the margin loan and fail to cure such default, the lender would have the right to sell and/or cancel 15,227,181 LLC Interests and 15,227,181 shares of Class B common stock to satisfy Rook’s obligation. Such an event could cause our stock price to decline.

In addition, any Class A common stock that we issue under the 2020 Plan or other equity incentive plans that we may adopt in the future would dilute the percentage ownership held by the investors who purchase Class A common stock in this offering.

As restrictions on resale end or if these stockholders exercise their registration rights, the market price of our shares of Class A common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. In addition, concurrently with this offering, we are offering, by means of a separate offering memorandum, \$400,000,000 aggregate principal amount of Convertible Notes (or up to \$460,000,000 aggregate principal amount of Convertible Notes if the initial purchasers in that offering exercise their option in full). Upon conversion of the Convertible Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination thereof, at our election.

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In the future, we may also issue securities in connection with investments, acquisitions or capital raising activities. In particular, the number of shares of our Class A common stock issued in connection with an investment or acquisition, or to raise additional equity capital, could constitute a material portion of our then-outstanding shares of our Class A common stock.

These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of Class A common stock or other securities. Our delivery of shares of Class A common stock upon the conversion of the Convertible Notes or any such issuance of additional securities in the future may result in additional dilution to you or may adversely impact the price of our Class A common stock.

***Our stock price may change significantly following the offering, and you may not be able to resell shares of our Class A common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.***

The public offering price for shares sold in this offering was determined by negotiations between the selling stockholders and the underwriters. You may not be able to resell any shares you purchase in this offering at or above the public offering price due to a number of factors included herein, including the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- technology changes, changes in consumer behavior or changes in merchant relationships in our industry;
- security breaches related to our systems or those of our merchants, affiliates or strategic partners;
- changes in economic conditions for companies in our industry;
- changes in market valuations of, or earnings and other announcements by, companies in our industry;
- declines in the market prices of stocks generally, particularly those of global payment companies;
- strategic actions by us or our competitors;
- announcements by us, our competitors or our strategic partners of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships, or capital commitments;
- changes in general economic or market conditions or trends in our industry or the economy as a whole and, in particular, in the consumer spending environment;
- changes in business or regulatory conditions;
- future sales of our Class A common stock or other securities;
- investor perceptions of the investment opportunity associated with our Class A common stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- announcements relating to litigation or governmental investigations;
- guidance, if any, that we provide to the public, any changes in this guidance, or our failure to meet this guidance;
- the sustainability of an active trading market for our stock;
- changes in accounting principles; and

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- other events or factors, including those resulting from system failures and disruptions, natural disasters, war, acts of terrorism or responses to these events.

Furthermore, the stock market may experience extreme volatility that, in some cases, may be unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of management from our business regardless of the outcome of such litigation.

### **General Risks**

*Acquisitions create certain risks and may adversely affect our business, financial condition or results of operations.*

We have acquired businesses and may continue to make acquisitions of businesses or assets in the future. The acquisition and integration of businesses or assets involve a number of risks. These risks include valuation (determining a fair price for the business or assets), integration (managing the process of integrating the acquired business' people, products, technology and other assets to extract the value and synergies projected to be realized in connection with the acquisition), regulation (obtaining regulatory or other government approvals that may be necessary to complete the acquisition) and due diligence (including identifying risks to the prospects of the business, including undisclosed or unknown liabilities or restrictions to be assumed in the acquisition). Moreover, we may fail to successfully identify appropriate acquisition candidates, enter new markets or industries, or integrate any acquisitions consummated in a relatively short amount of time and, as a result, may fail to realize the synergies, cost savings and other benefits expected from such acquisitions. In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill, and other intangible assets. We are required to test goodwill and any other intangible assets with an indefinite life for possible impairment on an annual basis, or more frequently when circumstances indicate that impairment may have occurred. We are also required to evaluate amortizable intangible assets and fixed assets for impairment if there are indicators of a possible impairment. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations. See “—Financial risks—Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would negatively affect our business, financial condition or results of operations.”

In addition, to the extent we pursue acquisitions outside of the United States, these potential acquisitions often involve additional or increased risks including:

- managing geographically separated organizations, systems and facilities;
- integrating personnel with diverse business backgrounds and organizational cultures;
- complying with non-U.S. regulatory and other legal requirements;
- addressing financial and other impacts to our business resulting from fluctuations in currency exchange rates and unit economics across multiple jurisdictions;
- enforcing intellectual property rights outside of the United States;
- difficulty entering new non-U.S. markets due to, among other things, consumer acceptance and business knowledge of these markets; and

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- general economic and political conditions. See “—Business risks—Global economic, political and other conditions may adversely affect trends in consumer, business and government spending, which may adversely impact the demand for our services and our revenue and profitability.”

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of our combined businesses and the possible loss of key personnel. The diversion of management’s attention and any delays or difficulties encountered in connection with acquisitions and their integration could adversely affect our business, financial condition or results of operations.

***Our risk management policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.***

We operate in a rapidly changing industry. Accordingly, our risk management policies and procedures may not be fully effective to identify, monitor and manage all risks our business encounters. In addition, when we introduce new services, focus on new business types, or begin to operate in markets where we have a limited history of fraud loss, we may be less able to forecast and reserve accurately for those losses. If our policies and procedures are not fully effective or we are not successful in identifying and mitigating all risks to which we are or may be exposed, we may suffer uninsured liability, harm to our reputation or be subject to litigation or regulatory actions that could adversely affect our business, financial condition or results of operations. For example, if our security measures do not succeed, our business may be adversely affected. In addition, bad actors around the world use increasingly sophisticated methods to engage in illegal activities involving personal data, such as unauthorized use of another’s identity or payment information, unauthorized acquisition or use of credit or debit card details and other fraudulent use of another’s identity or information.

***Our business depends on strong and trusted brands, and damage to our reputation, or the reputation of our partners, could adversely affect our business, financial condition or results of operations.***

We market our products and services under our brands and we must protect and grow the value of our brands to continue to be successful in the future. If an incident were to occur that damages our reputation, the value of our brands could be adversely affected and our business could be damaged.

***From time to time we are subject to various legal proceedings which could adversely affect our business, financial condition or results of operations.***

We are involved in various litigation matters from time to time. Such matters can be time-consuming, divert management’s attention and resources and cause us to incur significant expenses. Our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. If we are unsuccessful in our defense in these litigation matters, or any other legal proceeding, we may be forced to pay damages or fines, enter into consent decrees or change our business practices, any of which could adversely affect our business, financial condition or results of operations.

***An active, liquid trading market for our Class A common stock may not be sustained, which may cause our Class A common stock to trade at a discount from the public offering price and make it difficult for you to sell the Class A common stock you purchase.***

We cannot predict the extent to which investor interest in us will sustain a trading market or how active and liquid that market may remain. If an active and liquid trading market is not sustained, you may have difficulty selling any of our Class A common stock that you purchase at a price above the price you purchase it or at all. The failure of an active and liquid trading market to continue would likely have a material adverse effect on the value of our Class A common stock. The market price of our Class A common stock may decline below the public offering price, and you may not be able to sell your shares of our Class A common stock at or above the

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price you paid or at all. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

***If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, or if there is any fluctuation in our credit rating, our stock price and trading volume could decline.***

The trading market for our Class A common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Securities and industry analysts may not publish research on our Company. If securities or industry analysts do not continue coverage of our Company, the trading price of our shares would likely be negatively impacted. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts stops covering us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Additionally, any fluctuation in the credit rating of us or our subsidiaries may impact our ability to access debt markets in the future or increase our cost of future debt which could have a material adverse effect on our operations and financial condition, which in return may adversely affect the trading price of shares of our Class A common stock.

***We incur significant costs as a result of operating as a public company.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the NYSE and other applicable securities laws and regulations. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to continue to increase our legal and financial compliance costs and to make some activities more difficult, time-consuming and costly. Being a public company and being subject to such rules and regulations also makes it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Class A common stock, fines, sanctions and other regulatory action and potentially civil litigation. These factors may therefore strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding the consummation of this offering, expected growth, future capital expenditures and debt service obligations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this prospectus include, but are not limited to statements about:

- the effect of the COVID-19 global pandemic on our business and results of operations;
- our ability to differentiate ourselves from our competitors and compete effectively;
- our ability to anticipate and respond to changing industry trends and merchant and consumer needs;
- our ability to continue making acquisitions of businesses or assets;
- our ability to continue to expand our market share or expand into new markets;
- our reliance on third-party vendors to provide products and services;
- our ability to integrate our services and products with operating systems, devices, software and web browsers;
- our ability to maintain merchant and software partner relationships and strategic partnerships;
- the effects of global economic, political and other conditions on consumer, business and government spending;
- our compliance with governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and consumer protection laws;
- our ability to establish, maintain and enforce effective risk management policies and procedures;
- our ability to protect our systems and data from continually evolving cybersecurity risks, security breaches and other technological risks;
- potential harm caused by software defects, computer viruses and development delays;
- the effect of degradation of the quality of the products and services we offer;
- potential harm caused by increased customer attrition;
- potential harm caused by fraud by merchants or others;
- potential harm caused by damage to our reputation or brands;
- our ability to recruit, retain and develop qualified personnel;
- our reliance on a single or limited number of suppliers;
- the effects of seasonality and volatility on our operating results;
- the effect of various legal proceedings;
- our ability to raise additional capital to fund our operations;
- our ability to protect, enforce and defend our intellectual property rights;
- our ability to establish and maintain effective internal control over financial reporting and disclosure controls and procedures;

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- our compliance with laws, regulations and enforcement activities that affect our industry;
- our dependence on distributions from Shift4 Payments, LLC to pay our taxes and expenses, including payments under the TRA; and
- the significant influence Rook and Searchlight continue to have over us, including control over decisions that require the approval of stockholders.

The forward-looking statements in this prospectus are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these factors include, but are not limited to the factors set forth under “Risk Factors.” Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement of which this prospectus forms a part with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

These forward-looking statements speak only as of the date of this prospectus. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this prospectus after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

**USE OF PROCEEDS**

The selling stockholders will receive all of the net proceeds from the sale of shares of our Class A common stock in this offering. We are not selling any shares of our Class A common stock under this prospectus and will not receive any proceeds from the sale of shares by the selling stockholders, including if the underwriters exercise their option to purchase additional shares. The selling stockholders will bear the underwriting discount attributable to their sale of our Class A common stock and all offering expenses.



**CAPITALIZATION**

The following table sets forth the capitalization of Shift4 Payments, Inc. and its direct and indirect subsidiaries as of September 30, 2020, as follows:

- on an actual basis;
- on a pro forma basis to give effect to (i) this offering and (ii) the redemption by the Continuing Equity Owners participating in this offering as selling stockholders, prior to the consummation of this offering, of 3,704,000 LLC Interests and an equivalent number of shares of Class B common stock (which shares will be immediately cancelled) in exchange for 3,704,000 shares of Class A common stock and the conversion of 4,296,000 shares of Class C common stock held by the selling stockholders, prior to the consummation of this offering, to 4,296,000 shares of Class A common stock.

The table below assumes no exercise by the underwriters in full of their option to purchase additional shares of Class A common stock from the selling stockholders. Additionally, the table below does not reflect the Concurrent Convertible Notes Offering or any shares reserved for issuance upon conversion of the Convertible Notes. This offering is not contingent on the completion of the Concurrent Convertible Notes Offering. See “Prospectus Summary—Recent Developments—Concurrent Convertible Notes Offering.”

For more information, please see “Unaudited Pro Forma Condensed Consolidated Financial Information” included elsewhere in this prospectus. You should read this information in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other financial information contained in this prospectus.

	<b>As of September 30, 2020</b>	
	<b>Actual</b>	<b>Pro Forma</b>
<i>(in millions, except per share and share amounts)</i>		
<b>Long-term debt (including current portion)(1):</b>		
Revolving Credit Facility(2)	\$ —	\$ —
First Lien Term Loan Facility(3)	450.0	450.0
Other financing arrangements	1.8	1.8
<b>Total debt(4)</b>	<b>451.8</b>	<b>451.8</b>
<b>Stockholders’ equity:</b>		
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized at September 30, 2020, none issued and outstanding	—	—
Class A common stock, par value \$0.0001 per share; 300,000,000 shares authorized, 28,550,026 shares issued and outstanding, actual; and 36,550,026 shares issued and outstanding, pro forma	—	—
Class B common stock, par value \$0.0001 per share; 100,000,000 shares authorized, 35,567,488 shares issued and outstanding, actual; and 31,863,488 shares issued and outstanding, pro forma	—	—
Class C common stock, par value \$0.0001 per share; 100,000,000 shares authorized, 15,920,291 shares issued and outstanding, actual; and 11,624,291 shares issued and outstanding, pro forma	—	—
<b>Additional paid-in capital</b>	<b>572.6</b>	<b>598.2</b>
<b>Retained deficit</b>	<b>(262.6)</b>	<b>(262.6)</b>
<b>Noncontrolling interests</b>	<b>247.5</b>	<b>221.9</b>
<b>Total stockholders’ equity</b>	<b>557.5</b>	<b>557.5</b>
<b>Total capitalization</b>	<b>\$ 1,009.3</b>	<b>\$ 1,009.3</b>

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- (1) Does not reflect the issuance of \$450.0 million aggregate principal amount of 4.625% Senior Notes due 2026 in the Senior Notes Offering or the use of the net proceeds therefrom, together with cash on hand, to repay all indebtedness outstanding under the First Lien Term Loan Facility. See “Description of Indebtedness” for a description of our currently outstanding indebtedness.
- (2) As of September 30, 2020, the Revolving Credit Facility had remaining capacity of \$89.5 million, net of a \$0.5 million letter of credit.
- (3) Excludes approximately \$12.3 million of unamortized capitalized financing costs.
- (4) Total debt does not include the \$400.0 million aggregate principal amount of Convertible Notes (or up to \$460.0 aggregate principal amount of Convertible Notes if the initial purchasers in that offering exercise their option to purchase additional Convertible Notes in full) we expect to issue in the Concurrent Convertible Notes Offering.

## DIVIDEND POLICY

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness, and therefore we do not anticipate declaring or paying any cash dividends on our Class A common stock in the foreseeable future. Holders of our Class B common stock are not entitled to participate in any dividends declared by our board of directors. Furthermore, because we are a holding company, our ability to pay cash dividends on our Class A common stock depends on our receipt of cash distributions from Shift4 Payments, LLC and, through Shift4 Payments, LLC, cash distributions and dividends from our other direct and indirect wholly owned subsidiaries. Our ability to pay dividends may be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of us or our subsidiaries. See “Description of Capital Stock,” “Description of Indebtedness” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and capital resources.” Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability and other factors that our board of directors may deem relevant.

Accordingly, you may need to sell your shares of our Class A common stock to realize a return on your investment, and you may not be able to sell your shares at or above the price you paid for them. See “Risk Factors—Risks related to the offering and ownership of our Class A common stock—Because we have no current plans to pay regular cash dividends on our Class A common stock following this offering, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.”

We are a holding company, and our principal asset is the LLC Interests we hold in Shift4 Payments, LLC. If we decide to pay a dividend in the future, we would need to cause Shift4 Payments, LLC to make distributions to us in an amount sufficient to cover such dividend. If Shift4 Payments, LLC makes such distributions to us, the other holders of LLC Interests will be entitled to receive pro rata distributions. See “Risk Factors—Risks related to our organizational structure—Our principal asset is our interest in Shift4 Payments, LLC, and, as a result, we depend on distributions from Shift4 Payments, LLC to pay our taxes and expenses, including payments under the TRA. Shift4 Payments, LLC’s ability to make such distributions may be subject to various limitations and restrictions.”

## SELECTED HISTORICAL CONDENSED CONSOLIDATED FINANCIAL DATA

The following table presents the selected historical condensed consolidated financial data for Shift4 Payments, LLC and Shift4 Payments, Inc. Shift4 Payments, LLC is the predecessor of the issuer, Shift4 Payments, Inc., for financial reporting purposes. The selected consolidated statements of operations data for the years ended December 31, 2018 and 2019 are derived from the audited consolidated financial statements of Shift4 Payments, LLC included elsewhere in this prospectus. The selected condensed consolidated balance sheet data as of September 30, 2020 and statements of operations data for the nine months ended September 30, 2020 are derived from the unaudited condensed consolidated financial statements of Shift4 Payments, Inc. included elsewhere in this prospectus. The selected condensed consolidated statements of operations data for the nine months ended September 30, 2019 are derived from the unaudited condensed consolidated financial statements of Shift4 Payments, LLC included elsewhere in this prospectus. The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period, and the results for any interim period are not necessarily indicative of the results that may be expected for a full year. The information set forth below should be read together with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and the consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

The selected historical financial data set forth below reflect the historical results of operations and the financial position of Shift4 Payments, Inc., including consolidation of its investment in Shift4 Payments, LLC, commencing June 5, 2020. Prior to June 5, 2020, the selected historical financial data set forth below represents the financial statements of Shift4 Payments, LLC. The selected historical financial data does not reflect what the financial position, results of operations or cash flows of Shift4 Payments, Inc. or Shift4 Payments, LLC would have been had these companies been stand-alone public companies for the periods presented. Specifically, the selected historical consolidated financial and other data set forth below for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2019 does not give effect to the following matters:

- The IPO, Private Placement and Transactions, the Follow-on Offering, the Senior Notes Offering, the 3DCART Acquisition, the HTV Acquisition, the Concurrent Convertible Notes Offering or this offering; and
- U.S. corporate federal income taxes.

In addition, the selected historical consolidated financial and other data set forth below for the nine months ended September 30, 2020 does not give effect to the Greenshoe Exercise, the Senior Notes Offering, the 3DCART Acquisition, the HTV Acquisition or this offering.

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As a result of the adoption of ASC 606 in 2019, the selected historical financial data for the year ended December 31, 2019 and the nine months ended September 30, 2019 and 2020 is not comparable to the selected historical financial data for the year ended December 31, 2018. See Notes 2 and 4 our consolidated financial statements for the year ended December 31, 2019, included elsewhere in this prospectus for more information about the adoption of ASC 606.

<i>(in millions)</i>	Shift4 Payments, LLC		Shift4 Payments, LLC	Shift4 Payments, Inc.
	Year Ended December 31,		Nine Months Ended September 30,	
	2018	2019	2019	2020
<b>Consolidated Statement of Operations:</b>				
Gross revenue	\$560.6	\$731.4	\$ 529.3	\$ 556.0
Cost of sales	410.2	552.4	400.5	427.7
Gross profit	150.4	179.0	128.8	128.3
General and administrative expenses	83.7	124.4	90.1	147.0
Depreciation and amortization expense	40.4	40.2	29.7	37.1
Professional fees	7.4	10.4	7.1	5.8
Advertising and marketing expenses	6.1	6.3	4.4	2.9
Restructuring expenses	20.1	3.8	3.7	0.4
Other operating (income)/expense, net	—	—	—	(12.4)
Total operating expenses	157.7	185.1	135.0	180.8
Loss from operations	(7.3)	(6.1)	(6.2)	(52.5)
Loss on extinguishment of debt	—	—	—	(7.1)
Other income (expense), net	0.6	1.0	1.0	0.6
Interest expense	(47.0)	(51.5)	(38.1)	(32.1)
Loss before income taxes	(53.7)	(56.6)	(43.3)	(91.1)
Income tax benefit (provision)	3.8	(1.5)	(1.0)	1.0
Net loss	<u>\$ (49.9)</u>	<u>\$ (58.1)</u>	<u>\$ (44.3)</u>	<u>\$ (90.1)</u>

<i>(in millions)</i>	Shift4 Payments, LLC As of December 31,		Shift4 Payments, Inc. As of September 30,
	2018	2019	2020
	<b>Consolidated Balance Sheet:</b>		
Cash	\$ 4.8	\$ 3.7	\$ 328.9
Total assets	738.7	788.0	1,115.6
Total liabilities	654.3	773.9	558.1
Redeemable preferred units	43.0	43.0	—
Retained deficit	(113.3)	(178.4)	(262.6)
Additional paid-in capital	—	—	572.6
Noncontrolling interests	—	—	247.5
Total members equity (deficit)/stockholders' equity	41.4	(28.9)	557.5

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information reflects the impact of this offering, the IPO, Private Placement and Transactions and the Follow-on Offering (excluding the Greenshoe Exercise).

The following unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2019 and for the nine months ended September 30, 2020 give effect to this offering, the IPO, Private Placement and Transactions and the Follow-on Offering (excluding the Greenshoe Exercise), as if the same had occurred on January 1, 2019. The unaudited pro forma condensed consolidated balance sheet as of September 30, 2020 presents our unaudited pro forma balance sheet giving effect to this offering as if the same had occurred as of September 30, 2020.

We have derived the unaudited pro forma condensed consolidated statements of operations and unaudited pro forma condensed consolidated balance sheet from the consolidated financial statements of Shift4 Payments, LLC and Shift4 Payments, Inc. included elsewhere in this prospectus. The historical consolidated financial information of Shift4 Payments, LLC and Shift4 Payments, Inc. has been adjusted in this unaudited pro forma condensed consolidated financial information to give effect to events that are directly attributable to this offering, the IPO, Private Placement and Transactions and the Follow-on Offering (excluding the Greenshoe Exercise) are factually supportable and, with respect to the condensed consolidated statements of operations, are expected to have a continuing impact on Shift4 Payments, Inc. The unaudited pro forma condensed consolidated financial information reflects adjustments that are described in the accompanying notes and are based on available information and certain assumptions we believe are reasonable, but are subject to change.

The adjustments relate to the impact of all the Transactions described in “IPO, Private Placement and Transactions” and the Follow-on Offering (excluding the Greenshoe Exercise), which together we refer to as the Pro Forma Transaction and IPO Adjustments, principally include the following:

- the amendment and restatement of the limited liability company agreement of Shift4 Payments, LLC to, among other things, appoint Shift4 Payments, Inc. as the sole managing member of Shift4 Payments, LLC and provide certain redemption rights to the Continuing Equity Owners;
- the issuance of 17,250,000 shares of our Class A common stock to the investors in the IPO in exchange for net proceeds of approximately \$362.6 million, after deducting underwriting discounts, commissions and offering expenses;
- the issuance of 4,625,346 shares of Class C common stock to Rook upon the closing of the Private Placement, in exchange for gross proceeds of \$100.0 million;
- the acquisition of the LLC Interests held by the Blocker Shareholders, affiliates of Searchlight, in exchange for shares of Class B common stock and Class C common stock
- the grant of 4,690,167 RSUs to the RSU Holders in connection with the IPO;
- the application of the net proceeds from the sale of Class A common stock in the IPO and the Private Placement to purchase LLC Interests directly from Shift4 Payments, LLC, at a purchase price per LLC Interest equal to \$23.00 per share of Class A common stock less the underwriting discount, with such LLC Interests representing 49.8% of the outstanding LLC Interests;
- the use by Shift4 Payments, LLC of the proceeds from the sale of LLC Interests to us to repay existing indebtedness and the remainder for general corporate purposes;
- the Follow-on Offering;
- the redemption by the Continuing Equity Owners participating in the Follow-on Offering as selling stockholders, of 3,637,501 LLC Interests in exchange for 3,637,501 shares of Class A common stock and an immediate cancellation of an equivalent number of shares of Class B common stock; and

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- the conversion of 4,218,872 shares of Class C common stock held by the selling stockholders to 4,218,872 shares of Class A common stock.

The adjustments related to this offering, which we refer to as the Pro Forma Offering Adjustments, are described in the notes to the unaudited pro forma condensed consolidated financial information, and principally include the following:

- the redemption by the Continuing Equity Owners participating in this offering as selling stockholders, of 3,704,000 LLC Interests in exchange for 3,704,000 shares of Class A common stock and an immediate cancellation of an equivalent number of shares of Class B common stock; and
- the conversion of 4,296,000 shares of Class C common stock held by the selling stockholders to 4,296,000 shares of Class A common stock.

Except as otherwise indicated, the unaudited pro forma condensed consolidated financial information presented assumes no exercise by the underwriters of their option to purchase additional shares of Class A common stock in this offering and does not reflect the Senior Notes Offering, Greenshoe Exercise, 3DCART Acquisition, the Concurrent Convertible Notes Offering or HTV Acquisition.

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing, tax and legal fees, stock exchange listing fees and similar expenses. We have not included any pro forma adjustments relating to these costs.

The unaudited pro forma condensed consolidated financial information is included for informational purposes only. The unaudited pro forma condensed consolidated financial information should not be relied upon as being indicative of our results of operations or financial condition had this offering, the IPO, Private Placement and Transactions and Follow-on Offering occurred on the dates assumed. The unaudited pro forma condensed consolidated financial information also does not project our results of operations or financial position for any future period or date. The unaudited pro forma condensed consolidated statements of operations and balance sheet should be read in conjunction with the "Risk factors," "Prospectus Summary—Summary Historical and Pro Forma Condensed Consolidated Financial and Other Data," "Selected Historical Condensed Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

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**Shift4 Payments, Inc. and subsidiaries**  
**Unaudited pro forma condensed consolidated balance sheet as of September 30, 2020**

<i>(in millions, except share and per share amounts)</i>	<b>Shift4 Payments, Inc. Historical</b>	<b>Pro Forma Offering Adjustments</b>	<b>Shift4 Payments, Inc. Pro Forma</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash	\$ 328.9	\$ —	\$ 328.9
Accounts receivable, net	91.3	—	91.3
Inventory	1.2	—	1.2
Prepaid expenses and other current assets	12.3	—	12.3
Total current assets	<u>433.7</u>	<u>—</u>	<u>433.7</u>
<b>Noncurrent assets</b>			
Goodwill	422.0	—	422.0
Other intangible assets, net	183.0	—	183.0
Capitalized acquisition costs, net	29.7	—	29.7
Equipment under lease	32.7	—	32.7
Property, plant and equipment, net	14.0	—	14.0
Deferred tax assets(1)	—	—	—
Other noncurrent assets	0.5	—	0.5
Total noncurrent assets	<u>681.9</u>	<u>—</u>	<u>681.9</u>
Total assets	<u>\$ 1,115.6</u>	<u>\$ —</u>	<u>\$ 1,115.6</u>
<b>Liabilities and Stockholders' Equity</b>			
<b>Current liabilities</b>			
Current portion of debt	\$ 1.8	—	\$ 1.8
Accounts payable	76.7	—	76.7
Accrued expenses and other current liabilities	26.5	—	26.5
Deferred revenue	8.1	—	8.1
Total current liabilities	<u>113.1</u>	<u>—</u>	<u>113.1</u>
<b>Noncurrent liabilities</b>			
Long-term debt	437.7	—	437.7
Deferred tax liability	5.2	—	5.2
Amounts payable pursuant to Tax Receivable Agreement(1)	—	—	—
Other non-current liabilities	2.1	—	2.1
Total noncurrent liabilities	<u>445.0</u>	<u>—</u>	<u>445.0</u>
Total liabilities	<u>558.1</u>	<u>—</u>	<u>558.1</u>
Commitments and contingencies	—	—	—



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<i>(in millions, except share and per share amounts)</i>	<b>Shift4 Payments, Inc. Historical</b>	<b>Pro Forma Offering Adjustments</b>	<b>Shift4 Payments, Inc. Pro Forma</b>
<b>Stockholders' Equity</b>			
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized, none issued and outstanding	—	—	—
Class A common stock, \$0.0001 par value per share, 300,000,000 shares authorized, 28,550,026 shares issued and outstanding, actual; 36,550,026 shares issued and outstanding, pro forma	—	—	(2)
Class B common stock, \$0.0001 par value per share, 100,000,000 shares authorized, 35,567,488 shares issued and outstanding, actual; 31,863,488 shares issued and outstanding, pro forma	—	—	(2)
Class C common stock, \$0.0001 par value per share, 100,000,000 shares authorized, 15,920,291 shares issued and outstanding, actual; 11,624,291 shares issued and outstanding, pro forma	—	—	(2)
Additional paid-in capital	572.6	25.6	(2),(3)
Retained deficit	(262.6)	—	(262.6)
Total stockholders' equity attributable to Shift4 Payments, Inc.	310.0	25.6	335.6
Noncontrolling interests	247.5	(25.6)	(2),(3)
Total stockholders' equity	557.5	—	557.5
Total liabilities and stockholders' equity	<u>\$ 1,115.6</u>	<u>—</u>	<u>\$ 1,115.6</u>

**Shift4 Payments, Inc. and subsidiaries**

**Notes to unaudited pro forma condensed consolidated balance sheet**

- (1) We treat redemptions and exchanges of LLC Interests as direct purchases of LLC Interests for U.S. federal income tax purposes, which results in us obtaining a step-up in tax basis to our share of net assets of Shift4 Payments, LLC as the result of Shift4 Payments, LLC having a section 754 election in place. These increases in tax basis may reduce the amounts that we would otherwise pay in the future to various tax authorities. As described in greater detail under "Certain Relationships and Related Party Transactions—Tax Receivable Agreement," in connection with the IPO, we entered into a Tax Receivable Agreement, or TRA, with Shift4 Payments, LLC, each of the Continuing Equity Owners and each of the Blocker Shareholders that provide for the payment by Shift4 Payments, Inc. to the Continuing Equity Owners of 85% of the amount of certain tax benefits, if any, that Shift4 Payments, Inc. actually realizes, or in some circumstances is deemed to realize in its tax reporting, as a result of (i) the increases in our share of the tax basis in the net assets of Shift4 Payments, LLC resulting from any redemptions or exchanges of LLC Interests, (ii) tax basis increases attributable to payments made under the TRA, and (iii) deductions attributable to imputed interest pursuant to the TRA. We expect to benefit from the remaining 15% of any of cash savings that we realize.

In connection with this offering, we will increase our tax basis in our LLC interests in Shift4 Payments, LLC due to the exchange with the Continuing Equity Owners. The deferred tax asset relating to this exchange is \$71.9 million, which would also result in a TRA liability of \$61.1 million. We have assessed the realizability of the net deferred tax assets and in that analysis has considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. We have recorded a full valuation allowance against the deferred tax assets at Shift4 Payments, Inc. A full valuation allowance on deferred tax assets will be maintained until there is sufficient evidence to support the reversal of all or some portion of these allowances. We have not recognized any liability under the TRA after concluding it was not probable that such TRA Payments would be paid based on its estimates of future taxable income. If all of the remaining Continuing Equity Owners were to exchange all of their LLC Units, we would recognize a deferred tax asset of approximately \$567.2 million and a TRA liability of approximately \$482.1 million, assuming (i) that the Continuing Equity Owners redeemed or exchanged all of their LLC Units immediately as of September 30, 2020 at the assumed offering price of \$61.61 per share of our Class A common stock (the last reported sale price of our Class A common stock on the New York Stock Exchange on November 27, 2020), (ii) no material changes in relevant tax law, (iii) a constant corporate tax rate of 24.2%, (iv) that we earn sufficient taxable income in each year to realize on a current basis all tax benefits that are subject to the TRA, and (v) that the Blocker Attributes are not limited pursuant to section 382 of the Code. The actual amount of deferred tax assets and related liabilities that we will recognize will differ based on, among other things, the timing of the exchanges, the price of our shares of Class A common stock at the time of the

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exchange, and the tax rates then in effect. We may elect to completely terminate the TRA early only with the written approval of each of a majority of our independent directors, although we have no plans to do so at this time. As a result, we would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the TRA.

- (2) Reflects adjustment to give effect to the issuance of 3,704,000 shares of Class A common stock in exchange for (i) 3,704,000 LLC Interests from the Continuing Equity Owners participating in this offering as selling stockholders and an equivalent number of shares of Class B common stock (which shares will be immediately cancelled) and (ii) 4,296,000 shares of Class C common stock held by the selling stockholders. As the selling shareholders will be selling the aforementioned shares of Class A common stock in this offering, there will be no impact to additional paid-in capital subsequent to the conversion other than the reclassification of noncontrolling interests.
- (3) Each of the noncontrolling interests represent ownership interests of Continuing Equity Owners which became noncontrolling interests with respect to Shift4 Payments, Inc. upon consummation of the Transactions and IPO, and were initially reclassified based upon the historical basis of such interests.

Upon completion of this offering, and excluding the impact of the Greenshoe Exercise and the Class A shares issued as part of the 3DCART Acquisition, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock, Shift4 Payments, Inc. will own 60.2% of the economic interest of Shift4 Payments, LLC and will report a noncontrolling interest of 39.8% related to the interests in Shift4 Payments, LLC held by the Continuing Equity Owners. If the underwriters exercise their option to purchase additional shares of Class A common stock in full, the economic interest held by the noncontrolling interest would be approximately 39.1%.

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**Shift4 Payments, Inc. and subsidiaries**  
**Unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2019**

<i>(in millions, except share and per share amounts)</i>	<b>Shift4 Payments, LLC Historical</b>	<b>Pro Forma Transaction and IPO Adjustments</b>	<b>As Adjusted before this offering</b>	<b>Pro Forma Offering Adjustments</b>	<b>Shift4 Payments, Inc. Pro Forma</b>
Gross revenue	\$ 731.4	\$ —	\$ 731.4	\$ —	\$ 731.4
Cost of sales	552.4	—	552.4	—	552.4
Gross profit	179.0	—	179.0	—	179.0
General and administrative expenses	124.4	20.6(4)	145.0	—	145.0
Depreciation and amortization expense	40.2	—	40.2	—	40.2
Professional fees	10.4	—	10.4	—	10.4
Advertising and marketing expenses	6.3	—	6.3	—	6.3
Restructuring expenses	3.8	—	3.8	—	3.8
Total operating expenses	185.1	20.6	205.7	—	205.7
Loss from operations	(6.1)	(20.6)	(26.7)	—	(26.7)
Other income, net	1.0	—	1.0	—	1.0
Interest expense	(51.5)	20.0(5)	(31.5)	—	(31.5)
Loss before income taxes	(56.6)	(0.6)	(57.2)	—	(57.2)
Income tax provision(1)	(1.5)	—	(1.5)	—	(1.5)
Net loss	\$ (58.1)	\$ (0.6)	\$ (58.7)	\$ —	\$ (58.7)
Net loss attributable to noncontrolling interests		(26.1)(2)	(26.1)	2.7(6)	(23.4)
Net loss attributable to Shift4 Payments, Inc.		\$ 25.5	\$ (32.6)	\$ (2.7)	\$ (35.3)
<b>Per Share Data:</b>					
Net loss per unit					
Basic	\$ (629.50)				
Diluted	\$ (629.50)				
Weighted-average units used to compute net loss per unit					
Basic	100,000				
Diluted	100,000				
Basic and diluted pro forma net loss per share(3)					
Class A pro forma net loss per share					\$ (0.71)
Weighted-average shares used to compute pro forma net loss per share(3)					39,025,856
Class C pro forma net loss per share					\$ (0.71)
Weighted-average shares used to compute pro forma net loss per share(3)					11,624,291

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**Shift4 Payments, Inc. and subsidiaries**

**Unaudited pro forma condensed consolidated statement of operations for the nine months ended September 30, 2020**

<i>(in millions, except share and per share amounts)</i>	<b>Shift4 Payments, Inc. Historical</b>	<b>Pro Forma Transaction and IPO Adjustments</b>	<b>As Adjusted before this offering</b>	<b>Pro Forma Offering Adjustments</b>	<b>Shift4 Payments, Inc. Pro Forma</b>
Gross revenue	\$ 556.0	\$ —	\$ 556.0	\$ —	\$ 556.0
Cost of sales	427.7	—	427.7	—	427.7
Gross profit	128.3	—	128.3	—	128.3
General and administrative expenses	147.0	(52.4)(4),(7)	94.6	—	94.6
Depreciation and amortization expense	37.1	—	37.1	—	37.1
Professional fees	5.8	—	5.8	—	5.8
Advertising and marketing expenses	2.9	—	2.9	—	2.9
Restructuring expenses	0.4	—	0.4	—	0.4
Other operating (income)/expense	(12.4)	—	(12.4)	—	(12.4)
Total operating expenses	180.8	(52.4)	128.4	—	128.4
Loss from operations	(52.5)	52.4	(0.1)	—	(0.1)
Loss on extinguishment of debt	(7.1)	7.1 (5)	—	—	—
Other expense, net	0.6	—	0.6	—	0.6
Interest expense	(32.1)	9.0 (5)	(23.1)	—	(23.1)
Loss before income taxes	(91.1)	68.5	(22.6)	—	(22.6)
Income tax provision(1)	1.0	—	1.0	—	1.0
Net loss	\$ (90.1)	\$ 68.5	\$ (21.6)	\$ —	\$ (21.6)
Net loss attributable to noncontrolling interests	(5.9)	(3.7)(2)	(9.6)	1.0(6)	(8.6)
Net loss attributable to Shift4 Payments, Inc.	<u>\$ (84.2)</u>	<u>\$ 72.2</u>	<u>\$ (12.0)</u>	<u>\$ (1.0)</u>	<u>\$ (13.0)</u>
<b>Per Share Data:</b>					
<b>Basic and diluted net loss per share(3)</b>					
Class A net loss per share	\$ (0.15)				\$ (0.26)
Weighted-average shares used to compute net loss per share	22,363,399				39,025,856
Class C net loss per share	\$ (0.15)				\$ (0.26)
Weighted-average shares used to compute net loss per share	19,424,100				11,624,291

**Shift4 Payments, Inc. and subsidiaries**

**Notes to unaudited pro forma condensed consolidated statements of operations**

- Following the Transactions we became and will continue to be subject to United States federal income taxes, in addition to state and local taxes, with respect to our allocable share of any net taxable income of Shift4 Payments, LLC. As Shift4 Payments, LLC has historically generated losses, and on a pro forma basis, we anticipate incurring losses following this offering and the Transactions, the unaudited pro forma consolidated statements of operations do not reflect adjustments to our provision for federal income taxes.
- Upon completion of the Transactions and IPO, we became the managing member of Shift4 Payments, LLC. Following the IPO, Shift4 Payments, Inc. owned 49.8% of the economic interest of Shift4 Payments, LLC and the Continuing Equity Owners owned the remaining 50.2% of the economic interest of Shift4 Payments, LLC. As of September 30, 2020, we owned 55.6% of the economic interest in Shift4 Payments, LLC, but control the management of Shift4 Payments, LLC. The Continuing Equity Owners owned the remaining 44.4% of the economic interest in Shift4 Payments, LLC, as of September 30, 2020 which is accounted for as a noncontrolling interest in our consolidated financial results.

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- (3) Pro forma net loss per share is computed by dividing the net income attributable to holders of Class A common stock and Class C common stock by the weighted-average shares of Class A common stock and Class C common stock outstanding during the period. Shares of Class B common stock do not participate in earnings of Shift4 Payments, Inc. As a result, the shares of Class B common stock are not considered participating securities and are not included in the weighted-average shares outstanding for purposes of computing pro forma net loss per share. The weighted-average shares of Class A common stock outstanding include 2,475,830 RSUs that we granted in connection with the IPO that vest over time but are not subject to ongoing service requirements.

The following table sets forth a reconciliation of the numerators and denominators used to compute pro forma basic and diluted net loss per share:

	<b>Pro Forma Shift4 Payments, Inc.</b>	
	<b>Year ended December 31, 2019</b>	<b>Nine months ended September 30, 2020</b>
<i>(in millions, except share and per share amounts)</i>		
Net loss	\$ (58.7)	\$ (21.6)
Net loss attributable to noncontrolling interests	\$ (22.7)	\$ (8.3)
<b>Net loss attributable to Shift4 Payments, Inc.</b>	<b>\$ (36.0)</b>	<b>\$ (13.3)</b>
<b>Numerator—Basic and Diluted:</b>		
Net loss attributable to common shareholders	\$ (36.0)	\$ (13.3)
Allocation of net loss among common shareholders:		
Net loss allocated to Class A common stock	\$ (27.8)	\$ (10.2)
Net loss allocated to Class C common stock	\$ (8.2)	\$ (3.1)
<b>Denominator—basic and diluted:</b>		
Weighted average shares of Class A common stock outstanding	39,025,856	39,025,856
Weighted average shares of Class C common stock outstanding	11,624,291	11,624,291
<b>Net loss per share—basic and diluted:</b>		
Class A common stock	\$ (0.71)	\$ (0.26)
Class C common stock	\$ (0.71)	\$ (0.26)

The impact of RSUs subject to continued service and shares of Class A common stock upon redemption of the remaining noncontrolling interest, after giving effect to this offering, by the Continuing Equity Owners were not included in the computation of diluted loss per share because the effect would have been anti-dilutive.

- (4) We granted \$50.9 million in the form of 2,214,337 RSUs to certain employees and non-employee directors in connection with the IPO, at the initial public offering price of \$23.00 per share. The RSUs will vest ratably over time and are subject to continued employment. Pro forma stock compensation expense of \$20.6 million and \$8.9 million for the year ended December 31, 2019 and the nine months ended September 30, 2020, respectively, represents the compensation expense incurred following the completion of the IPO related to the ongoing effect of unvested awards. These amounts were calculated assuming the RSUs were granted on January 1, 2019 and the fair value is assumed to be equal to the IPO price per share.
- (5) Reflects a net decrease in interest expense as if the repayment in full of our Second Lien Credit Facility and Revolving Credit Facility, and partial repayment of our First Lien Credit Facility, occurred on January 1, 2019. Further, the adjustment for the nine months ended September 30, 2020 includes the reversal of the loss on extinguishment of debt of \$7.1 million recognized in connection with the partial repayment of \$59.8 million on the First Lien Term Loan Facility and full repayment of \$130.0 million on the Second Lien Term Loan Facility since it does not have a continuing impact.
- (6) This adjustment reflects the impact of the change of the portion of LLC Interests owned by Shift4 Payments, Inc. from 55.6% as of September 30, 2020 to 60.2% subsequent to this offering. Immediately following the completion of this offering, and excluding the Greenshoe Exercise and 3DCART Acquisition, Shift4 Payments, Inc. will own 60.2% of the economic interests of Shift4 Payments, LLC and the Continuing Equity Owners will own the remaining 39.8% of the economic interests.
- (7) Reverses \$61.3 million of non-recurring compensation expense recognized in the nine months ended September 30, 2020 related to contractual change of control bonuses in connection with the IPO.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the information presented in “Selected Historical Condensed Consolidated Financial Data” and our historical consolidated financial statements and the related notes included elsewhere in this prospectus. The following discussion and analysis reflects the historical results of operations and financial position of Shift4 Payments, LLC prior to the Transactions and that of Shift4 Payments, Inc. (including Shift4 Payments, LLC) following the completion of the Transactions.*

*In addition to historical information, the following discussion contains forward-looking statements, such as statements regarding our expectation for future performance, liquidity and capital resources, that involve risks, uncertainties and assumptions that could cause actual results to differ materially from our expectations. Our actual results may differ materially from those contained in or implied by any forward-looking statements. Factors that could cause such differences include those identified below and those described in “Cautionary Note Regarding Forward-Looking Statements,” “Risk Factors” and “Unaudited Pro Forma Condensed Consolidated Financial Information.” We assume no obligation to update any of these forward-looking statements.*

**Overview**

We are a leading independent provider of integrated payment processing and technology solutions in the United States based on total volume of payments processed. We have achieved our leadership position through decades of solving complex business and operational challenges facing our customers: software partners and merchants. For our software partners, we offer a single integration to an end-to-end payments offering, a proprietary gateway and a robust suite of technology solutions to enhance the value of their software and simplify payment acceptance. For our merchants, we provide a seamless, unified consumer experience as an alternative to relying on multiple providers to accept payments and utilize technology in their businesses.

At the heart of our business is our payments platform. Our payments platform is a full suite of integrated payment products and services that can be used across multiple channels (in-store, online, mobile and tablet- based) and industry verticals, including:

- end-to-end payment processing for a broad range of payment types;
- merchant acquiring;
- proprietary omni-channel gateway capable of multiple methods of contactless and QR code-based payments;
- complementary software integrations;
- integrated and mobile POS solutions;
- security and risk management solutions; and
- reporting and analytical tools.

In addition, we offer innovative technology solutions that go beyond payment processing. Some of our solutions are developed in-house, such as business intelligence and POS software, while others are powered by our network of complementary third-party applications. Our focus on innovation combined with our product-driven culture enables us to create scalable technology solutions that benefit from an extensive library of intellectual property.

We have a partner-centric distribution approach. We market and sell our solutions through a diversified network of over 7,000 software partners, which consists of ISVs and VARs. ISVs are technology providers that develop

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commerce-enabling software suites with which they can bundle our payments platform. VARs are organizations that provide distribution support for ISVs and act as trusted and localized service providers to merchants by providing them with software and services. Together, our ISVs and VARs provide us immense distribution scale and provide our merchants with front-line service and support.

Our end-to-end payments offering combines our payments platform, including our proprietary gateway and breadth of software integrations, and our suite of technology solutions to create a compelling value proposition for our merchants. We had over \$22.0 billion in end-to-end payment volume for the year ended December 31, 2019 and approximately \$17.5 billion in end-to-end payment volume for the nine months ended September 30, 2020. This end-to-end payment volume contributed approximately 57% and 60% of gross revenue less network fees for the year ended December 31, 2019 and the nine months ended September 30, 2020, respectively. Additionally, in 2019, we had over \$185.0 billion in payment volume that relied on Shift4's gateway or technology solutions but did not utilize our end-to-end payments offering.

Our merchants range from SMBs to large enterprises across numerous verticals in which we have deep industry expertise, including food and beverage, lodging and leisure. In addition, our merchant base is highly diversified with no single merchant representing more than 1% of end-to-end payment volume for the year ended December 31, 2019 or the nine months ended September 30, 2020.

### **Recent acquisitions**

#### *Merchant Link*

In August 2019, we completed the acquisition of Merchant-Link, LLC, or Merchant Link, a leading provider of payment gateway and data security solutions, and which primarily services hotels and restaurants in the United States, or the Merchant Link Acquisition. The Merchant Link Acquisition brings to us a highly complementary customer base, with a significant portion of the customers using software already integrated on our gateway. This overlap presents us with a substantial opportunity for improved share of wallet and cost efficiencies.

#### *3DCART*

On November 5, 2020, we completed the purchase of all of the outstanding equity interest of INFOMART2000, an ecommerce software platform serving businesses of all sizes in a wide range of industries. The 3DCART Acquisition expands our omni-channel transaction capabilities and will enable 3DCART merchants to augment their ecommerce platform experience with our secure integrated payments solutions. In addition, our indirect sales distribution network will be able to offer 3DCART's turnkey ecommerce capabilities to our new and existing POS and payments customers.

#### *Hospitality technology vendor*

On October 16, 2020, we acquired a hospitality technology vendor for approximately \$10.0 million in cash. The HTV Acquisition enables the boarding of the vendor's customers on our end-to-end acquiring solution and empowers our distribution partners to sign the vendor's customer accounts and leverage the combined expertise to handle all aspects of installation, service, and support.

### **IPO, Private Placement and Transactions**

On June 9, 2020, we completed the IPO in connection with which we issued 17,250,000 shares of Class A common stock. All shares sold in the IPO were sold at an initial public offering price of \$23.00 per share. The shares began trading on the New York Stock Exchange on June 5, 2020 under the symbol "FOUR."

The historical results of operations discussed in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are those of (1) Shift4 Payments, LLC and its consolidated subsidiaries for

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periods prior to the completion of the Transactions on June 9, 2020 and (2) Shift4 Payments, Inc. and its consolidated subsidiaries for periods beginning on or following the Transactions on June 9, 2020. The historical results of operations of Shift4 Payments, LLC prior to the completion of the Transactions, including the IPO, do not reflect certain items that will affect our results of operations and financial condition after giving effect to the Transactions and the use of proceeds from the IPO.

Following the completion of the Transactions, Shift4 Payments, Inc. became the sole managing member of Shift4 Payments, LLC. Although we have a minority economic interest in Shift4 Payments, LLC, we have the sole voting interest in, and control the management of, Shift4 Payments, LLC. As a result, we have consolidated the financial results of Shift4 Payments, LLC and have reported a noncontrolling interest related to the LLC Interests held by the non-controlling LLC owners on our consolidated statements of operations and comprehensive income (loss). Immediately after the IPO, public investors collectively owned 74.0% of our outstanding Class A common stock, consisting of 23,324,537 shares of Class A common stock, Shift4 Payments, Inc. owned 43,463,700 LLC Interests, representing 52.6% of the LLC Interests and the Continuing Equity Owners collectively owned 39,204,989 LLC Interests, representing 47.4% of the LLC Interests. Shift4 Payments, Inc. is a holding company that conducts no operations and, as of the consummation of this offering, its principal asset is the LLC Interests we hold in Shift4 Payments, LLC.

After consummation of the IPO, Shift4 Payments, Inc. became subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Shift4 Payments, LLC and are taxed at the prevailing corporate tax rates. In addition to tax expenses, we also have and will continue to incur public company expenses related to our operations, plus payment obligations under the TRA, which we expect to be significant. We intend to cause Shift4 Payments, LLC to make payments to us in an amount sufficient to allow us to pay our operating expenses. We also expect Shift4 Payments, LLC to make tax distributions to us in an amount sufficient to allow us to pay our tax obligations and distributions to fund any payments due under the TRA.

### **Follow-on Offering**

On September 15, 2020, we completed a Follow-on Offering, in which we issued and sold 2,000,000 shares of our Class A common stock, and certain selling stockholders sold 8,000,000 shares of our Class A common stock, at a price to the public of \$48.50 per share and on October 6, 2020, the selling stockholders sold an additional 1,500,000 shares of Class A common stock pursuant to the exercise by the underwriters of their option to purchase additional shares. Upon completion of the Follow-on Offering, we received net proceeds of approximately \$91.8 million, after deducting the underwriting discounts and commissions and offering expenses. We did not receive any of the proceeds from the sale of Class A common stock by the selling stockholders in the Follow-on Offering. We used the net proceeds we received from the Follow-on Offering to purchase 2,000,000 LLC Interests directly from Shift4 Payments, LLC at a price per unit equal to the price to the public of Class A common stock in the Follow-on Offering less the underwriting discounts and commissions. Shift4 Payments, LLC used the proceeds it received from the Follow-on Offering for general corporate purposes.

In connection with the Follow-on Offering, we also completed the following transactions:

- The redemption by Searchlight of 3,637,501 LLC Interests in exchange for 3,637,501 shares of Class A common stock sold in the Base Offering, and an immediate cancellation of an equivalent number of shares of Class B common stock. On October 6, 2020, an additional 682,031 LLC Interests held by Searchlight were exchanged for 682,031 shares of Class A common stock sold in connection with the Greenshoe Exercise, with an immediate cancellation of an equivalent number of shares of Class B common stock.
- The conversion of 4,218,872 shares of Class C common stock held by Searchlight to 4,218,872 shares of Class A common stock sold in the Base Offering. On October 6, 2020, an additional 791,039 shares of Class C common stock held by Searchlight were converted to 791,039 shares of Class A common stock sold in connection with the Greenshoe Exercise.



### **Senior Notes Offering**

On October 29, 2020, our subsidiaries Shift4 Payments, LLC and Shift4 Payments Finance Sub, Inc. completed the issuance and sale of \$450.0 million aggregate principal amount of 4.625% Senior Notes due 2026, to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A and outside the United States pursuant to Regulation S of the Securities Act. We received net proceeds, after deducting initial purchasers' discounts and estimated offering expenses, of approximately \$443.1 million from the Senior Notes Offering. The net proceeds of the Senior Notes Offering, together with cash on hand, were used to repay all indebtedness outstanding under the First Lien Term Loan Facility. The notes were issued pursuant to an Indenture, dated as of October 29, 2020, among the Issuers, the subsidiary guarantors named therein and U.S. Bank National Association, as trustee. The Indenture provides, among other things, that the notes are the senior unsecured obligations of the Issuers and are guaranteed, jointly and severally, on a senior unsecured basis, by certain of Shift4 Payments, LLC's subsidiaries. See "Description of Indebtedness—4.625% Senior notes due 2026."

### **Concurrent Convertible Notes Offering**

Concurrently with this offering, we are offering \$400,000,000 aggregate principal amount of convertible senior notes due 2025, to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A of the Securities Act. In addition, we intend to grant the initial purchasers an option to purchase, for settlement within a period of 13 days from, and including the date the Convertible Notes are first issued, up to an additional \$60,000,000 aggregate principal amount of Convertible Notes. The Convertible Notes will be issued pursuant to an indenture, among Shift4 Payments, Inc. and U.S. Bank National Association, as trustee. The Convertible Notes will bear cash interest at an annual rate of % payable semi-annually and will mature on December 15, 2025 unless earlier repurchased, redeemed or converted. The conversion rate for the Convertible Notes will initially be shares of Class A common stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately \$ per share of Class A common stock), subject to adjustment. Before September 15, 2025, holders will have the right to convert their Convertible Notes only upon the occurrence of certain events. From and after September 15, 2025, holders may convert their Convertible Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. Upon conversion of the Convertible Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election. The Convertible Notes will be redeemable, in whole or in part, for cash at our option at any time, and from time to time, on or after December 20, 2023 and on or before the 40th scheduled trading day immediately before the maturity date, but only if the last reported sale price per share of our Class A common stock exceeds 130% of the conversion price for a specified period of time. The redemption price will be equal to the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Upon the occurrence of a "fundamental change," which term includes certain change of control transactions, we must offer to repurchase the Convertible Notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest to, but not including, the date of repurchase. In addition, if a "make-whole fundamental change" occurs prior to the maturity date or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such make-whole fundamental change or notice of redemption, as the case may be.

This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities being offered in the Concurrent Convertible Notes Offering. We cannot assure you that the Concurrent Convertible Notes Offering will be completed or, if completed, on what terms it will be completed. The completion of this offering is not contingent on the completion of the Concurrent Convertible Notes Offering (nor is the completion of the Concurrent Convertible Notes Offering contingent on the completion of this offering).

### **Impact of the COVID-19 Pandemic**

The unprecedented and rapid spread of COVID-19 as well as the shelter-in-place orders, promotion of social distancing measures, restrictions to businesses deemed non-essential, and travel restrictions implemented throughout the United States have significantly impacted the restaurant and hospitality industries – verticals in which we have predominantly focused on over the last decade.

In response to these developments, we have implemented measures to focus on the safety of our employees, including implementing remote working capabilities, and to support our merchants as they shift to take-out and delivery operations, while at the same time seeking to mitigate the impact on our financial position and operations.

We have also implemented new programs to help ease the burden for our merchants, encourage customers to support their local small businesses and restaurants and incentivize new merchants to enroll in our end-to-end payment platform. Specifically, we have:

- established [www.shift4.com/situation](http://www.shift4.com/situation) in an effort to share data to educate political leaders and advocacy groups as to where aid needs to be prioritized;
- released a gift card funding campaign to encourage consumers to support their favorite bars or restaurants by purchasing a gift card through our [Shift4Cares.com](http://Shift4Cares.com) website; and
- implemented temporary fee waivers on certain products from March 2020 through June 2020 that did not have a material impact on financial performance.

We believe we have sufficient liquidity to satisfy our cash needs for at least the next twelve months, however, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate during these uncertain times. Our business was not significantly impacted by the COVID-19 pandemic until the latter part of March 2020, at which time our end-to-end payment volumes declined 70%. At that time, we took the following actions to increase liquidity and strengthen our financial position:

- furloughed approximately 25% of our employees. As of September 30, 2020, we reinstated substantially all of our workforce and are hiring in certain areas to accommodate new merchant onboarding;
- accelerated approximately \$30.0 million of annual expense reduction plans related to prior acquisitions, including the Merchant Link Acquisition;
- re-prioritized our capital projects to defer certain non-essential improvements;
- instituted a company-wide hiring freeze, which was lifted in August 2020; and
- reduced salaries for management across the organization, which were fully reinstated as of October 2020.

Since late March, when shelter-in-place, social distancing, the closing of non-essential businesses and other restrictive measures were first put in place across the United States and our weekly gateway transactions decreased by approximately 75% from their pre-COVID peak, we have seen a significant recovery in our end-to-end payment volumes and, for the trailing seven days leading up to September 30, 2020, end-to-end payment volumes were approximately 97% of pre-COVID volumes in 2020 and as of the week beginning October 25, 2020, end-to-end payment volumes were approximately 210% of pre-COVID volumes in 2020, which were impacted similarly to gateway transactions by the COVID-19 pandemic.

While end-to-end payment volumes for the nine months ended September 30, 2020 have exceeded those for the nine months ended September 30, 2019, the ultimate impact that the COVID-19 pandemic will have on our consolidated results of operations in the fourth quarter and full year 2020 remains uncertain. We will continue to evaluate the nature and extent of these potential impacts to our business, consolidated results of operations, and liquidity. See “Risk Factors—Business risks—The recent novel coronavirus, or COVID-19, global pandemic has had and is expected to continue to have a material adverse effect on our business and results of operations.”

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On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security, or CARES, Act was signed into law. The CARES Act provides a substantial stimulus and assistance package intended to address the impact of the COVID-19 pandemic, including tax relief and government loans, grants and investments. The CARES Act includes, among other things, provisions relating to payroll tax credits and deferrals, net operating loss carryback periods, alternative minimum tax credits and technical corrections to tax depreciation methods for qualified improvement property. Pursuant to the CARES Act, in June 2020, we submitted a carryback claim related to our net operating loss carryforward generated in 2018, which provided a cash tax savings of \$0.6 million and is reflected in the condensed consolidated financial statements for the nine months ended September 30, 2020. We will continue to monitor any effects that may result from the CARES Act or other government relief programs that are made available in the future.

### **Factors impacting our business and results of operations**

In general, our results of operations are impacted by factors such as adoption of software integrated payment solutions, continued investment in core capabilities, on-going pursuit of strategic acquisitions, and macro-level economic trends.

*Increased adoption of software-integrated payments.* We primarily generate revenue through volume-based payments and transaction fees and subscription fees for software and technology solutions. We expect to grow this volume by attracting new software partners through our market-leading and innovative solutions. These software partners have proven to be an effective and efficient way of acquiring new merchants and servicing these relationships.

*Continued focus on the sale of our end-to-end payments offering and resulting revenue mix shift.* Our customers utilize our comprehensive solutions to solve a variety of business challenges. Currently, a large percentage of our merchant base uses only our proprietary gateway. As these merchants adopt our end-to-end payment solutions, our revenue per merchant and merchant retention are expected to increase.

*Mix of our merchant base.* The revenue contribution of our merchant portfolio is affected by several factors, including the amount of payment volume processed per merchant, the industry vertical in which the merchant operates, and the number of solutions implemented by the merchant. As the size and sophistication of our merchants change, we may experience shifts in the average revenue per merchant and the weighted average pricing of the portfolio.

*Ability to attract and retain software partners.* A key pillar of our *Shift4 Model* is our partner-centric distribution approach. We work with over 7,000 software partners who are essential to helping us grow and serve our merchant base. Maintaining our product leadership and continued investment in innovative technology solutions is critical to attracting and retaining software partners.

*Investment in product, distribution and operations.* We make significant investments in both new product development and existing product enhancement, such as mobile point-of-sale and cloud enablement for our software partners' existing systems. New product features and functionality are brought to market through varied distribution and promotional activities including collaborative efforts with industry leading software providers, trade shows, and customer conferences. Further, we will continue to invest in operational support in order to maintain service levels expected by our merchant customers. We believe these investments in product development and software integrations will lead to long-term growth and profitability. For example, in the second quarter of 2020, we released numerous new products and enhancements to help our merchants adapt to the rapidly changing commerce environment. These included numerous delivery/takeout products, contactless payment methods and QR code based mobile payment technologies.

*Pursuit of strategic acquisitions.* From time to time, we may pursue acquisitions as part of our ongoing growth strategy. While these acquisitions are intended to add long-term value, in the short term they may add redundant operating expenses or additional carrying costs until the underlying value is unlocked.

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*Economic conditions and resulting consumer spending trends.* Changes in macro-level consumer spending trends, including as a result of the COVID-19 pandemic, could affect the amount of volumes processed on our platform, thus resulting in fluctuations to our revenue streams. Further, consumer spending habits are subject to seasonal fluctuations that could cause varied revenue results across the quarters.

### Key performance indicators and non-GAAP measures

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

<i>(in millions)</i>	Year Ended December 31,		Nine Months Ended September 30,	
	2018	2019	2019	2020
End-to-end payment volume	\$ 16,145.1	\$ 22,125.2	\$ 16,064.5	\$ 17,476.8
Gross revenue less network fees	252.7	305.5	221.3	234.2
EBITDA	59.5	58.1	41.1	1.1
Adjusted EBITDA	89.9	103.8	69.1	61.0

#### *End-to-end payment volume*

End-to-end payment volume is defined as the total dollar amount of card payments that we authorize and settle on behalf of our merchants. This volume does not include volume processed through our gateway-only merchants.

#### *Gross revenue less network fees, EBITDA and adjusted EBITDA*

We use supplemental measures of our performance which are derived from our consolidated financial information but which are not presented in our consolidated financial statements prepared in accordance with GAAP. These non-GAAP financial measures include: gross revenue less network fees, which includes interchange and assessment fees; earnings before interest expense, income taxes, depreciation, and amortization, or EBITDA; and adjusted EBITDA. Gross revenue less network fees represents a key performance metric that management uses to measure changes in the mix and value derived from our customer base as we continue to execute our strategy to expand our reach to serve larger, complex merchants. Adjusted EBITDA is the primary financial performance measure used by management to evaluate its business and monitor results of operations. Adjusted EBITDA represents EBITDA further adjusted for certain non-cash and other non-recurring items that management believes are not indicative of ongoing operations. These adjustments include acquisition, restructuring and integration costs, management fees and other nonrecurring items.

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

The non-GAAP financial measures are not meant to be considered as indicators of performance in isolation from or as a substitute for net income (loss) prepared in accordance with GAAP, and should be read only in conjunction with financial information presented on a GAAP basis. Reconciliations of EBITDA and adjusted EBITDA to its most directly comparable GAAP financial measure are presented below. We encourage you to

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review the reconciliations in conjunction with the presentation of the non-GAAP financial measures for each of the periods presented. In future fiscal periods, we may exclude such items and may incur income and expenses similar to these excluded items.

### Reconciliations of gross revenue less network fees, EBITDA and adjusted EBITDA

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

#### Gross revenue less network fees:

<i>(in millions)</i>	Year Ended December 31,		Nine Months Ended September 30,	
	2018	2019	2019	2020
Gross profit	\$150.4	\$179.0	\$ 128.8	\$ 128.3
Add back: Other costs of sales	102.3	126.5	92.5	105.9
Gross revenue less network fees	<u>\$252.7</u>	<u>\$305.5</u>	<u>\$ 221.3</u>	<u>\$ 234.2</u>

#### EBITDA and adjusted EBITDA:

<i>(in millions)</i>	Year Ended December 31,		Nine Months Ended September 30,	
	2018	2019	2019	2020
Net loss	\$(49.9)	\$(58.1)	\$(44.3)	\$(90.1)
Interest expense	47.0	51.5	38.1	32.1
Income tax (benefit) provision	(3.8)	1.5	1.0	(1.0)
Depreciation and amortization expense	66.2	63.2	46.3	60.1
EBITDA	59.5	58.1	41.1	1.1
Acquisition, restructuring and integration costs(a)	24.8	28.3	27.5	4.8
Impact of adoption of ASC 606(b)	—	14.0	—	—
Equity-based compensation expense(c)	—	—	—	56.2
Impact of lease modifications(d)	—	—	—	(12.4)
Other nonrecurring items(e)	5.6	3.4	0.5	11.3
Adjusted EBITDA	<u>\$ 89.9</u>	<u>\$103.8</u>	<u>\$ 69.1</u>	<u>\$ 61.0</u>

- (a) For the year ended December 31, 2018, consists primarily of restructuring expenses of \$20.1 million. For the year ended December 31, 2019, consists primarily of adjustments to contingent liabilities of \$15.5 million, one-time professional fees of \$6.7 million, restructuring expenses of \$3.8 million, and deferred compensation arrangements of \$1.9 million. For the nine months ended September 30, 2019, consists primarily of fair value adjustments to contingent liabilities of \$15.0 million, one-time professional fees of \$6.7 million, restructuring expenses of \$3.7 million and deferred compensation arrangements of \$1.7 million. For the nine months ended September 30, 2020, consists primarily of change of control liabilities as a result of the IPO of \$10.3 million and deferred compensation arrangements of \$2.1 million, offset by fair value adjustments to contingent liabilities of \$8.0 million. See notes to our unaudited consolidated financial statements included elsewhere in this prospectus for more information on the restructuring expenses and contingent liability adjustments.
- (b) Effective January 1, 2019, we adopted ASC 606: *Revenue from Contracts with Customers*. As a result of the adoption of ASC 606, the cost of equipment deployed to new merchants in 2019 is expensed when shipped within “Cost of Sales” in our consolidated statements of operations. Previously, the cost of equipment deployed to new merchants was capitalized as an acquisition cost and amortized over the estimated life of a customer and the amortization was included in the depreciation and amortization expense used to calculate EBITDA. The impact on EBITDA as a result of the ASC 606 adoption was \$14.0 million. In order to provide comparability to our 2018 adjusted EBITDA, the impact of \$14.0 million is included as a component of adjusted EBITDA for the year ended December 31, 2019.
- (c) Represents the equity-based compensation expense for restricted stock units that vest over time and are not subject to continued service, as well as the restricted stock units that vest ratably over time and are subject to continued employment. See notes to our accompanying unaudited condensed consolidated financial statements included elsewhere in this prospectus for more information on equity-based compensation.

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- (d) Effective June 30, 2020, we modified the terms and conditions of our SaaS arrangements and updated operational procedures. As a result, beginning June 30, 2020, hardware provided under our SaaS agreements is accounted for as an operating lease, whereas prior to June 30, 2020, these arrangements were accounted for as sales-type leases. This adjustment of \$12.4 million represents the one-time cumulative impact of modifying the contracts effective June 30, 2020. To provide comparability and consistency, EBITDA and adjusted EBITDA would have been higher by \$8.6 million for the nine months ended September 30, 2020, and \$10.4 million for the nine months ended September 30, 2019.
- (e) For the year ended December 31, 2018, primarily consists of a one-time accrual of \$2.3 million for cumulative unremitted sales and use tax related to years 2017 and prior. For the nine months ended September 30, 2020, primarily consists of a \$7.1 million loss on extinguishment of debt associated with the debt pre-payments and \$1.6 million for temporary fee waivers given on certain products from March 2020 through June 2020 as a result of COVID-19. See the notes to our unaudited consolidated financial statements included elsewhere in this prospectus for more information on the loss on extinguishment of debt. Also includes fees to the Continuing Equity Owners for consulting and managing services through the date of the IPO of \$2.0 million for each of the years ended December 31, 2018 and 2019, and \$0.8 million and \$1.5 million for the nine months ended September 30, 2020 and 2019, respectively. These fees are not required to be paid subsequent to the IPO. See the notes to our unaudited consolidated financial statements included elsewhere in this prospectus.

### **Key financial definitions**

The following briefly describes the components of revenue and expenses as presented in the consolidated statements of operations.

*Gross revenue* consists primarily of payment-based revenue and subscriptions and other revenues:

*Payments-based revenue* includes fees for payment processing services and gateway services. Payment processing fees are primarily driven as a percentage of payment volume. They may also have a fixed fee, a minimum monthly usage fee and a fee based on transactions. Gateway services, data encryption and tokenization are primarily driven by per transaction fees as well as monthly usage fees.

*Subscription and other revenues* include software as a service, or SaaS, fees for point-of-sale systems provided to merchants. Point-of-sale SaaS fees are assessed based on the type and quantity of point-of-sale systems deployed to the merchant. This includes statement fees, fees for our proprietary business intelligence software, annual fees, regulatory compliance fees and other miscellaneous services such as help desk support and warranties on equipment. This also includes revenue derived from third party residuals, automated teller machine services, and fees charged for technology support.

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

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

*Residual commissions represent monthly payments to software partners. These costs are typically based on a percentage of payment-based revenue.*

*Equipment represents our costs of devices that are purchased by the merchant.*

*Other costs of sales* includes amortization of capitalized software development costs, capitalized software acquired technology and capitalized customer acquisition costs. It also includes incentives, shipping and handling costs related to the delivery of devices and other contract fulfillment costs. Capitalized software development costs are amortized using the straight-lined method on a product-by-product basis over the estimated useful life of the software. Capitalized software, acquired technology and capitalized acquisition costs are amortized on a straight-line basis in accordance with our accounting policies.

*General and administrative expenses* consist primarily of compensation, benefits and other expenses associated with corporate management, finance, human resources, shared services, information technology and other activities. Prior to June 30, 2020, when our hardware provided under our SaaS agreements was accounted for as sales-type leases, general and administrative expenses also included the cost of equipment deployed that did not have a corresponding revenue stream, such as demonstration equipment and certain customer upgrades.

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*Depreciation and amortization expense* consists of depreciation and amortization expenses related to merchant relationships, trademarks and trade names, residual commission buyouts, equipment, leasehold improvements, and other intangible assets and property, plant and equipment. We depreciate and amortize our assets on a straight-line basis in accordance with our accounting policies. Leasehold improvements are depreciated over the lesser of the estimated life of the leasehold improvement or the remaining lease term. Maintenance and repairs, which do not extend the useful life of the respective assets, are charged to expense as incurred. Intangible assets are amortized on a straight-line basis over their estimated useful lives which range from two years to 15 years.

*Professional fees* consists of costs incurred for accounting, tax, legal, and consulting services.

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

*Restructuring expenses* relate to strategic initiatives we have taken that include, but are not limited to, severance or separation costs and other exit and disposal costs. These expenses are typically not reflective of our ongoing operations.

*Other operating (income) expense, net* consists of other operating items.

*Loss on extinguishment of debt* represents a loss recorded for the unamortized capitalized financing costs associated with the debt prepayment.

*Other income, net* primarily consists of other non-operating items.

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

*Income tax benefit (provision)* represents federal, state and local taxes based on income in multiple domestic jurisdictions.

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

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**Comparison of results for the nine months ended September 30, 2019 and 2020**

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

<i>(in millions)</i>	Nine Months Ended September 30,		\$ change	% change
	2019	2020		
Payments-based revenue	\$465.4	\$494.4	\$ 29.0	6.2%
Subscription and other revenues	63.9	61.6	(2.3)	(3.6)%
Total gross revenue	529.3	556.0	26.7	5.0%
Less: Network fees	308.0	321.8	13.8	4.5%
Less: Other costs of sales	92.5	105.9	13.4	14.5%
Gross profit	128.8	128.3	(0.5)	(0.4)%
General and administrative expenses	90.1	147.0	56.9	63.2%
Depreciation and amortization expense	29.7	37.1	7.4	24.9%
Professional fees	7.1	5.8	(1.3)	(18.3)%
Advertising and marketing expenses	4.4	2.9	(1.5)	(34.1)%
Restructuring expenses	3.7	0.4	(3.3)	(89.2)%
Other operating (income) expense, net	—	(12.4)	(12.4)	NM
Total operating expenses	135.0	180.8	45.8	33.9%
Income (loss) from operations	(6.2)	(52.5)	(46.3)	NM
Loss on extinguishment of debt	—	(7.1)	(7.1)	NM
Other income, net	1.0	0.6	(0.4)	(40.0)%
Interest expense	(38.1)	(32.1)	6.0	(15.7)%
Loss before income taxes	(43.3)	(91.1)	(47.8)	110.4%
Income tax provision	(1.0)	1.0	2.0	(200.0)%
Net loss	\$ (44.3)	\$ (90.1)	\$ (45.8)	103.4%
Net loss attributable to noncontrolling interests		(5.9)		
Net loss attributable to Shift4 Payments, Inc.		\$ (84.2)		

**Gross Revenue**

Gross revenue was \$556.0 million for the nine months ended September 30, 2020, compared to \$529.3 million for the nine months ended September 30, 2019, an increase of \$26.7 million or 5.0%. Gross revenue is comprised of payments-based revenue and subscription and other revenues.

Payments-based revenue was \$494.4 million for the nine months ended September 30, 2020, compared to \$465.4 million for the nine months ended September 30, 2019, an increase of \$29.0 million or 6.2%. The increase in payments-based revenue was driven by an increase in end-to-end payment volume of \$1.4 billion or 8.8% for the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019. The COVID-19 pandemic impacted our end-to-end payment volumes beginning mid-March when shelter-in-place, social distancing, the closing of non-essential businesses and other restrictive measures were first put in place across the United States. Since late March, we have seen a significant recovery in our end-to-end payment volumes and, for the trailing seven days leading up to September 30, 2020, end-to-end payment volumes are approximately 97% of pre-COVID-volumes in 2020.

Subscription and other revenues were \$61.6 million for the nine months ended September 30, 2020, compared to \$63.9 million for the nine months ended September 30, 2019, a decrease of \$2.3 million or 3.6%. The decrease is due to hardware provided under our SaaS arrangements being accounted for as operating leases, effective



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June 30, 2020. In addition, customer billing revenue declined \$5.8 million primarily due to temporary fee waivers of \$1.9 million on certain products from March 2020 through June 2020 as a result of the COVID-19 pandemic, as well as a decline in hardware revenue and software license sales of \$2.6 million, for the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019. This was partially offset by the Merchant Link Acquisition, which contributed \$7.2 million more to subscription and other revenues in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019.

### ***Network Fees***

Network fees were \$321.8 million for the nine months ended September 30, 2020, compared to \$308.0 million for the nine months ended September 30, 2019, an increase of \$13.8 million or 4.5%. This increase is correlated with the increase in end-to-end payment volume as described above.

Gross revenue less network fees was \$234.2 million for the nine months ended September 30, 2020, compared to \$221.3 million for the nine months ended September 30, 2019, an increase of \$12.9 million or 5.8%. The increase in gross revenue less network fees is correlated with the increase in end-to-end payment volume. See “—Key performance indicators and non-GAAP measures” for a reconciliation of gross profit to gross revenue less network fees.

### ***Other costs of sales***

Other costs of sales was \$105.9 million for the nine months ended September 30, 2020, compared to \$92.5 million for the nine months ended September 30, 2019, an increase of \$13.4 million, or 14.5%. This increase was primarily a result of:

- higher gross revenue less network fees driving higher residual commissions of \$5.0 million;
- the Merchant Link Acquisition, which contributed \$3.8 million more to other costs of sales in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019;
- higher capitalized acquisition cost amortization of \$4.0 million related to deal bonuses;
- an increase in equipment purchased of \$1.4 million; and
- higher capitalized software development amortization of \$1.4 million; partially offset by,
- the impact of modifying the terms and conditions of our SaaS arrangements and updating our operational procedures to account for our hardware as operating leases, which resulted in a decline of \$4.5 million in costs of sales. Effective June 30, 2020, equipment leased to merchants is capitalized as a fixed asset, whereas prior to June 30, 2020, these arrangements were accounted for as sales-type leases and expensed when deployed.

### ***Operating expenses***

*General and administrative expenses.* General and administrative expenses were \$147.0 million for the nine months ended September 30, 2020, compared to \$90.1 million for the nine months ended September 30, 2019, an increase of \$56.9 million or 63.2%. The increase was primarily due to equity-based compensation expense of \$56.2 million and \$10.3 million in change of control liabilities recognized as a result of the IPO, partially offset by \$23.1 million in non-cash adjustments for contingent liability valuations and deferred compensation arrangements. See Note 22 to our accompanying unaudited consolidated financial statements for more information on equity-based compensation and Note 13 to our accompanying unaudited condensed consolidated financial statements for more information on these contingent liabilities. In addition, general and administrative expenses increased \$13.9 million in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to the Merchant Link Acquisition.

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***Depreciation and amortization expense.*** Depreciation and amortization expense was \$37.1 million for the nine months ended September 30, 2020, compared to \$29.7 million for the nine months ended September 30, 2019, an increase of \$7.4 million or 24.9%. The increase was primarily due to hardware provided under our SaaS arrangements being accounted for as operating leases, effective June 30, 2020, while previously they were accounted for as sales-type leases, impacting depreciation expense by \$5.7 million. See Notes 3 and 9 to our accompanying unaudited consolidated financial statements for more information on the change in our terms and conditions of our SaaS arrangements.

***Professional fees.*** Professional fees were \$5.8 million for the nine months ended September 30, 2020, compared to \$7.1 million for the nine months ended September 30, 2019, a decrease of \$1.3 million or 18.3%. The decrease was primarily due to higher professional fees incurred in 2019 resulting from nonrecurring costs associated with activities to prepare for our IPO, partially offset by audit fees incurred in the nine months ended September 30, 2020 for quarterly review procedures and consulting fees to prepare for compliance with the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley.

***Advertising and marketing.*** Advertising and marketing expenses were \$2.9 million for the nine months ended September 30, 2020, compared to \$4.4 million for the nine months ended September 30, 2019, a decrease of \$1.5 million or 34.1%. The decrease was primarily due to postponing or cancelling trade shows originally scheduled during the second and third quarters of 2020 as a result of the COVID-19 pandemic.

***Restructuring expenses.*** Restructuring expenses were \$0.4 million for the nine months ended September 30, 2020, compared to \$3.7 million for the nine months ended September 30, 2019. The decrease in restructuring expenses is a result of separation costs incurred in the nine months ended September 30, 2019 associated with the integration of the Merchant Link Acquisition. See Note 4 to our accompanying unaudited condensed consolidated financial statements for more information on restructuring expenses.

### ***Other operating (income) expense, net***

Other operating (income) expense, net includes the impact of modifying the terms and conditions of our SaaS arrangements and updating our operational procedures. As a result, beginning June 30, 2020, hardware provided under our SaaS agreements is accounted for as an operating lease, whereas prior to June 30, 2020, these arrangements were accounted for as sales-type leases. An adjustment of \$12.4 million was recorded in the second quarter of 2020 to reflect the impact of the lease modifications.

### ***Loss on extinguishment of debt***

In connection with the pre-payment of \$59.8 million on the First Lien Term Loan Facility and the full repayment of \$130.0 million on the Second Lien Term Loan Facility, we incurred a non-cash loss on extinguishment of debt of \$7.1 million representing the unamortized capitalized financing costs associated with the prepaid debt. See Note 11 to our accompanying unaudited condensed consolidated financial statements for more information.

### ***Other income, net***

Other income, net was \$0.6 million for the nine months ended September 30, 2020, compared to \$1.0 million for the nine months ended September 30, 2019, a decrease of \$0.4 million or 40.0%. The decrease is driven by unearned contingent liabilities associated with our residual commission buyout agreements.

### ***Interest expense***

Interest expense was \$32.1 million for the nine months ended September 30, 2020, compared to \$38.1 million for the nine months ended September 30, 2019, a decrease of \$6.0 million or 15.7%. This decrease in interest expense was primarily due to the pre-payments for the First Lien and Second Lien Term Loan Facilities, as well

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as the repayment of the Revolving Credit Facility, in June 2020, which impacted interest expense by approximately \$6.4 million, partially offset by additional borrowings under the First Lien Term Loan Facility from refinancing of our outstanding indebtedness in October 2019 and additional borrowings under the Revolving Credit Facility during 2020 prior to the pre-payments.

### ***Income tax provision***

The effective tax rate for the nine months ended September 30, 2020 was (1.1)%, compared to the effective tax rate for nine months ended September 30, 2019 of 2.3%. The 2020 income tax benefit was different than the U.S. federal statutory income tax rate of 21% primarily due to the loss allocated to the noncontrolling interest, changes in the valuation allowances in the U.S. and recording a tax benefit of \$0.6 million for a net operating loss carryback at Shift4 Corporation which was allowed due to the CARES Act. The 2019 income tax expense was different than the U.S. federal statutory income tax rate of 21% primarily due to Shift4 Payments, LLC being treated as a partnership and not paying income tax. The change in the effective tax rate between the periods was primarily a result of a mix of earnings between entities, the 2020 net operating loss carryback due to the CARES Act and the change in the noncontrolling interest and valuation allowance adjustment.

### ***Net loss attributable to noncontrolling interests***

Net loss attributable to noncontrolling interests of Shift4 Payments, LLC was \$(5.9) million for nine months ended September 30, 2020. There was no net loss attributable to noncontrolling interests of Shift4 Payments, LLC for the nine months ended September 30, 2019 as the Reorganization Transactions occurred on June 4, 2020 and the IPO was consummated on June 9, 2020.

### ***Net loss attributable to Shift4 Payments, Inc.***

Net loss attributable to Shift4 Payments, Inc. was \$(84.2) million for the nine months ended September 30, 2020.

**Comparison of results for the years 2018 and 2019**

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

<i>(in millions)</i>	Year Ended December 31,		<b>\$ change</b>	<b>% change</b>
	<b>2018</b>	<b>2019</b>		
Payments-based revenue	\$ 485.2	\$ 643.6	\$ 158.4	32.6%
Subscription and other revenues	75.4	87.8	12.4	16.4%
<b>Total gross revenue</b>	<b>560.6</b>	<b>731.4</b>	<b>170.8</b>	<b>30.5%</b>
Less: Network fees	307.9	425.9	118.0	38.3%
Less: Other costs of sales	102.3	126.5	24.2	23.7%
<b>Gross profit</b>	<b>150.4</b>	<b>179.0</b>	<b>28.6</b>	<b>19.0%</b>
General and administrative expenses	83.7	124.4	40.7	48.6%
Depreciation and amortization expense	40.4	40.2	(0.2)	(0.5%)
Professional fees	7.4	10.4	3.0	40.5%
Advertising and marketing expenses	6.1	6.3	0.2	3.3%
Restructuring expenses	20.1	3.8	(16.3)	(81.1%)
<b>Total operating expenses</b>	<b>157.7</b>	<b>185.1</b>	<b>27.4</b>	<b>17.4%</b>
<b>Loss from operations</b>	<b>(7.3)</b>	<b>(6.1)</b>	<b>1.2</b>	<b>(16.4%)</b>
Other income, net	0.6	1.0	0.4	66.7%
Interest expense	(47.0)	(51.5)	(4.5)	9.6%
Loss before income taxes	(53.7)	(56.6)	(2.9)	5.4%
Income tax benefit (provision)	3.8	(1.5)	(5.3)	(139.5%)
<b>Net loss</b>	<b>\$ (49.9)</b>	<b>\$ (58.1)</b>	<b>\$ (8.2)</b>	<b>16.4%</b>

**Gross Revenue**

Gross revenue was \$731.4 million for the year ended December 31, 2019, compared to \$560.6 million for the year ended December 31, 2018, an increase of \$170.8 million or 30.5%. Gross revenue is comprised of payments-based revenue and subscription and other revenues.

Payments-based revenue was \$643.6 million for the year ended December 31, 2019, compared to \$485.2 million for the year ended December 31, 2018, an increase of \$158.4 million or 32.6%. The increase in payments-based revenue is primarily driven by an increase in end-to-end payment volume of \$6.0 billion, or 37.0%, for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

Subscription and other revenues were \$87.8 million for the year ended December 31, 2019, compared to \$75.4 million for the year ended December 31, 2018, an increase of \$12.4 million or 16.4%. The increase in subscription and other revenues was driven by the Merchant Link Acquisition contributing \$4.8 million in 2019, \$4.4 million from enhanced services offered in 2019 and \$2.6 million as a result of adopting ASC 606 as of January 1, 2019.

**Network Fees**

Network fees were \$425.9 million for the year ended December 31, 2019, compared to \$307.9 million for the year ended December 31, 2018, an increase of \$118.0 million or 38.3%. This increase is correlated with the increase in end-to-end payment volume as described above.

Gross revenue less network fees was \$305.5 million for the year ended December 31, 2019, compared to \$252.7 million for the year ended December 31, 2018, an increase of \$52.8 million or 20.9%. See “—Key

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performance indicators and non-GAAP measures” for a reconciliation of gross revenue less network fees to gross profit.

### ***Other costs of sales***

Other costs of sales was \$126.5 million for the year ended December 31, 2019, compared to \$102.3 million for the year ended December 31, 2018, an increase of \$24.2 million, or 23.7%. This increase was primarily due to the growth in gross revenue less network fees driving higher residual commissions of \$11.4 million and higher capitalized acquisition cost amortization for deal bonuses of \$5.1 million. In addition, as a result of the 2019 adoption of ASC 606, equipment that was previously capitalized is now expensed under the current contract terms. In 2018, amortization of equipment capitalized as acquisition costs on the consolidated balance sheets was \$9.4 million, while in 2019, the equipment expensed was \$13.7 million, driving an increase in cost of sales of \$4.3 million.

### ***Operating expenses***

*General and administrative expenses.* General and administrative expenses were \$124.4 million for the year ended December 31, 2019, compared to \$83.7 million for the year ended December 31, 2018, an increase of \$40.7 million or 48.6%. The increase was primarily due to a \$14.9 million increase in employee-related expenses in 2019 as a result of continued growth and expansion of the company and in anticipation of our initial public offering, as well as a change of \$15.8 million in non-cash adjustments for contingent liability valuations. See Note 14 to our consolidated financial statements included elsewhere in this prospectus for more information on these contingent liabilities. In addition, general and administrative expenses increased \$13.8 million in 2019 due to the Merchant Link Acquisition.

*Professional fees.* Professional fees were \$10.4 million for the year ended December 31, 2019, compared to \$7.4 million for the year ended December 31, 2018, an increase of \$3.0 million or 40.5%. The increase was primarily due to higher professional fees resulting from nonrecurring costs associated with activities to prepare for our initial public offering.

*Restructuring expenses.* Restructuring expenses were \$3.8 million for the year ended December 31, 2019, compared to \$20.1 million for the year ended December 31, 2018, a decrease of \$16.3 million, or 81.1%. The one-time restructuring expenses incurred in 2018 were separation costs primarily associated with a historical acquisition. The restructuring expenses incurred in 2019 are separation costs associated with the integration as a result of the Merchant Link Acquisition. See Note 5 to our consolidated financial statements included elsewhere in this prospectus for more information on restructuring expenses.

### ***Interest expense***

Interest expense was \$51.5 million for the year ended December 31, 2019, compared to \$47.0 million for the year ended December 31, 2018, an increase of \$4.5 million or 9.6%. This increase in interest expense was primarily due to an increase of \$90.0 million in borrowings under the First Lien Term Loan Facility and additional borrowings under the Revolving Credit Facility in 2019.

### ***Income tax benefit (provision)***

Income tax provision was \$1.5 million for the year ended December 31, 2019, compared to an income tax benefit of \$3.8 million for the year ended December 31, 2018, a change of \$5.3 million. This change was primarily due to pretax book income from Shift4 Corporation of \$5.7 million in 2019 compared to a pretax book loss from Shift4 Corporation of \$17.7 million in 2018. The change in pretax book income of \$23.4 million for Shift4 Corporation was primarily a result of restructuring charges of \$18.3 million recorded in 2018.

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### Quarterly results of operations

The following tables present our unaudited quarterly results of operations. This information should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this prospectus. We have prepared the unaudited consolidated quarterly financial information for the quarters presented on the same basis as our consolidated financial statements. The historical quarterly results presented are not necessarily indicative of the results that may be expected for any future quarters or periods.

The quarterly financial information for the year ended December 31, 2018 is presented under ASC 605, while the quarterly financial information for the year ended December 31, 2019 and the three months ended March 31, 2020, June 30, 2020 and September 30, 2020 reflects the adoption of ASC 606.

	For the three months ended			
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Payments-based revenue	\$ 103.0	\$ 120.6	\$ 130.7	\$ 130.9
Subscription and other revenues	17.8	19.0	18.2	20.4
Total gross revenue	120.8	139.6	148.9	151.3
Less: Network fees	63.6	76.1	83.4	84.8
Less: Other costs of sales	23.1	25.3	26.6	27.3
Gross profit	34.1	38.2	38.9	39.2
General and administrative expenses	18.7	22.2	23.0	19.8
Depreciation and amortization expense	10.4	10.2	10.0	9.8
Professional fees	2.3	1.5	1.6	2.0
Advertising and marketing expenses	1.6	1.2	1.8	1.5
Restructuring expenses	6.1	12.6	0.9	0.5
Total operating expenses	39.1	47.7	37.3	33.6
(Loss) income from operations	(5.0)	(9.5)	1.6	5.6
Other income, net	0.3	—	—	0.3
Interest expense	(10.9)	(11.4)	(12.2)	(12.5)
Loss before income taxes	(15.6)	(20.9)	(10.6)	(6.6)
Income tax benefit (provision)	1.7	2.5	(0.2)	(0.2)
Net loss	\$ (13.9)	\$ (18.4)	\$ (10.8)	\$ (6.8)

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	For the three months ended						
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Payments-based revenue	\$ 134.0	\$ 159.5	\$ 171.9	\$ 178.2	\$ 176.4	\$ 121.2	\$ 196.8
Subscription and other revenues	21.0	21.0	21.9	23.9	23.0	20.6	18.0
Total gross revenue	155.0	180.5	193.8	202.1	199.4	141.8	214.8
Less: Network fees	88.7	105.2	114.1	117.9	120.3	74.4	127.1
Less: Other costs of sales	27.7	31.7	33.1	34.0	34.6	35.1	36.2
Gross profit	38.6	43.6	46.6	50.2	44.5	32.3	51.5
General and administrative expenses	26.5	26.1	37.5	34.3	22.3	89.2	35.5
Depreciation and amortization expense	9.8	9.8	10.1	10.5	10.5	10.4	16.2
Professional fees	1.8	2.0	3.3	3.3	1.7	1.2	2.9
Advertising and marketing expenses	1.4	1.4	1.6	1.9	1.3	0.8	0.8
Restructuring expenses	0.2	0.1	3.4	0.1	0.2	0.1	0.1
Other operating (income) expense, net	—	—	—	—	—	(12.4)	—
Total operating expenses	39.7	39.4	55.9	50.1	36.0	89.3	55.5
(Loss) income from operations	(1.1)	4.2	(9.3)	0.1	8.5	(57.0)	(4.0)
Loss on extinguishment of debt	—	—	—	—	—	(7.1)	—
Other income, net	0.2	0.7	0.1	—	(0.1)	0.2	0.5
Interest expense	(12.5)	(12.7)	(12.9)	(13.4)	(13.3)	(11.7)	(7.1)
Loss before income taxes	(13.4)	(7.8)	(22.1)	(13.3)	(4.9)	(75.6)	(10.6)
Income tax provision	(0.1)	(0.4)	(0.5)	(0.5)	(0.3)	0.6	0.7
Net loss	\$ (13.5)	\$ (8.2)	\$ (22.6)	\$ (13.8)	\$ (5.2)	(75.0)	(9.9)
Net loss attributable to noncontrolling interests						(1.0)	(4.9)
Net loss attributable to Shift4 Payments, Inc.						\$ (74.0)	\$ (5.0)

**Quarterly trends**

Revenue and gross profit may be impacted by seasonal fluctuations in our business. This variability largely results from events such as holidays and the number of weekends in a reporting period. These events create volatility in payment processing volumes and the number of transactions processed during a given reporting period. Historically, our revenue has been strongest in our second and third quarters and weakest in our first quarter. The overall impact of COVID-19 was not significant during the first ten weeks of the first quarter 2020, however, it was notable during the final two weeks of March 2020. Since late March when shelter-in-place, social distancing, the closing of non-essential businesses and other restrictive measures were first put in place across the United States, we have seen a significant recovery in our end-to-end payment volumes and, for the trailing seven days leading up to September 30, 2020, end-to-end payment volumes were approximately 97% of pre-COVID volumes in 2020. While end-to-end payment volumes for the nine months ended September 30, 2020 have exceeded those for the nine months ended September 30, 2019, the ultimate impact that the COVID-19 pandemic will have on our consolidated results of operations in the fourth quarter and full year 2020 remains uncertain. We will continue to evaluate the nature and extent of these potential impacts to our business, consolidated results of operations, and liquidity.

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*General and administrative expenses* primarily reflect the timing of additions of personnel, fair value adjustments to contingent liabilities and equity-based compensation expense incurred subsequent to the IPO.

*Professional fees* reflect fees incurred for accounting, tax and legal services, consulting services as it relates to potential acquisitions, as well as costs incurred directly related to the IPO.

*Advertising and marketing expenses* are impacted by the timing of industry tradeshows and dealer conferences, as well as customer acquisition initiatives.

*Interest expense* is impacted by higher borrowings as a result of refinancing the First Lien Term Loan Facility in April 2019 and October 2019, decreased borrowings as a result of repayment of the First Lien Term Loan Facility and Second Lien Term Loan Facility with the proceeds from the IPO, timing of proceeds and payments to the Revolving Credit Facility and changes in LIBOR, which is a component of the interest rate on the First Lien Term Loan Facility and Second Lien Term Loan Facility.

### Liquidity and capital resources

#### Overview

We have historically sourced our liquidity requirements primarily with cash flow from operations and, when needed, with borrowings under our Credit Facilities. The principal uses for liquidity have been debt service, capital expenditures (including research and development) and funds required to finance acquisitions. Given the impact the COVID-19 pandemic has had on the restaurant and hospitality industries, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure we can continue to operate during these uncertain times.

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

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

<i>(in millions)</i>	Year ended December 31,		Nine months ended September 30,	
	2018	2019	2019	2020
Net cash provided by operating activities(a)	\$ 25.5	\$ 26.7	\$ 33.1	\$ 17.0
Net cash used in investing activities(a)	(41.4)	(98.8)	(88.3)	(31.9)
Net cash provided by financing activities	11.3	71.0	62.1	340.1
Change in cash	\$ (4.6)	\$ (1.1)	\$ 6.9	\$ 325.2

(a) Effective January 1, 2019, we adopted ASC 606. As a result of the adoption of ASC 606, under the current contract terms, the cost of equipment deployed to new merchants in 2019 of \$13.7 million is no longer included in investing activities; rather, it is expensed when shipped and included in operating activities. On a comparative basis, cash provided by operating activities for the year ended December 31, 2019 would have been \$40.4 million and cash used in investing activities would have been \$112.5 million without giving effect to the adoption of ASC 606. See Notes 2 and 4 to our consolidated financial statements for the year ended December 31, 2019 included elsewhere in this prospectus for more information about the adoption of ASC 606. Effective June 30, 2020, we modified the terms and conditions of our SaaS arrangements and updated our operational procedures. As a result, this hardware provided to our merchants is accounted for as an operating lease, whereby the cost of the equipment is included in investing activities when purchased and the depreciation of the equipment under lease is included in operating activities. To provide comparability, if this equipment had been accounted for as an operating lease for the nine months ended September 30, 2019, net cash provided by operating activities for the nine months ended September 30, 2019 would be higher by \$9.9 million, with a corresponding decrease to investing activities. If this



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equipment had been accounted for as an operating lease for the period January 1, 2020 through June 29, 2020, net cash provided by operating leases for the nine months ended September 30, 2020 would be higher by \$9.3 million, with a corresponding decrease to investing activities

### ***Operating activities***

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

For the nine months ended September 30, 2020, cash provided by operating activities of \$17.0 million is primarily a result of:

- net loss of \$90.1 million adjusted for non-cash expenses, including equity-based compensation of \$56.2 million, depreciation and amortization of \$60.1 million, cumulative impact of modifying our lease contracts of \$(12.4) million, loss on extinguishment of debt of \$7.1 million, revaluation of contingent liabilities of \$(5.9) million, provision for bad debts of \$6.9 million and amortization of capitalized financing costs of \$2.9 million; plus,
- changes in operating assets and liabilities of \$(9.0) million, which is primarily a result of change of control liabilities established at the time of the IPO of \$10.3 million, offset by working capital fluctuations.

For the nine months ended September 30, 2019, cash provided by operating activities of \$33.1 million is primarily a result of:

- net loss of \$44.3 million adjusted for non-cash expenses, including depreciation and amortization of \$46.3 million, revaluation of contingent liabilities of \$15.0 million, provision for bad debts of \$4.1 million and amortization of capitalized financing costs of \$2.8 million; plus,
- changes in operating assets and liabilities of \$8.3 million, which is a result of working capital fluctuations, primarily due to deferred tenant improvement allowances of \$3.7 million received for leasehold improvements made primarily to our Las Vegas office, a restructuring accrual associated with the acquisition of Merchant Link of \$3.1 million, and deferred compensation arrangements of \$1.7 million.

For the year ended December 31, 2019, cash provided by operating activities of \$26.7 million is primarily a result of:

- net loss of \$58.1 million adjusted for non-cash expenses, including depreciation and amortization of \$63.2 million, revaluation of contingent liabilities of \$15.5 million and amortization of capitalized loan fees of \$4.0 million; less,
- changes in operating assets and liabilities of \$(4.9) million.

For the year ended December 31, 2018, cash provided by operating activities of \$25.5 million is primarily a result of:

- net loss of \$49.9 million adjusted for non-cash expenses, including depreciation and amortization of \$66.2 million and amortization of capitalized loan fees of \$3.7 million; plus,
- changes in operating assets and liabilities of \$7.8 million, which is a result of working capital fluctuations, primarily due to timing of interest payments for our long-term debt.

### ***Investing activities***

Net cash used in investing activities includes cash paid for acquisitions, purchases of future commission streams of our software partners, purchases of property and equipment, purchases of equipment to be leased, capitalized software development costs and upfront processing bonuses provided to software partners. As discussed above, in 2018, the cost of equipment deployed to new merchants was an investing activity.

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Net cash used in investing activities was \$31.9 million for the nine months ended September 30, 2020, a decrease of \$56.4 million compared to net cash used in investing activities of \$88.3 million for the nine months ended September 30, 2019. This decrease is primarily the result of:

- the acquisition of Merchant Link in August 2019 for \$64.0 million, net of cash acquired of \$3.8 million; and
- a decrease of \$5.1 million in acquisition of property, plant and equipment driven by leasehold improvements made in 2019 to our Las Vegas office; partially offset by,
- an increase of \$3.3 million in capitalized software development costs driven by development for additional new products and enhancements and timing of when technological feasibility is established; and
- \$5.8 million in purchases for equipment to be leased.

Net cash used in investing activities was \$98.8 million for the year ended December 31, 2019, an increase of \$57.4 million compared to net cash used in investing activities of \$41.4 million for the year ended December 31, 2018. This increase is primarily the result of:

- acquisition of Merchant Link in 2019 for \$64.0 million, net of cash acquired of \$3.8 million see Note 3 to our consolidated financial statements included elsewhere in this prospectus for more information, plus,
- an increase of \$6.6 million in acquisition of property, plant and equipment driven by leasehold improvements in 2019 to our Las Vegas office; partially offset by,
- the impact of adopting ASC 606 of \$13.7 million for equipment deployed to new merchants that in 2019 is no longer capitalized and instead included within operating activities.

### ***Financing activities***

Net cash provided by financing activities was \$340.1 million for the nine months ended September 30, 2020, an increase of \$278.0 million, compared to net cash provided by financing activities of \$62.1 million for the nine months ended September 30, 2019. This increase was primarily a result of:

- the IPO, concurrent private placement and Follow-on Offering net proceeds of approximately \$557.2 million after deducting underwriting discounts, commissions and offering costs paid in the nine months ended September 30, 2020; partially offset by,
- the net proceeds from the Revolving Credit Facility of \$50.0 million during the nine months ended September 30, 2019;
- the partial repayment of the First Lien Term Loan Facility and full repayment of our Second Lien Term Loan Facility during the nine months ended September 30, 2020, totaling \$189.8 million;
- the net repayment of \$21.0 million on the Revolving Credit Facility during the nine months ended September 30, 2020; and,
- the net proceeds from the First Lien Term Loan Facility during the nine months ended September 30, 2019 of \$20.0 million.

Net cash provided by financing activities was \$71.0 million for the year ended December 31, 2019, an increase of \$59.7 million, compared to net cash provided by financing activities of \$11.3 million for the year ended December 31, 2018. This increase was primarily due to refinancings in April and October 2019 of the First Lien Term Loan Facility of approximately \$90.0 million, and an increase in 2019 in Revolving Credit Facility borrowings of \$71.0 million, offset by payments on the Revolving Credit Facility of \$90.0 million. See “Description of Indebtedness” for more information.

### ***Credit Facilities***

As of September 30, 2020, we had \$450.0 million outstanding under the First Lien Term Loan Facility. Both the Second Lien Term Loan Facility and the Revolving Credit Facility were paid in full using the proceeds from the

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IPO and Private Placement. The Revolving Credit Facility has a borrowing capacity of \$89.5 million, net of a \$0.5 million letter of credit. As of September 30, 2020, we had no outstanding borrowings under the Revolving Credit Facility. See “Description of Indebtedness” for more information.

### Senior Notes Offering

On October 29, 2020, our subsidiaries Shift4 Payments, LLC and Shift4 Payments Finance Sub, Inc. issued \$450.0 million aggregate principal amount of 4.625% Senior Notes due 2026. The Notes were priced at par value and will bear an interest rate of 4.625% per annum and will be paid semi-annually in arrears. The net proceeds of the Senior Notes Offering, together with cash on hand, were used to repay all indebtedness outstanding under the First Lien Term Loan Facility.

### Contractual obligations

The only significant changes in contractual obligations from December 31, 2019 to September 30, 2020 resulted from payments during the second quarter of 2020 on our Credit Facilities and Revolving Credit Facility. See Note 11 in the notes to the accompanying unaudited condensed consolidated financial statements for further information about our debt financings. The table below reflects obligations based on the amounts outstanding at September 30, 2020.

(in millions)	Payments due by period			
		2020 (remaining three months)	2021 and 2022	2023 and 2024
Long-term debt	\$450.0	\$ —	\$ —	\$ 450.0
Interest on long-term debt(1)	109.8	6.2	55.0	48.6
Other financing arrangements	1.8	0.6	1.2	—
Total	<u>\$561.6</u>	<u>\$ 6.8</u>	<u>\$ 56.2</u>	<u>\$ 498.6</u>

(1) Assumes interest payment through stated maturity. Payments herein are subject to change, as payments for variable rate debt have been estimated.

### Off-balance sheet arrangements

During the periods presented, we did not engage in any off-balance sheet financing activities other than those reflected in the notes to our consolidated financial statements included elsewhere in this prospectus.

### Critical accounting policies

Our discussion and analysis of our historical financial condition and results of operations for the periods described is based on our audited consolidated financial statements, and our unaudited interim condensed consolidated financial statements, each of which have been prepared in accordance with U.S. GAAP. The preparation of these historical financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions and judgments in certain circumstances that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Additionally, the full impact of the COVID-19 pandemic is unknown and cannot be reasonably estimated. However, we have made accounting estimates for our allowance for doubtful accounts, valuation of our contingent liabilities, other intangible assets and goodwill based on the facts and circumstances available as of the reporting date. Actual results may differ from these estimates under different assumptions or conditions.

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We have provided a summary of our significant accounting policies in Note 2 to our consolidated financial statements for the year ended December 31, 2019 included elsewhere in this prospectus. The following critical accounting discussion pertains to accounting policies management believes are most critical to the portrayal of our historical financial condition and results of operations and that require significant, difficult, subjective or complex judgments. Other companies in similar businesses may use different estimation policies and methodologies, which may impact the comparability of our financial condition, results of operations and cash flows to those of other companies.

### ***Revenue recognition***

Application of the accounting principles in U.S. GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. Specifically, the determination of whether we are a principal to a transaction or an agent can require considerable judgment. We have concluded that we are the principal in our payment processing arrangements as we control the service on our payments platform, which is transformative in nature and allows for front-end and back-end risk mitigation, merchant portability, third party software integrations, and enhanced reporting functionality. We also contract directly with our merchants and have complete pricing latitude on the processing fees charged to our merchants. As such, we bear the credit risk for network fees and transactions charged back to the merchant. In addition, our SaaS arrangements include multiple performance obligations with differing patterns of revenue recognition. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price, which is based on the fair value of each product and service. Changes in judgments with respect to these assumptions and estimates could impact the amount of revenue recognized.

### ***Business combinations***

Upon acquisition of a company, we determine if the transaction is a business combination, which is accounted for using the acquisition method of accounting. Under the acquisition method, once control is obtained of a business, the assets acquired, and liabilities assumed, including amounts attributed to noncontrolling interests, are recorded at fair value. We use our best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. The determination of the fair values is based on estimates and judgments made by management. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable. Measurement period adjustments are reflected at the time identified, up through the conclusion of the measurement period, which is the time at which all information for determination of the values of assets acquired and liabilities assumed is received, and is not to exceed one year from the acquisition date. We may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill.

Additionally, uncertain tax positions and tax-related valuation allowances are initially recorded in connection with a business combination as of the acquisition date. We continue to collect information and reevaluate these estimates and assumptions periodically and record any adjustments to preliminary estimates to goodwill, provided we are within the measurement period. If outside of the measurement period, any subsequent adjustments are recorded to the consolidated statement of operations.

### ***Goodwill and intangible assets***

We perform a goodwill impairment test annually at October 1 and whenever events or circumstances make it more likely than not that impairment may have occurred. We have determined that our business comprises one reporting unit. We have the option to first assess qualitative factors to determine whether events or circumstances indicate it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, in which case a quantitative impairment test is not required.

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Intangible assets with finite lives are amortized over their estimated useful life on a straight-line basis. We monitor conditions related to these assets to determine whether events and circumstances warrant a revision to the remaining amortization or depreciation period. We test these assets for potential impairment whenever our management concludes events or changes in circumstances indicate that the carrying amount may not be recoverable. The original estimate of an asset's useful life and the impact of an event or circumstance on either an asset's useful life or carrying value involve significant judgment regarding estimates of the future cash flows associated with each asset.

### ***Income taxes***

Shift4 Payments, LLC is considered a flow-through entity for U.S. federal and most applicable state and local income tax purposes. As a flow-through entity, taxable income or loss from Shift4 Payments, LLC is passed through to and included in the taxable income of its members.

After the Transactions and the consummation of the IPO, Shift4 Payments, LLC continues to be treated as a pass-through entity. Shift4 Payments, Inc. is subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Shift4 Payments, LLC and will be taxed at the prevailing corporate tax rates. We entered into a TRA with Shift4 Payments, LLC, each of the Continuing Equity Owners and each of the Blocker Shareholders that will provide for the payment by Shift4 Payments, Inc. to the Continuing Equity Owners of 85% of the amount of certain tax benefits, if any, that Shift4 Payments, Inc. actually realizes or in some circumstances is deemed to realize in its tax reporting, as a result of (1) the increases in our share of the tax basis of assets of Shift4 Payments, LLC resulting from any redemptions of LLC Interests from the Continuing Equity Owners, (2) our utilization of certain tax attributes of the Blocker Companies and (3) certain other tax benefits related to making our payments under the TRA.

In addition to tax expenses, we will also make payments under the TRA, which we expect to be significant. We will account for the income tax effects and corresponding TRA's effects resulting from future taxable purchases or redemptions of LLC Interests of the Continuing Equity Owners by us or Shift4 Payments, LLC by recognizing an increase in our deferred tax assets, based on enacted tax rates at the date of the purchase or redemption. Further, we will evaluate the likelihood that we will realize the benefit represented by the deferred tax asset and, to the extent that we estimate that it is more likely than not that we will not realize the benefit, we will reduce the carrying amount of the deferred tax asset with a valuation allowance. The amounts to be recorded for both the deferred tax assets and the liability for our obligations under the TRA will be estimated at the time of any purchase or redemption as a reduction to shareholders' equity, and the effects of changes in any of our estimates after this date will be included in net income (loss). Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income (loss). We currently believe that all deferred tax assets will be recovered based upon the projected profitability of our operations. Judgement is required in assessing the future tax consequences of events that have been recognized in Shift4 Payments, Inc.'s financial statements. A change in the assessment of such consequences, such as realization of deferred tax assets, changes in tax laws or interpretations thereof could materially impact our results. As we currently do not generate taxable income, the consolidated financial statements assume that no payments under the TRA will be made.

### ***Noncontrolling Interests***

After the Transactions, we are the sole managing member of Shift4 Payments, LLC. As of September 30, 2020, we own 55.6% of the economic interest of Shift4 Payments, LLC and we have the majority of the voting interest in and control the management of Shift4 Payments, LLC. As a result, we consolidate the financial results of Shift4 Payments, LLC and report a noncontrolling interest of 44.4% as of September 30, 2020 on our unaudited condensed consolidated balance sheet related to the interests in Shift4 Payments, LLC held by the Continuing Equity Owners.

***New accounting pronouncements***

For information regarding new accounting pronouncements, and the impact of these pronouncements on our consolidated financial statements, if any, refer to our most recent Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2020.

**JOBS Act**

We qualify as an “emerging growth company” pursuant to the provisions of the JOBS Act, enacted on April 5, 2012. Section 102 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. We are electing to delay the adoption of new or revised accounting standards, and as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if as an emerging growth company we choose to rely on such exemptions, we may not be required to, among other things, (1) provide an auditor’s attestation report on our systems of internal controls over financial reporting pursuant to Section 404, (2) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Act, (3) comply with the requirement of the PCAOB regarding the communication of critical audit matters in the auditor’s report on the financial statements, and (4) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer’s compensation to median employee compensation. These exemptions will apply until we no longer meet the requirements of being an emerging growth company. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year (i) following the fifth anniversary of the completion of the IPO, (ii) in which we have total annual gross revenue of at least \$1.07 billion or (iii) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700.0 million as of the last business day of our prior second fiscal quarter, and (b) the date on which we have issued more than \$1.07 billion in non-convertible debt during the prior three-year period.

**Quantitative and qualitative disclosures of market risks**

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

We are subject to interest rate risk in connection with our Credit Facilities, which have variable interest rates. The interest rates on these facilities are based on a fixed margin plus a market interest rate, which can fluctuate accordingly but is subject to a minimum rate. Interest rate changes do not affect the market value of such debt, but could impact the amount of our interest payments, and accordingly, our future earnings and cash flows, assuming other factors are held constant.

As of September 30, 2020, we had approximately \$450.0 million of variable rate debt outstanding, none of which was subject to an interest rate hedge. In the future, the interest rate may increase, and we may be subject to interest rate risk. Based on the amount outstanding on our Credit Facilities on September 30, 2020, an increase of 100 basis points in the applicable interest rate would increase our annual interest expense by approximately \$4.5 million. A decrease of 100 basis points in the applicable rate (assuming such reduction would not be below the minimum rate) would reduce our annual interest expense by approximately \$4.5 million.

## BUSINESS

### Our Company

We are a leading independent provider of integrated payment processing and technology solutions in the United States based on total volume of payments processed. We have achieved our leadership position through decades of solving complex business and operational challenges facing our customers: software partners and merchants. For our software partners, we offer a single integration to an end-to-end payments offering, a proprietary gateway and a robust suite of technology solutions to enhance the value of their software and simplify payment acceptance. For our merchants, we provide a seamless, unified consumer experience as an alternative to relying on multiple providers to accept payments and utilize technology in their businesses.

Merchants are increasingly adopting disparate software solutions to operate their businesses more effectively. The complexity of integrating a seamless payment solution across these software suites has grown exponentially. For example, a restaurant in the United States may use over a dozen disparate software systems to operate its business, manage interactions with its customers and accept payments. A large resort may operate an even greater number of software systems to enable online reservations, check-ins, restaurants, salon and spa, golf, parking and more. The scale and complexity of managing these software systems that are sourced from different providers while seamlessly accepting payments is challenging for merchants of any size.

Software partners are increasingly required to ensure that their solutions are integrated with a variety of applications to service merchants. For example, any software partner seeking to be adopted in a resort, such as an online reservation system or restaurant POS, must be able to integrate into that resort's property management systems. These software integrations need to enable secure payment acceptance and also support additional services to manage the guest's experience. Facilitating these integrations is both costly and time-consuming for software partners.

We integrate disparate software systems through a single point of connectivity. By partnering with us, every software provider receives the benefit of both a state-of-the-art payments platform and our library of over 350 established integrations with market-leading software suites. In turn, our merchants are able to simplify payment acceptance and streamline their business operations by reducing the number of vendors on which they rely.

At the heart of our business is our *payments platform*. Our payments platform is a full suite of integrated payment products and services that can be used across multiple channels (in-store, online, mobile and tablet-based) and industry verticals, including:

- end-to-end payment processing for a broad range of payment types;
- merchant acquiring;
- proprietary omni-channel gateway capable of multiple methods of contactless QR code-based payments;
- complementary software integrations;
- integrated and mobile POS solutions;
- security and risk management solutions; and
- reporting and analytical tools.

In addition, we offer innovative *technology solutions* that go beyond payment processing. Some of our solutions are developed in-house, such as business intelligence and POS software, while others are powered by our network of complementary third-party applications. Our focus on innovation combined with our product-driven culture enables us to create scalable technology solutions that benefit from an extensive library of intellectual property.

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We have a *partner-centric distribution* approach. We market and sell our solutions through a diversified network of over 7,000 software partners, which consists of ISVs and VARs. ISVs are technology providers that develop commerce-enabling software suites with which they can bundle our payments platform. VARs are organizations that provide distribution support for ISVs and act as trusted and localized service providers to merchants by providing them with software and services. Together, our ISVs and VARs provide us immense distribution scale and provide our merchants with front-line service and support.

Our end-to-end payments offering combines our payments platform, including our proprietary gateway and breadth of software integrations, and our suite of technology solutions to create a compelling value proposition for our merchants. We had over \$22.0 billion in end-to-end payment volume for the year ended December 31, 2019 and approximately \$17.5 billion in end-to-end payment volume for the nine months ended September 30, 2020. This end-to-end payment volume contributed approximately 57% and 60% of gross revenue less network fees for the year ended December 31, 2019 and the nine months ended September 30, 2020, respectively. Additionally, in 2019, we had over \$185.0 billion in payment volume that relied on Shift4's gateway or technology solutions but did not utilize our end-to-end payments offering.

Our merchants range from SMBs to large enterprises across numerous verticals in which we have deep industry expertise, including food and beverage, lodging and leisure. Over 185,000 of the customers that rely on our technology are SMBs. In addition, our merchant base is highly diversified with no single merchant representing more than 1% of end-to-end payment volume for the year ended December 31, 2019 or the nine months ended September 30, 2020.

We derive the majority of our revenue from fees paid by our merchants, which principally include a processing fee that is charged as a percentage of end-to-end payment volume. In cases where merchants subscribe only to our gateway, we generate revenue from transaction fees charged in the form of a fixed fee per transaction. We also generate subscription revenue from licensing subscriptions to our POS software, business intelligence tools, payment device management and other technology solutions, for which we typically charge flat subscription fees on a monthly basis. Our revenue is recurring in nature because of the mission-critical and embedded nature of the solutions we provide, the high switching costs associated with these solutions and the multi-year contracts we have with our customers. We also benefit from a high degree of operating leverage given the combination of our highly scalable payments platform and strong customer unit economics.

Our total revenue increased to \$731.4 million for fiscal year ended December 31, 2019 from \$560.6 million for the fiscal year ended December 31, 2018 and increased to \$556.0 million for the nine months ended September 30, 2020 from \$529.3 million for the nine months ended September 30, 2019. We generated a net loss of \$58.1 million for the fiscal year ended December 31, 2019 and a net loss of \$49.9 million for the fiscal year ended December 31, 2018; and generated a net loss of \$90.1 million for the nine months ended September 30, 2020 and a net loss of \$44.3 million for the nine months ended September 30, 2019. Our gross revenue less network fees increased to \$305.5 million for the fiscal year ended December 31, 2019 from \$252.7 million for the fiscal year ended December 31, 2018, representing year-over-year growth of 20.9%; and our gross revenue less network fees increased to \$234.2 million for the nine months ended September 30, 2020 from \$221.3 million for the nine months ended September 30, 2019, representing growth of 5.8%. Our adjusted EBITDA increased to \$103.8 million for the fiscal year ended December 31, 2019 from \$89.9 million for the fiscal year ended December 31, 2018, representing year-over-year growth of 15.5%; and our adjusted EBITDA decreased 12% to \$61.0 million for the nine months ended September 30, 2020 from \$69.1 million for the nine months ended September 30, 2019. The percentage of our total gross revenue less network fees derived from volume-based payments, subscription agreements and transaction fees was 56.7%, 26.5% and 14.6% for the fiscal year ended December 31, 2019, respectively, and 56.2%, 26.9% and 14.0% for the fiscal year ended December 31, 2018, respectively. The percentage of our total gross revenue less network fees derived from volume-based payments, subscription agreements and transaction fees was 59.8%, 24.5% and 13.9% for the nine months ended September 30, 2020, respectively, and 57.8%, 26.8% and 13.4% for the nine months ended September 30, 2019, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—



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Key performance indicators and non-GAAP measures” for a reconciliation of our non-GAAP measures to the most directly comparable financial measure calculated and presented in accordance with GAAP.

**Our Shift4 Model**

Our mission is to power the convergence of integrated payments and commerce-enabling software. Solving the complexity inherent to our software partners and merchants requires a specialized approach that combines a seamless customer experience with a secure, reliable and robust suite of payments and technology offerings.



To achieve this mission, we strategically built our *Shift4 Model* on a three pillar foundation: (i) *payments platform*; (ii) *technology solutions*; and (iii) *partner-centric distribution*.



**Payments Platform**

Our payments platform provides omni-channel card acceptance and processing solutions. For the year ended December 31, 2019, we processed over 3.5 billion transactions representing over \$200.0 billion in payment volume across multiple payment types, including credit, debit, contactless card, EMV and mobile wallets as well as alternative payment methods such as Apple Pay, Google Pay, Alipay and WeChat Pay. We continue to innovate and evolve our payments offering as new technology and payment methods are adopted by consumers.

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Through our proprietary gateway, our payments platform is integrated with over 350 software suites including some of the largest and most recognized software providers in the world. In addition, we enable connectivity with the largest payment processors, alternative payment rails and over 100 payment devices. Our payments platform includes market-leading security features that help prevent consumer card data from entering the merchant's environment.

We designed our payments platform to be:

- *Integrated* – fully integrated and seamlessly connected, facilitating easy data capture and compatibility across all solutions;
- *Reliable* – supports the most demanding payment environments in the United States 7 days a week, 24 hours a day, 365 days a year; and
- *Secure* – PCI-validated P2PE tokenization and EMV-ready solutions.

Our merchants have the flexibility to subscribe to our payments platform in one of two ways: end-to-end payments or gateway. End-to-end payments merchants benefit from a single, unified vendor solution for payment acceptance (including our proprietary gateway), devices, POS software solutions and a full suite of business intelligence tools. By consolidating these functions through a single, unified vendor solution, these merchants are able to reduce total spend on payment acceptance solutions and access gateway and technology solutions as value-added features. Gateway merchants benefit from interoperability with third-party payment processors. The flexibility in our model helps us attract software partners and merchants.

### ***Technology Solutions***

Our suite of technology solutions is designed to streamline our customers' business operations, drive growth through strong consumer engagement and improve their business using rich transaction-level data.

- *Lighthouse 5* – Our cloud-based suite of business intelligence tools includes customer engagement, social media management, online reputation management, scheduling and product pricing, as well as extensive reporting and analytics.
- *Integrated Point-of-Sale (iPOS)* – We provide purpose-built POS workstations pre-loaded with powerful, mission-critical software suites and integrated payment functionality. Our iPOS offering helps our merchants scale their business and improve operational efficiency while reducing total cost of ownership.
- *Mobile POS* – Our mobile payments offering, *Skycab*, provides a complete feature set, including pay-at-the-table, order-at-the-table, delivery, customer feedback and email marketing, all of which are integrated with our proprietary gateway and *Lighthouse 5*. This unique solution is relevant for merchants ranging from SMBs to large enterprises and across numerous industry verticals.
- *Marketplace* – We enable seamless integrations into complementary third-party applications, which helps reduce the number of vendors on which our merchants rely. For example, a restaurant can enable DoorDash via *Marketplace* and accept orders from their existing POS, dramatically simplifying implementation and eliminating manual reconciliation of multiple systems. That same restaurant can also enable payroll, timekeeping and other human resource services, reducing the time spent on manual workflows and enhancing employee engagement. *Marketplace* also includes a variety of functional applications including loyalty and inventory management.

### ***Partner-Centric Distribution***

Our payments platform and technology solutions are delivered to our merchants through our partner-centric distribution network. Today, our network includes over 7,000 software partners, providing full coverage across the United States.

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Our partner-centric distribution approach is designed to leverage the domain expertise and local relationships that our software partners have built with our merchants over years of doing business together. Our software partners are entrusted by merchants to guide software purchasing decisions and provide service and support. In turn, our software partners entrust us to provide innovative payment and technology solutions to help them continue to grow.

We have always been deeply committed to supporting the growth of our software partners with a robust suite of tools, dedicated personnel and strategic and economic alignment. Our partner tools include: lead management, sales and marketing support, real-time pipeline alerts, transaction level residual reporting and merchant life-cycle reporting. Our partner-centric distribution approach provides us with strong merchant growth and retention.

### **Our Key Differentiators**

We believe that our *Shift4 Model* provides us with a competitive advantage and differentiated position in the market.

#### ***We are a pioneer in delivering innovative solutions***

Since our founding, we have been at the forefront of developing and deploying new and innovative payments and technology solutions that are tailored to meet the demands of our customers as their business needs evolve, such as:

- *Skytab* – Recognizing the inefficiencies of the merchant experience, we developed *Skytab*, our mobile POS offering that includes pay-at-the-table and real-time ordering features, to improve operational efficiency and create a high-value consumer touchpoint.
- *Integrated POS* – We were one of the first to recognize and capitalize on the convergence of software and devices by delivering a purpose-built POS system pre-loaded with powerful, mission-critical software suites and integrated payment functionality. This offering helps our merchants scale their business and improve operational efficiency while reducing total cost of ownership.
- *Tokenization* – We introduced one of the world’s first payment tokenization solutions. We have further expanded our tokenization capabilities to include integration with merchants’ loyalty and analytics programs. As a pioneer in tokenization, we act as the exclusive tokenization provider and vault for many leading enterprise merchants.
- *PCI-validated P2PE* – We developed one of the first PCI-validated point-to-point encryption, or P2PE, solutions. Our solution ensures that sensitive cardholder data does not enter the merchant’s environment, thereby eliminating the risk of exposure of cardholder data in the event of a merchant software breach.

Many of our innovations are a direct result of the collaboration we have with our customers as we continue to find new ways to help them grow their businesses. Innovation is in our DNA and will be a key to our future success.

#### ***We have developed deep domain expertise and built specialized capabilities in the hospitality market***

We believe that we have established a meaningful first-mover advantage in integrated payments and technology solutions for the hospitality market. With over 30 years of operating experience in the hospitality market, we have developed deep domain expertise, an extensive industry-specific portfolio of software integrations and a comprehensive view of our customers’ complex business challenges.

Over 21,000 hotels and 125,000 restaurants in the United States use at least one of our products. With our scale in this market, software partners inevitably rely on our support for industry-specific solutions and capabilities when serving their merchants.

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Our portfolio of industry-specific integrations span hundreds of software versions, some of which are decades old but still in use today. We believe competitors would need to invest significant time and resources in order to replicate our software integration portfolio.

We leverage our expertise to develop proprietary payments and technology solutions that have specific features and functionality designed to meet various use-cases in the hospitality industry. For example, we offer customized integrations into varied and disparate hotel property management systems that enable our software partners to grow their merchant base to include merchants residing within hotels. In addition, restaurants using our *Skytab* product benefit from faster table turnover and enhanced customer engagement with powerful order/re-order and pay-at-the-table mobile functionality as well as robust email marketing and reputation management tools. Our in-depth understanding of the hospitality market allows us to continue to innovate and develop specialized solutions.

### ***We maintain a privileged position as the last integration our software partners will ever need***

We have over 350 integrations to market-leading software providers. In the hospitality market, we are integrated into a majority share of hotel property management systems in the United States, which enables us to serve both these hotels and the merchants that operate on their premises. Our extensive integrations contribute the vast majority of our transactions, with approximately 99% of our payment transactions originating from commerce-enabling software. The vast number of software integrations and touchpoints we have with these customers provides us with differentiated access that makes our *Shift4 Model* difficult to replicate.

We simplify the operational complexity that our merchants face. A hotel, for example, is focused on providing a frictionless customer experience. They must securely process high-velocity transactions that pass through multiple disconnected systems. Adding to this complexity are compatibility challenges with their enterprise software systems, which may be many years old and have limited support. However, many of our merchants are reluctant to change or upgrade their enterprise software systems due to the risk of business disruption. We solve these challenges by leveraging our gateway to easily integrate into and unify a broad universe of disconnected software systems.

Our *Shift4 Model* benefits from powerful and mutually reinforcing network effects, which we believe strengthens our leadership position. As the last integration our software partners require, we attract world-class ISVs. By augmenting their software suites with our payments platform, we empower our ISVs to deliver a compelling value proposition to new and existing merchants. In turn, we leverage the extensive reach of our ISVs and VARs who provide us with direct access to their broad and diversified base of merchants. As the number of merchants we serve increases, we are able to make informed technology investments that meet the diverse needs of our customers.

### ***We control and integrate the most important parts of the payments value chain into a single point of access***

We own and control many components of the payments and technology value chain, enabling us to eliminate customer pain points around payment processing and device management. Our *Shift4 Model* provides a full suite of integrated payment solutions that can be used across multiple channels and numerous industry verticals, including:

- end-to-end processing for a broad range of payment types;
- merchant acquiring;
- proprietary omni-channel gateway capable of multiple methods of contactless QR code-based payments;
- complementary software integrations;
- integrated and mobile POS solutions;

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- security and risk management solutions; and
- reporting and analytical tools.

While our software partners are experts in developing commerce-enabling software suites, they lack the expertise to navigate the complexities and compliance requirements of the payments ecosystem. Integrating our payments platform into their software suites enables our partners to deliver a comprehensive solution to their merchants, with a single source of accountability and service.

For merchants, a typical payment solution can require the coordination of multiple vendors, such as an ISV, gateway provider, merchant acquirer, payment hardware original equipment manufacturer, on-site installation and support professionals. Managing these vendors often becomes the responsibility of a merchant and can result in unnecessary expense and delays in implementation. Further, as new commerce technologies arise, such as online delivery, new non-integrated systems must be added to adapt. We combine payments, technology solutions, operations and support into a bundled offering that provides better, faster and more convenient services to our merchants.

### ***We have a vision-driven, founder-led culture***

Since our founding, we have focused on building an entrepreneurial and innovative culture that is deeply rooted in our philosophy of aligning our success with that of our software partners and merchants. Every strategic decision we make embodies our belief that we must be champions of our customers and provide a differentiated partner and merchant experience. Our *Shift4 Model* demonstrates this culture by providing a simple, intuitive and superior product and service experience to all of our customers, from a small café to a large enterprise. Our founder-led team is able to draw on decades of experience in payments and software, which we believe is a key driver of our ability to innovate and disrupt our markets.

### **Customer Success Stories**

Our story is best viewed through the lenses of our customers. We are proud of their success and strive to enable their future growth.

#### ***Pebble Beach Resorts***

Pebble Beach Resorts is home to world-class golf, offers luxury accommodations, provides food and beverage experiences and operates a 5-star spa. With its extensive array of hospitality offerings, in addition to sixteen retail shops and an online shop, Pebble Beach Resorts requires a payments and technology partner to ensure that its guests have a frictionless and consistent payment experience across its many services and facilities.

We offer Pebble Beach Resorts the following solutions and benefits:

- *Proprietary Gateway:* Pebble Beach Resorts relies on Shift4's technology to provide merchant payment gateway services throughout its properties. Shift4's payment gateway platform serves as the unifying technology for the multitude of software suites that operate across the entire Pebble Beach Resorts organization, making certain that any credit card payment entering Pebble Beach's ecosystem is secured by Shift4's technology.
- *Software Integrations:* Whether it is Pebble Beach Resorts' property management software handling nearly 500 guest rooms and luxury suites, or the ecommerce platform supporting the resort's online retail shop, Shift4 is the single integration point to all of these systems, at any point of sale, in order to enable seamless and secure payment transactions.
- *Payments Solutions:* Shift4 also administers the resort's gift card program, which makes selling, redeeming, and managing gift cards convenient for Pebble Beach Resorts and its customers. Gift card

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transactions at Pebble Beach Resorts are secured with the same industry-leading encryption and tokenization technologies that Shift4 uses to secure credit card transactions at each payment location throughout the property. In addition, Shift4's gift card program enables Pebble Beach Resorts to take advantage of advanced back-office reporting capabilities.

### ***Focus POS***

Focus POS is a restaurant management system with over 15,000 installations across the United States supporting a variety of environments, from quick service and fast casual to bar and table service. Focus POS solutions are designed to turn restaurant workflows into simple, streamlined processes. These include tools and analytics that allow restaurateurs to control labor costs, efficiently manage inventory and gain deeper visibility into their businesses.

We offer Focus POS' resellers and merchants the following solutions and benefits:

- ***Fully Customized Payments Offering:*** Together, Shift4 and Focus POS have developed a fully customized payment offering for Focus POS' resellers and merchants. By integrating Shift4's payment processing solutions into Focus POS restaurant management systems, Focus POS resellers are able to deliver a comprehensive restaurant solution. This includes POS and business management software with integrated payment processing, payment acceptance devices, PCI-validated point-to-point encryption and advanced tokenization.
- ***Single Vendor Relationship:*** Focus POS' comprehensive restaurant solution enables merchants to consolidate their business, technology and IT service needs into a single vendor. Merchants can select software that addresses the unique complexities of their business (both front- and back-office) while receiving the benefits of a scaled payment provider, all at a disruptive price point. In addition, Focus POS merchants can rely on a single vendor to resolve any customer service requirements 24 hours a day, 7 days a week, 365 days a year.
- ***Rapid Deployment of New Product Features and Enhancements:*** Continuous collaboration between Focus POS and Shift4 allows us to deliver software and solution enhancements that augment Focus POS' value proposition. These include our technology solutions such as *Skytab* (mobile POS), *Lighthouse 5* (business intelligence) and *Marketplace*, all of which are seamlessly integrated into Focus POS software and act as a natural extension of the Focus POS offering.

In 2019, over 500 merchants adopted Focus POS' restaurant management system with our integrated end-to-end payments offering. These merchants represent annualized payment volume of over \$500 million as of the fourth quarter of 2019.

### **Our Growth Strategy**

Our growth strategy will continue to be driven by our ability to leverage our *Shift4 Model* to solve the most complex business challenges facing our customers. The key elements of this strategy include:

#### ***Continue to win new customers***

We plan to continue expanding relationships with our existing software partners to win new merchants through an enhanced value proposition. Furthermore, we are able to capitalize on the strength of our brand and our comprehensive service offerings, both of which have proven successful in winning new software partners and merchants. We also intend to expand our network of software partners across a variety of industry verticals in order to target new merchants.

#### ***Unlock substantial opportunity within existing merchant base***

There are significant upsell and cross-sell opportunities within our existing base of merchants. We intend to leverage our large, active base of gateway merchants to drive the adoption of our end-to-end payments offering.

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As merchants convert to our integrated end-to-end payments offering, we are able to increase our revenue per merchant, resulting in stronger unit economics.

### ***Continue enhancing our product portfolio with differentiated solutions***

Our payments platform and technology solutions help us win new customers and strengthen our relationships with existing customers. As merchants embrace simplicity and consolidate vendor relationships, we will continue to innovate and add new value-added features and functionality. This enables our merchants to deliver a higher quality experience to their consumers and increase their transaction volumes, benefitting both us and our merchants.

### ***Leverage domain expertise in hospitality market to expand into adjacent verticals***

We continue to benefit from strong market conditions within the hospitality market, primarily driven by accelerating technology spend and evolving consumer preferences. Our access to leading hospitality businesses and industry thought leaders affords us an advantaged position of identifying emerging trends in adjacent areas and verticals that could result in attractive investment opportunities, such as specialty retail.

### ***Leverage our relationships with global merchants to expand internationally***

Our *Shift4 Model* is well-positioned to expand into new geographic regions. A host of multinational hospitality brands currently utilize our tokenization and POS software solutions internationally. We also have the opportunity to follow our customers as they expand into new geographic markets.

### ***Monetize the robust data we capture through our Shift4 Model***

We currently process billions of transactions. We believe we have an opportunity to leverage data from these transactions to develop unique insights that help identify trends in consumer behavior, as well as consumer and merchant preferences. We believe monetization of this data could represent a larger component of our business in the future.

### ***Pursue strategic acquisitions***

We have a proven track record of successfully unlocking value through identifying, pursuing and integrating numerous strategic acquisitions. We may selectively pursue acquisitions to improve our competitive positioning within existing and new verticals, expand our customer base and enhance our software and technology capabilities.

## **Our Market and Trends Impacting the Industry**

The convergence of payments and software is transforming global commerce. Our software partners and merchants are seeking a bundled integrated payment and software solution to introduce operating efficiencies and enhance consumer experiences. The market opportunity is large and growing. According to the October 2020 issue of The Nilson Report, purchase volume on cards in the United States is expected to reach \$10.7 trillion by 2024 from \$7.9 trillion in 2019, representing a CAGR of approximately 6.3%. We leverage our *Shift4 Model* to capture a larger share of this market opportunity and to capitalize on the following trends defining our markets:

### ***Trends Impacting Merchants***

#### ***Merchants must leverage the power of software to compete***

We believe software is catalyzing new growth opportunities and operating efficiencies, enabling merchants to adapt to a changing landscape. We have seen merchants heavily invest in software tools to boost productivity,

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access the latest technological innovations in the market and create a frictionless consumer experience. *We provide a diverse suite of over 350 integrations with market-leading software providers that enable our merchants to remain agile and not be limited in the tools they choose to operate their businesses.*

### *Merchants are increasingly adopting multiple software suites*

Managing a business requires multiple software suites. We have observed a proliferation of solutions for both front-office (POS, loyalty, reservations, etc.) and back-office (employee scheduling, inventory management, accounting and reporting) functions. Merchants who adopt these tools are able to unlock new growth from improved accuracy, higher employee engagement and reduced administrative burden. *Our extensive portfolio of software integrations means that merchants are supported across hundreds of suites and myriad versions so that they never have to compromise on the right choice for their business.*

### *Increasing complexity of payments*

Consumers transact everywhere: mobile, online and in-store, all in real-time. According to McKinsey, global mobile commerce, including in-app payments and mobile browser payments, is expected to grow from approximately \$1.5 trillion in 2017 to approximately \$4.6 trillion in 2022, implying a CAGR of approximately 25%. We have seen that existing multi-vendor solutions often fail to keep up with consumer payment innovation, such as NFC, digital wallet, e-cash and other alternative payment networks. Connecting these systems through a single infrastructure reduces costs, simplifies complexity and eases maintenance. *Our ability to offer a single payments integration that supports over 350 software suites transforms the complexity our merchants face into growth opportunities for us.*

### *Card-present verticals increasingly capture unique business insights*

Card-present commerce historically lagged online commerce in terms of data capturing capabilities and the derivation of unique, actionable insights. We believe brick-and-mortar merchants are increasingly turning to the power of analytical tools to extract valuable information about consumer spending behavior in order to compete with online commerce providers. Capturing critical transaction-level data requires a privileged position at the point-of-sale and a fully integrated solutions suite that can process and route data securely from a variety of omni-channel sources. The ability to understand the consumer, including their behavior and preferences, provides merchants with a significant competitive advantage in the market. *Our Lighthouse 5 offering is fully integrated throughout the Shift4 Model and can process data from numerous omni-channel sources, providing meaningful consumer insights for our merchants to act on.*

### ***Trends Impacting ISVs***

#### *ISVs are integrating payments into their business models to remain competitive*

The ISV market is highly fragmented and competitive. We believe ISVs must differentiate their value proposition and find new growth areas in order to remain relevant to their merchants and to attract more developers to their community. Many are doing so by adding payments capabilities to their software suites, recognizing the importance of the capability. Integrated payments enable ISVs to deliver a superior product experience. *Our ability to provide a leading integrated payments platform accelerates ISVs strategy to enhance their differentiated value proposition.*

#### *ISVs struggle to integrate their software suites with the growing universe of third-party software applications*

Merchants require a dynamic and real-time ecosystem of software solutions that must collaborate and communicate with each other. However, we believe ISVs are struggling to keep pace with the volume of new software solutions being created. Building integrations into these third-party solutions is costly and time-

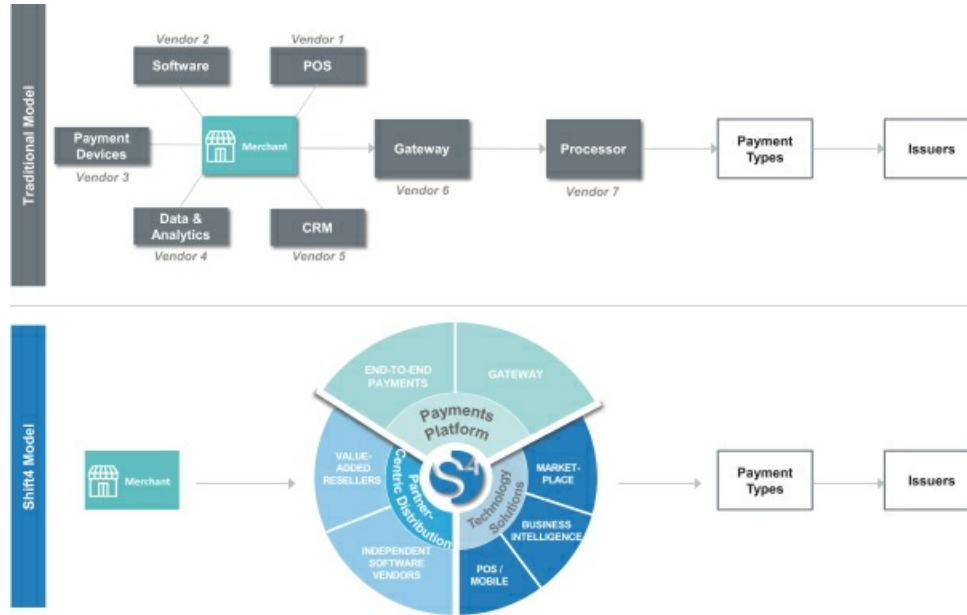


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consuming. Even if these integrations are built, a significant number of merchants continue to use legacy software that lacks cloud connectivity infrastructure. *Our offerings, such as Marketplace, provide turn-key integrations into a variety of complementary third-party software applications that our ISVs can use to enhance their own solutions.*

### Our Ecosystem

The figure below illustrates how our *Shift4 Model* fits in the payments value chain:



The typical payment value chain involves several constituents, including:

**Processors** – financial technology vendors that perform a range of functions to facilitate the acceptance of electronic payments, including processing, clearing and settlement.

**Payment Types** – firms that create rules and standards and provide network infrastructure, such as Visa and Mastercard. They connect, secure and transmit transactions between payment processors and issuers to facilitate payment authorization, clearing and settlement. New technology developments are resulting in alternative payment types, such as Apple Pay, Google Pay, Alipay and WeChat Pay.

**Issuers** – banks and other licensed vendors of financial services that provide a range of services to consumers, merchants and other financial institutions. These firms provide financial accounts, such as checking and savings accounts, issue bank cards such as credit, debit, and prepaid cards and offer revolving credit lines and loans.

**Point-of-Sale Technology** – providers of devices and software systems that enable businesses to perform a range of front and back-office functions. Basic POS technologies, such as card terminals, help read credit and debit card information to initiate payment transactions. More advanced systems, such as integrated POS, enable

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business owners to operate more sophisticated software applications to perform functions that help them manage their enterprise from a PC, tablet, or mobile device that is integrated with transaction processing functionality.

**Software Providers** – software developers who create a range of software solutions that merchants use to run their businesses at the point-of-sale, in their daily operations and in their back-office functions. These include:

- **Business Management Software** – enables a merchant to manage its daily front-of-house operations, including scheduling appointments or reservations, loyalty, transaction ordering, fulfillment, customer relationship management, or CRM, and inventory management; and
- **Enterprise Software** – enables a merchant to manage its back-office functions, such as data reconciliation, financial reporting, accounting, payroll and supply chain management.

### ***Traditional Model***

Merchants have historically relied on multiple vendors to effectively service their customers. Further complicating this challenge, a variety of commerce-enabling tools have been created to address various business challenges that merchants face. However, these systems lack the ability to communicate and share data, forcing merchants to inefficiently manage disconnected systems.

The following steps illustrate a typical transaction under the traditional model:

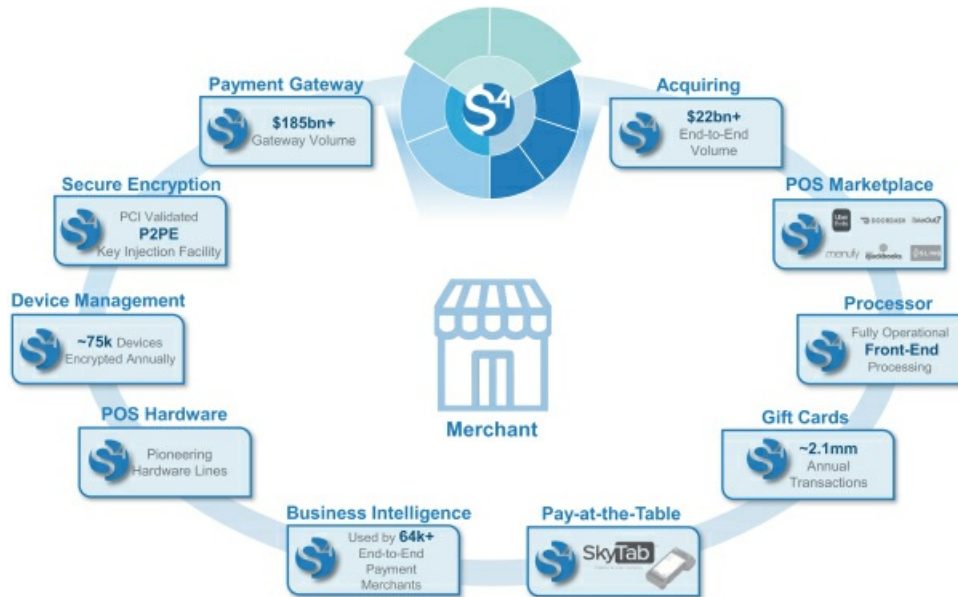
1. Patrons place orders for goods that are manually keyed into the POS terminal. The POS terminal would be provided by *Vendor 1*.
2. The POS terminal is pre-loaded with POS software that captures card data from a variety of methods, including chip, magnetic strip, NFC or QR code. POS software is provided by *Vendor 2*.
3. Patrons pay for the goods using a card, mobile-phone or other form factor. Payment devices that accept these card or digital forms of payment are provided by *Vendor 3*.
4. Transaction details and SKU sales data are typically exported from POS and payment providers systems and manually imported into data and analytics software, provided by *Vendor 4*.
5. Patron provides their email address to the merchant, who manually enters the information into their CRM system. CRM software is provided by *Vendor 5*.
6. Transaction data is routed through a gateway. The gateway is provided by *Vendor 6*.
7. The processor, *Vendor 7*, routes the transaction to the payment types, including the card networks.
8. The payment types/card networks obtain authorization for the transaction from the issuers and forward the authorization to the processor.
9. The processor sends the authorization through the gateway to the POS terminal, enabling the merchant to proceed with the transaction and providing the patron with a confirmation, receipt and the items purchased.
10. The merchant receives a separate bill from the processor.

### ***Our Shift4 Model***

We provide a bundled solution that consolidates several vendors into an integrated, single vendor solution. In the transaction described above, we consolidate seven different vendors into a single integration to our payments platform. Our end-to-end payments offering provides a comprehensive solution suite that enables our merchants to, among other things, securely accept payments, operate powerful POS software and build loyalty campaigns with their customers.

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Our payments platform provides interconnectivity across all software and payment devices. This deep level of integration enables our merchants to capitalize on rapidly changing consumer preferences and technological advancements to provide a seamless experience to their customers. For example, we enable merchants to capture consumer email addresses at the time of checkout from mobile POS devices, and we automatically route this data to *Lighthouse 5*, our data and analytics platform. Furthermore, our gateway enables merchants to maintain their existing commercial software and payment relationships through a single, cost-effective integration.



## Sales and Distribution

Our partner-centric distribution approach and commitment to our software partners are the foundation of our go-to-market strategy. We have built an extensive distribution network of over 7,000 software partners including both ISVs and VARs.

- *Independent software vendors* – Our solutions are connected into over 350 integrations with market-leading software providers, including some of the largest and most recognizable technology companies in the world. By integrating our payments platform into their software suites, our ISVs are able to sell a comprehensive solution to the merchant at an attractive price point.
- *Value added resellers* – We partner with VARs to sell our solutions to merchants. Our VARs include third-party resellers and organizations that provide distribution support for ISVs. VARs act as trusted and localized service providers to our merchants by providing them with software and services. This partnership enables us to expand our reach and scalability by allowing a VAR to bundle our full payments and technology product suite with other value-added services provided by the VAR.

In addition, we employ a team of approximately 60 employees dedicated to providing account support to our ISVs and VARs. This team is also responsible for finding new ISV and VAR partners in order to expand our partner network.

We are selective in identifying and choosing our software partners, and we seek to align our business objectives with those that have strong networks, local expertise, high-quality merchant portfolios and a trusted brand name.

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Our network of software partners provides a consistent and extensive source of new merchant acquisition, with no single relationship accounting for more than 3.25% of our end-to-end volume. In addition, we leverage our *Shift4 Model* to create strategic and economic alignment with our partners to incentivize them to continue working with us.

Our compelling value proposition enables our software partners to extend attractive pricing arrangements to our merchants. For merchants that subscribe to our end-to-end payments offering, our software partners can offer gateway and technology solutions as value-added features included in the price of our payments offering. We believe that enabling our software partners to provide a cost-effective and comprehensive bundle of solutions best supports their ability to sell our solutions and grow their businesses.

### **Our Solutions**

Our solutions are designed to help our customers grow their businesses and include, but are not limited to:

#### ***Payments Platform***

<b>Solution</b>	<b>Description</b>
Merchant Acquiring	Omni-channel card acceptance and processing solutions across multiple payment types, including credit, debit, contactless card, mobile wallets as well as alternative payment methods
Gateway	Seamlessly connects merchant's software to the payment processor of their choice enabling a wide range of payment options including traditional and alternative payments methods and provides integrations to hundreds of software suites
Security	Security features including PCI-validated P2PE and EMV-compliance P2PE encrypts consumer card data from the moment a card is inserted, swiped, manually keyed or tapped, as with mobile wallets, at a secure payment device
Tokenization	Replaces cardholder data, which has universal value, with a random alphanumeric value (a token) that is only valuable within specific parameters and in a particular environment. Tokens enable a merchant to maintain transaction records without the risk of compromising consumer card data  Traditional tokens preclude a merchant from identifying their consumers, which undermines the efficacy of business intelligence solutions. Our MetaTokens provide 16-digit numeric values that remain constant for a particular consumer's card number. MetaTokens enable a merchant to identify their consumers across multiple transactions, numerous transaction types and different revenue centers within a merchant
Risk Management / Underwriting	Risk management teams and underwriting systems assess, plan, and implement strategies to minimize risk associated with chargebacks
Payment Device Management	Device provisioning encryption and ongoing maintenance and support
Chargeback Management	Chargeback system provides an efficient support structure in which we work directly with the merchant, payment card networks and card issuing brands to determine liability and resolve open dispute claims

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<b>Solution</b>	<b>Description</b>
Fraud Prevention	Our <i>Fraud Sentry</i> solution is an automated solution that monitors transaction activity to identify instances of employee fraud. <i>Fraud Sentry</i> will monitor purchase and refund activity on the POS and will notify the merchant in the event these amounts are not aligned
Gift Card	Flexible, feature-rich gift card solution for card-present and card-not-present environments

### **Technology Solutions**

<b>Solution</b>	<b>Description</b>
Point-of-Sale	Point-of-sale solutions combining powerful software with secure payments that serves merchants of any size or complexity  Mobile POS solution, <i>Skytab</i> , combines state-of-the-art devices with simple, intuitive software
Business Intelligence ( <i>Lighthouse 5</i> )	Cloud-based suite of business management tools includes customer engagement, social media management, online reputation management, scheduling and product pricing as well as extensive reporting and analytics  <i>Lighthouse 5</i> is integrated throughout our <i>Shift4 Model</i>
Marketplace	Developer marketplace that provides complementary third-party applications that help our merchants integrate best-of-breed systems and devices

### **Partner-Centric Distribution**

<b>Solution</b>	<b>Description</b>
Merchant Management	Tools to access, organize and manage merchants
Training and Education	Trainings by industry experts as well as interactive videos and other customized training material for new and existing products and services
Marketing Management	Wide breadth of marketing and social media resources
Incentives Tracking	Reconciliation and tracking tools for partner bonuses and revenue share commissions

### **Operations and Support Services**

Our operations infrastructure is designed to deliver high-quality experiences to our customers and to drive efficiencies throughout the entire payment ecosystem. We leverage our over 30 years of operating history in the hospitality sector and our domain expertise to ensure our obligations to our customers are maintained and fulfilled effectively. Our operations and support services include:

#### **Merchant Operations and Support**

- *Merchant underwriting* – Our merchant underwriting team manages applications and risk evaluation of new merchants. Our merchant base operates in end markets with high card-present volume and low levels of fraud and chargeback losses. In addition, our underwriting strategy offers merchants with a low risk profile expedited activation which enhances their customer experience.

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- *Merchant onboarding and activation* – Our merchant onboarding and activation team works closely with our partners to ensure a high-touch transition from sales to implementation and activation. Our streamlined activation and automated approval process enables fast and frictionless merchant onboarding, providing us and our partners with enhanced speed-to-market. Our partners are typically able to board even the largest and most complex merchants within 24 hours of submitting an application.
- *Merchant training* – We provide a full curriculum of training materials to our merchants via a dedicated training department and content delivery platform.
- *Merchant risk management* – Our risk management operations are designed to monitor merchant accounts on an on-going basis. This includes dedicated security and regulatory support such as PCI compliance support, vulnerability scanning, system monitoring and breach assistance. Once a merchant is activated, our systems are configured to automatically monitor any activity that may require additional diligence, which in turn helps minimize losses associated with fraud and default.
- *Merchant support* – Our merchant support team responds to inquiries from merchants 7 days a week, 24 hours a day, 365 days a year. The team provides customer support for systems integrations and other technical solutions. In addition, we have a dedicated team of merchant account specialists that guide merchants through the payment acceptance process from onboarding to settlement and reporting. With strong emphasis on first-call resolution, we seek to provide exceptional payment expertise and support for our merchants. We train our customer support team to quickly identify and resolve each matter in an empathetic and professional manner which reduces repeat calls and improves our operational efficiency.

### ***Software Partner Operations and Support***

- *Software integrations and compliance management* – We have a team of engineers and technical support staff dedicated to support software integrations and ensure compliance with all card brand, security and regulatory requirements, including PCI and Payment Application Data Security Standard compliance support and system integration and configuration guidance.
- *Partner support* – We have dedicated support teams who work with our software providers to address any questions or issues that may pertain to the integration of our products and solutions into their software suites. We seek to deliver end-to-end issue resolution by bringing all appropriate disciplines together in an integrated manner in order to optimize partner support. In addition, we help resolve issues that may pertain to our partners' entire portfolio of merchants or incidents pertaining to a single merchant.
- *Partner services* – Through our partner-facing customer relationship management system, our partners are able to track each step of the activation process of their new merchant accounts real-time. Through this system, our partners can track their merchant portfolio, including commissions, residual payments and even support calls/recordings, in an accurate and real-time manner. We have added substantial automation to these processes, which is essential to ensure optimal experience as well as financial efficiency.

### **Competition**

We compete with a range of providers, each of whom may provide a component of our offering, but do not provide an integrated offering capable of solving complex business challenges for software partners and merchants. For certain services and solutions, including end-to-end payments, we compete with third-party payment processors (such as Chase Paymentech, Elavon, Fiserv, Global Payments and Worldpay) and integrated payment providers (such as Adyen, Lightspeed POS, Shopify and Square).

While competitive factors and their relative importance can vary based on size, industry and geographic reach of software partners and merchants, we believe we compete primarily on the basis of reputation, domain expertise,

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scale of distribution channels, breadth of offerings, simplicity and ease-of-use of solutions, pace of innovation, price, data security and customer service. We believe we compete favorably with respect to all of these factors.

For information on risks relating to increased competition in our industry, see “Risk Factors—Business risks—Substantial and increasingly intense competition worldwide in the financial services, payments and payment technology industries may adversely affect our overall business and operations,” “Risk Factors—Business risks—Potential changes in competitive landscape, including disintermediation from other participants in the payments chain, could harm our business,” and “Risk Factors—Business risks—Our ability to anticipate and respond to changing industry trends and the needs and preferences of our merchants and consumers may adversely affect our competitiveness or the demand for our products and services.”

### **Patents, Trademarks and Other Intellectual Property**

We rely on a combination of intellectual property rights, including patents, trademarks, copyrights, trade secrets and contractual rights to protect our proprietary software and our brands. We have registered or applied to register certain of our trademarks in the United States and several other countries. In addition, we have obtained or applied for patents in the United States and certain foreign countries on certain material aspects of our proprietary software applications. We also license intellectual property from third parties, including software that is incorporated in our bundled with our proprietary software applications. We generally control access to and use of our proprietary software and other confidential information through the use of internal and external controls, including entering into non-disclosure and confidentiality agreements with both our employees and third parties.

We hold approximately 19 issued United States utility patents, four issued Canadian patents, one issued Mexican patent and one issued European patent related to our proprietary payments technologies. As of September 30, 2020, we also held three pending United States utility patent applications related to our payment technologies. If the United States and foreign patents currently issued to us are maintained until the end of their terms, they will expire between the year 2026 and the year 2032. The expiration of these patents is not reasonably likely to have a material adverse effect on our business, financial condition or results of operations. In addition, we own a portfolio of trademarks in multiple jurisdictions around the world and are in the process of registering for our primary mark, Shift4 Payments.

### **Government Regulation**

Various aspects of our business and service areas are subject to U.S. federal, state, and local regulation, as well as regulation outside the United States. Certain of our services also are subject to rules promulgated by various card networks and other authorities, as more fully described below. These descriptions are not exhaustive, and these laws, regulations and rules frequently change and are increasing in number.

#### ***The Dodd-Frank Act***

In July 2010, the Dodd-Frank Act was signed into law in the United States. The Dodd-Frank Act has resulted in significant structural and other changes to the regulation of the financial services industry. Among other things, Title X of the Dodd-Frank Act established the CFPB to regulate consumer financial products and services (including some offered by our partners). The CFPB may also have authority over us as a provider of services to regulated financial institutions in connection with consumer financial products.

Separately, the Dodd-Frank Act directed the Federal Reserve to regulate debit interchange transaction fees that a card issuer or payment network receives or charges for an electronic debit transaction. Pursuant to the Dodd-Frank Act, debit interchange transaction fees must be “reasonable and proportional” to the cost incurred by the card issuer in authorizing, clearing, and settling the transaction. Pursuant to the regulations promulgated by the Federal Reserve implementing this “reasonable and proportional” requirement, debit interchange rates for card issuers operating in the United States with assets of \$10 billion or more are capped at the sum of \$0.21 per

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transaction and an ad valorem component of 5 basis points to reflect a portion of the issuer's fraud losses plus, for qualifying issuers, an additional \$0.01 per transaction in debit interchange for fraud prevention costs. In addition, the regulations contain non-exclusivity provisions that ban debit card networks from prohibiting an issuer from contracting with any other card network that may process an electronic debit transaction involving an issuer's debit cards and prohibit card issuers and card networks from inhibiting the ability of merchants to direct the routing of debit card transactions over any network that can process the transaction.

Further, the ability of payment networks to impose certain restrictions are limited because the Dodd-Frank Act allows merchants to set minimum dollar amounts (not to exceed \$10) for the acceptance of a credit card (while federal governmental entities and institutions of higher education may set maximum amounts for the acceptance of credit cards). Depending on the card network rules, merchants are now also allowed to provide discounts or other incentives to entice consumers to pay with an alternative payment method, such as cash, checks, or debit cards. However, merchants cannot impose any additional charges for the use of credit cards.

### ***Association and network rules***

We are subject to the rules of Mastercard, Visa, INTERAC and other payment networks. In order to provide our services, we must be registered either indirectly or directly as service providers with the payment networks that we utilize. Because we are not a "member bank" as defined in certain of the payment networks' rules, we are not eligible for primary membership in certain payment networks and are therefore unable to directly access them. Instead, those payment networks require us to be sponsored by a member bank as a service provider, which we have accomplished through a sponsorship agreement with our sponsor bank. We are registered with Visa, Mastercard and other networks as service providers for member institutions. As such, we are subject to applicable card association and payment network rules, which impose various requirements and could subject us to a variety of fines or penalties that may be levied by such associations and/or networks for certain acts or omissions. Our failure to comply with the networks' requirements, or to pay the fees or fines they may impose, could result in the suspension or termination of our sponsorship by our sponsor bank or our registration with the relevant payment network(s), and therefore require us to limit or cease providing the relevant payment processing services.

Card associations and payment networks and their member financial institutions regularly update and generally expand security expectations and requirements related to the security of cardholder data and environments. We are also subject to network operating rules promulgated by the National Automated Clearing House Association relating to payment transactions processed by us using the Automated Clearing House Network and to various state federal and foreign laws regarding such operations, including laws pertaining to electronic benefits transactions.

### ***Privacy and information security regulations***

We provide services that may be subject to various state, federal, and foreign privacy laws and regulations, including, among others, the Financial Services Modernization Act of 1999, which we refer to as the Gramm-Leach-Bliley Act, the GDPR, and the Personal Information Protection and Electronic Documents Act in Canada. These laws and their implementing regulations restrict certain collection, processing, storage, use, and disclosure of personal information, require notice to individuals of privacy practices, and provide individuals with certain rights to prevent use and disclosure of protected information. These laws also impose requirements for the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. Certain federal, state and foreign laws and regulations impose similar privacy obligations and, in certain circumstances, obligations to notify affected individuals, state officers or other governmental authorities, the media, and consumer reporting agencies, as well as businesses and governmental agencies, of security breaches affecting personal information. In addition, there are state and foreign laws restricting the ability to collect and utilize certain types of information such as Social Security and driver's license numbers.



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As a processor of personal data of EU data subjects, we are also subject to regulation and oversight in the applicable EU Member States with regard to data protection legislation. In May 2018, the GDPR, a new European wide Regulation on data privacy came into force. The GDPR contains additional obligations on data controllers and data processors that have an establishment in the EU or are offering goods or services to, or monitoring the behavior of, consumers within the EU. The GDPR includes significant enhancements with regard to the rights of data subjects (which include the right to be forgotten and the right of data portability), stricter regulation on obtaining consent to processing of personal data and sensitive personal data, stricter obligations with regard to the information to be included in privacy notices and significant enhanced requirements with regard to compliance, including a regime of “accountability” for processors and controllers and a requirement to embed compliance with GDPR into the fabric of an organization by developing appropriate policies and practices, to achieve a standard of data protection by “design and default.” The GDPR includes enhanced data security obligations, requiring data processors and controllers to take appropriate technical and organizational measures to protect the data they process and their systems. Organizations that process significant amounts of data may be required to appoint a Data Protection Officer responsible for reporting to highest level of management within the business. There are greatly enhanced sanctions under GDPR for failing to comply with the core principles of the GDPR or failing to secure data.

### ***Unfair trade practice regulations***

We, our partners and certain of our merchants are subject to various federal, state, and international laws prohibiting unfair or deceptive trade practices, such as Section 5 of the Federal Trade Commission Act and the prohibition against unfair, deceptive, or abusive acts or practices, or UDAAPs, under the Dodd-Frank Act. Various regulatory agencies, including the Federal Trade Commission, the CFPB, and state attorneys general, have authority to take action against parties that engage in unfair or deceptive trade practices or violate other laws, rules, and regulations, and to the extent we are processing payments for a client that may be in violation of laws, rules, and regulations, we may be subject to enforcement actions and incur losses and liabilities that may impact our business. For example, all persons offering or providing financial services or products to consumers, directly or indirectly, can be subject to the prohibition against UDAAPs. The CFPB has enforcement authority to prevent an entity that offers or provides consumer financial services or products or a service provider from committing or engaging in UDAAPs, including the ability to engage in joint investigations with other agencies, issue subpoenas and civil investigative demands, conduct hearings and adjudication proceedings, commence a civil action, grant relief (e.g., limit activities or functions; rescission of contracts), and refer matters for criminal proceedings.

### ***Anti-money laundering, anti-bribery, sanctions, and counter-terrorist regulations***

We are contractually required to comply with the anti-money laundering laws and regulations in certain countries. In the United States, we comply with certain provisions of the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, and its implementing regulations, or collectively the BSA, which are enforced by the Financial Crimes Enforcement Network, or FinCEN, a bureau of the U.S. Department of the Treasury. We are also subject to anti-corruption laws and regulations, including the FCPA and other laws, that prohibit the making or offering of improper payments to foreign government officials and political figures and includes anti-bribery provisions enforced by the Department of Justice and accounting provisions enforced by the SEC. The FCPA has a broad reach and requires maintenance of appropriate records and adequate internal controls to prevent and detect possible FCPA violations. Many other jurisdictions where we conduct business also have similar anticorruption laws and regulations. We have policies, procedures, systems, and controls designed to identify and address potentially impermissible transactions under such laws and regulations.

We are also subject to certain economic and trade sanctions programs that are administered by the Department of Treasury’s Office of Foreign Assets Control, or OFAC, which prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with

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individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations. Other group entities may be subject to additional local sanctions requirements in other relevant jurisdictions.

Similar anti-money laundering and counter terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified in lists maintained by the country equivalents to OFAC lists in several other countries and require specific data retention obligations to be observed by intermediaries in the payment process. Our businesses in those jurisdictions are subject to those data retention obligations.

### **Human Capital**

In order to continue to innovate, it is crucial that we continue to attract and retain top talent. To facilitate talent attraction and retention, we strive to make Shift4 a diverse, inclusive and safe workplace, with opportunities for our employees to grow and develop in their careers, supported by strong compensation, benefits and health and wellness programs, and with programs that build connections between our employees and their communities.

As of September 30, 2020, we employed 1,244 full-time employees. We also employed 6 part-time employees. None of our employees are represented by a labor union or are party to a collective bargaining agreement, and we have had no labor-related work stoppages. We believe that we have good relationships with our employees.

**Health, Safety and Wellness.** The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health, safety and wellness of our employees. We provide our employees and their families with access to a variety of innovative, flexible and convenient health and wellness programs, including benefits that provide protection and security so they can have peace of mind with respect to events that may require time away from work or that may impact their financial well-being; that support their physical and mental health by providing tools and resources to help them improve or maintain their health status and encourage engagement in healthy behaviors; and that offer choice where possible so they can customize their benefits to meet their and their families' needs. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees and the communities in which we operate, and which comply with government regulations. This includes having the vast majority of our employees work from home, while implementing additional safety measures for employees continuing critical on-site work.

**Compensation and Benefits.** We provide robust compensation and benefits programs to help meet the needs of our employees. In addition to salaries, these programs include annual bonuses, restricted stock unit awards, a 401(k) Plan, healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, family leave, family care resources, flexible work schedules, employee assistance programs, among others.

**Building Connections—With Each Other and our Communities.** We believe that building connections between our employees, their families and our communities create a more meaningful, fulfilling and enjoyable workplace. Through our engagement programs, our employees can pursue their interests and hobbies, connect to volunteer opportunities and enjoy unique recreational experiences with family members. Leveraging our reach to food and hospitality merchants across the country, we have launched Shift4 Cares as a way to help merchants during the COVID-19 pandemic. Since our employees are passionate about many causes, our corporate giving and volunteering programs support and encourage employees by engaging with those causes. Throughout our offices, employee-led Employee Activity Committees select local organizations to support. We also frequently collaborate with these organizations on volunteer activities for our employees.

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### Facilities

We are headquartered in Allentown, Pennsylvania. Our other principal operations are located in Las Vegas, Nevada. The table below sets forth certain information regarding these properties, all of which are leased.

<u>Property</u>	<u>Location</u>	<u>Approximate Square Footage</u>	<u>Lease Expiration Date</u>
Corporate Headquarters	Allentown, Pennsylvania	45,840	August 31, 2025
Las Vegas Office	Las Vegas, Nevada	60,200	December 31, 2027

For leases that are scheduled to expire during the next 12 months, we may negotiate new lease agreements, renew existing lease agreements or use alternate facilities. We believe that our facilities are adequate for our needs and believe that we should be able to renew any of the above leases or secure similar property without an adverse impact on our operations.

### Legal Proceedings

We are, from time to time, party to various claims and legal proceedings arising out of our ordinary course of business, but we do not believe that any of these existing claims or proceedings will have a material effect on our business, consolidated financial condition or results of operations.

**MANAGEMENT**

The following table provides information regarding our executive officers and members of our board of directors (ages as of September 30, 2020):

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Jared Isaacman	37	Founder, Chief Executive Officer and Chairman
Bradley Herring	50	Chief Financial Officer
Jordan Frankel	37	Secretary, General Counsel and Executive Vice President, Legal, Human Resources and Compliance
Taylor Lauber	37	Chief Strategy Officer
Donald Isaacman	73	Director
Christopher Cruz	36	Director
Andrew Frey	45	Director
Nancy Disman	50	Director
Sarah Goldsmith-Grover	55	Director
Jonathan Halkyard	55	Director

**Executive Officers and Directors**

**Jared Isaacman** has served as Shift4 Payments, Inc.’s Chief Executive Officer and the Chairman of the board of directors since its formation, and is the Founder of Shift4 Payments, LLC, as well as serving as the Chief Executive Officer and Chairman of Shift4 Payments, LLC’s board of managers since its founding in 1999. Mr. J. Isaacman is also the founder of Draken International, a provider of contract air services. From 2006 to 2008, Mr. J. Isaacman was named as a finalist for the Ernst & Young “Entrepreneur of the Year” award, was the youngest person to ever be named to the list of “Industry Leaders” by The Green Sheet, a leading publication in the credit card industry and has been recognized as one of “America’s Best Entrepreneurs” by BusinessWeek magazine and “30 Entrepreneurs Under 30” by Inc. Magazine. He holds a Bachelor’s degree from Embry-Riddle Aeronautical University. We believe Mr. J. Isaacman is qualified to serve on our board of directors due to his extensive experience in executive leadership positions in the payment processing industry and his knowledge of our business in particular, gained through his services as our Founder and Chief Executive Officer.

**Bradley Herring** has served as Shift4 Payments, Inc.’s Chief Financial Officer since its formation and as Chief Financial Officer of Shift4 Payments, LLC since October 2019. Prior to joining Shift4, from 2016 to 2019, Mr. Herring served as Chief Financial Officer of Elavon, Inc., a processor of credit card transactions. Mr. Herring also served as Chief Financial Officer of the digital banking group of Fiserv, a provider of online banking and online payment services, from 2012 to 2015. He was also the Vice President of Global Operations for Equifax for five years, from 2008 to 2013. Mr. Herring has passed the Series 7 General Securities Representative Exam, administered by the Financial Industry Regulatory Authority, Inc. He holds a Bachelor of Arts degree in Management and Economics and a Masters of Business Administration from Georgia Institute of Technology Scheller College of Business.

**Jordan Frankel** has served as Shift4 Payments, Inc.’s Secretary and General Counsel since its formation, and as General Counsel and Executive Vice President, Legal, Human Resources and Compliance and a member of the board of managers of Shift4 Payments, LLC since 2014. From 2011 to 2019, Mr. Frankel also served as a member of the board of directors of Draken International, a provider of contract air services. He holds a Bachelor of Finance and Marketing from the Syracuse University Martin J Whitman School of Management and a Juris Doctor and Masters in Business Administration from the Quinnipiac University School of Law and Quinnipiac University Lender School of Business, respectively.

**Taylor Lauber** has served as Shift4 Payments, Inc.’s Chief Strategy Officer since its formation and as Senior Vice President, Strategic Projects of Shift4 Payments, LLC since 2018. Prior to joining Shift4, from 2010 to

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2018, he served as a Principal at The Blackstone Group, L.P. Mr. Lauber also spent from 2005 to 2010 at Merrill Lynch as a Financial Advisor, where he advised numerous Fortune 500 companies and their executives on capital markets transactions. Mr. Lauber has passed the Series 7 General Securities Representative Exam, Series 66 Uniform Combined State Law Exam and Series 27 Financial and Operations Principal Exam, all administered by the Financial Industry Regulatory Authority, Inc. He holds a Bachelor of Economics and Finance from Bentley College.

**Donald Isaacman** has served as a member of the board of directors of Shift4 Payments, Inc. since its formation, and has served as the President and a member of the board of managers of Shift4 Payments, LLC since its founding in 1999. From February 1971 to September 2000, Mr. D. Isaacman also served as the Vice President of Supreme Security Systems, Inc., a home alarm and business security system company. He holds a Bachelor of Science in Marketing and Sales from Monmouth University. We believe Mr. D. Isaacman is qualified to serve on our board of directors due to his senior management experience and his knowledge of our business in particular, gained through his services as our President.

**Christopher Cruz** has served as a member of the board of directors of Shift4 Payments, Inc. since its formation, and as a member of the board of managers of Shift4 Payments, LLC since May 2016. Mr. Cruz is a Managing Director at Searchlight, which he joined in 2011. From 2008 to 2010, Mr. Cruz served on the investment team at Oaktree Capital Management, a global alternative investment management firm. Prior to that, Mr. Cruz was in the leveraged finance and restructuring group at UBS Investment Bank, from 2006 to 2008. Mr. Cruz has also served as a member of the board of directors of M&M Food Market, a frozen food retail chain, since 2014. He holds a Bachelor of Arts in Honors Business Administration from the Richard Ivey School of Business at the University of Western Ontario. We believe Mr. Cruz is qualified to serve on our board of directors due to his extensive experience in finance and capital markets and his knowledge of our business in particular, gained through his services as a member of our board of managers.

**Andrew Frey** has served as a member of the board of directors of Shift4 Payments, Inc. since its formation, and has served as a member of the board of managers of Shift4 Payments, LLC since May 2016. Mr. Frey is a Partner at Searchlight, which he joined in 2011. Prior to joining Searchlight, Mr. Frey served as Managing Principal at Quadrangle Group, a private investment firm focused on media, communications, technology and information services sectors. Mr. Frey has also served as a member of the board of directors of Hemisphere Media Group, a publicly-traded language media company, since October 2016, and Mitel Networks Corp, a telecommunications company, since April 2018. He holds a Bachelor of Science in Finance and a Bachelor of Applied Science in Systems Engineering from the University of Pennsylvania. We believe Mr. Frey is qualified to serve on our board of directors due to his public company board experience and his knowledge of finance and our business in particular, gained through his services as a member of our board of managers.

**Nancy Disman** has served as a member of the board of directors of Shift4 Payments, Inc. since June 2020. Ms. Disman is the Chief Financial Officer and Chief Administrative Officer of Intrado Corporation, a provider of cloud-based technology, which she joined in December 2017. From 2016 to 2017, Ms. Disman served as the Chief Financial Officer and Chief Administrative Officer of the Merchant Acquiring Segment of Total System Services, Inc., a global provider of payment solutions. Ms. Disman has also served as a member of the board of directors of Intrado Foundation since June 2019 and various subsidiaries of Intrado Corporation since December 2017. She holds a Bachelor of Science in Business Administration and Accounting from the State University of New York at Albany and is a Certified Public Accountant in the State of New York. We believe Ms. Disman is qualified to serve on our board of directors due to her experience in leading companies in the payments industry and her knowledge in finance and accounting.

**Sarah Goldsmith-Grover** has served as a member of the board of directors of Shift4 Payments, Inc. since June 2020. Ms. Goldsmith-Grover is the interim Chief Marketing Officer of Veggie Grill, a vegan and vegetarian food chain, which she joined in January 2020. Prior to that, Ms. Goldsmith-Grover served in executive marketing roles at various food & beverages companies, including Garden Fresh Restaurants, The Coffee Bean & Tea Leaf and

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True Food Kitchen, since 2016. Ms. Goldsmith-Grover has also served various executive roles at California Pizza Kitchen, including as Executive Vice President and Chief Concept Officer. Ms. Goldsmith-Grover has served as a member of the board of directors of the Annual UCLA Restaurant Conference since 2000. She holds a Bachelor of Arts in Communications from DePauw University. We believe Ms. Goldsmith-Grover is qualified to serve on our board of directors due to her experience and insight acquired from leading companies in the restaurant and consumer industries.

**Jonathan Halkyard** has served as a member of the board of directors of Shift4 Payments, Inc. since June 2020. From 2013 to 2019, Mr. Halkyard held various senior management positions at Extended Stay America, Inc., an integrated hotel owner and operator, including Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. Mr. Halkyard has also served as a member of the board of directors of Dave & Buster's Entertainment, Inc. since September 2011, including as the chair of its nominating and governance committee and member of its finance committee since June 2016, and as a member of its audit committee since September 2013. He holds a Bachelor of Arts in Economics from Colgate University and a Masters in Business Administration from Harvard Business School. We believe Mr. Halkyard is qualified to serve on our board of directors due to his experience in leading companies in the finance and hospitality industries and his knowledge of the board and corporate governance practices of other organizations.

### **Family Relationships**

Mr. D. Isaacman, one of our directors, is the father of Mr. J. Isaacman, our Founder, Chief Executive Officer and a member of our board of directors. Other than discussed above, there are no family relationships between or among any of our directors, executive officers or person nominated or chosen to become a director or executive officer.

### **Composition of our Board of Directors**

Our business and affairs are managed under the direction of our board of directors, which consists of seven members. Our amended and restated certificate of incorporation provides that the number of directors on our board of directors shall be fixed exclusively by resolution adopted by our board of directors (provided that such number shall not be less than the aggregate number of directors that the parties to the Stockholders Agreement are entitled to designate from time to time). Pursuant to our amended and restated certificate of incorporation and our amended and restated bylaws, our board of directors is divided into three classes, as nearly equal in number as possible, with the directors in each class serving for a three-year term, and one class being elected each year by our stockholders.

When considering whether directors have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

In connection with the IPO, we entered into the Stockholders Agreement with Searchlight and our Founder, pursuant to which each party thereto agreed to vote, or cause to be voted, all of their outstanding shares of our Class A common stock, Class B common stock and Class C common stock at any annual or special meeting of stockholders in which directors are elected, so as to cause the election of Jared Isaacman, Donald Isaacman, Christopher Cruz and Andrew Frey. Immediately following the consummation of this offering, Searchlight will own \_\_\_\_\_ shares of Class B common stock of Shift4 Payments, Inc. and \_\_\_\_\_ shares of Class C common stock of Shift4 Payments, Inc., which represents approximately \_\_\_\_\_ % of the combined voting power of all of Shift4 Payments, Inc.'s common stock. Immediately following the consummation of this offering, our Founder (through Rook) will own 25,829,016 shares of Class B common stock of Shift4 Payments, Inc. and 4,625,346 shares of Class C common stock of Shift4 Payments, Inc., which represents approximately \_\_\_\_\_ % of the combined

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voting power of all of Shift4 Payment, Inc.'s common stock. For a description of the terms of the Stockholders Agreement, see "Certain Relationships and Related Party Transactions—Stockholders Agreement."

In accordance with our amended and restated certificate of incorporation and amended and restated bylaws, our board of directors is divided into three classes with staggered three year terms. At each annual meeting of stockholders after the initial classification, the successors to the directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following their election. Our directors are divided among the three classes as follows:

- the Class I directors are Jared Isaacman and Andrew Frey, and their terms will expire at the annual meeting of stockholders to be held in 2021;
- the Class II directors are Nancy Disman and Sarah Goldsmith-Grover, and their terms will expire at the annual meeting of stockholders to be held in 2022; and
- the Class III directors are Donald Isaacman, Christopher Cruz and Jonathan Halkyard, and their terms will expire at the annual meeting of stockholders to be held in 2023.

Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of approximately one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our Company.

### **Director Independence**

Our board of directors undertook a review of the independence of our directors and considered whether any director has a relationship with us that could compromise that director's ability to exercise independent judgment in carrying out that director's responsibilities. Our board of directors has affirmatively determined that Nancy Disman, Sarah Goldsmith-Grover and Jonathan Halkyard are each an "independent director," as defined under the NYSE rules.

### **Controlled Company Exception**

Searchlight and our Founder have more than 50% of the combined voting power of our common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the NYSE rules and intend to elect not to comply with certain corporate governance standards, including that: (1) a majority of our board of directors consists of "independent directors," as defined under the rules of the NYSE; (2) we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; (3) we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and (4) we perform annual performance evaluations of the nominating and corporate governance and compensation committees. We intend to rely on the foregoing exemptions provided to controlled companies under the NYSE rules. Therefore, we may not have a majority of independent directors on our board of directors, an entirely independent nominating and corporate governance committee, an entirely independent compensation committee or perform annual performance evaluations of the nominating and corporate governance and compensation committees unless and until such time as we are required to do so. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. In the event that we cease to be a "controlled company" and our shares continue to be listed on the NYSE, we will be required to comply with these provisions within the applicable transition periods. See "Risk Factors—Risks related to the offering and ownership of our Class A common stock—We are a "controlled company" within the meaning of the NYSE rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such corporate governance requirements."

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### **Committees of Our Board of Directors**

Our board of directors directs the management of our business and affairs, as provided by Delaware law, and conducts its business through meetings of the board of directors and its standing committees. We have a standing audit committee, nominating and corporate governance committee and compensation committee. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues.

#### ***Audit Committee***

Our audit committee is responsible for, among other things:

- appointing, approving the fees of, retaining and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- discussing with our independent registered public accounting firm any audit problems or difficulties and management's response;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;
- reviewing our policies on risk assessment and risk management;
- reviewing related person transactions; and
- establishing procedures for the confidential anonymous submission of complaints regarding questionable accounting, internal controls or auditing matters, and for the confidential anonymous submission of concerns regarding questionable accounting or auditing matters.

Our audit committee consists of Christopher Cruz, Nancy Disman and Jonathan Halkyard, with Nancy Disman serving as chair. Rule 10A-3 of the Exchange Act and the NYSE rules require that our audit committee have at least one independent member upon the listing of our Class A common stock, have a majority of independent members within 90 days of the date of this prospectus and be composed entirely of independent members within one year of the date of this prospectus. Our board of directors has affirmatively determined that Nancy Disman and Jonathan Halkyard each meet the definition of "independent director" under the NYSE rules and the independence standards under Rule 10A-3. Each member of our audit committee meets the financial literacy requirements of the NYSE rules. In addition, our board of directors has determined that Christopher Cruz, Nancy Disman and Jonathan Halkyard will each qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K. Our board of directors has adopted a written charter for the audit committee, which is available on our principal corporate website at [www.shift4.com](http://www.shift4.com). The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

#### ***Nominating and Corporate Governance Committee***

Our nominating and corporate governance committee is responsible for, among other things:

- identifying individuals qualified to become members of our board of directors, consistent with criteria set forth in our corporate governance guidelines and in accordance with the terms of the Stockholders Agreement;
- annually reviewing the committee structure of the board of directors and recommending to the board of the directors the directors to serve as members of each committee; and
- developing and recommending to our board of directors a set of corporate governance guidelines.



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Our nominating and corporate governance committee consists of Christopher Cruz, Nancy Disman, Sarah Goldsmith-Grover, Jonathan Halkyard and Jared Isaacman, with Jonathan Halkyard serving as chair. We intend to avail ourselves of the “controlled company” exception under the NYSE rules, which exempts us from the requirement that we have a nominating and corporate governance composed entirely of independent directors. Jared Isaacman, Donald Isaacman, Christopher Cruz and Andrew Frey do not qualify as “independent directors” under the NYSE rules. Our board of directors has adopted a written charter for the nominating and corporate governance committee, which is available on our principal corporate website at [www.shift4.com](http://www.shift4.com). The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

### ***Compensation Committee***

Our compensation committee is responsible for, among other things:

- reviewing and approving, or recommending that the board of directors approve, the compensation of our Chief Executive Officer and other executive officers;
- making recommendations to the board of directors regarding director compensation; and
- reviewing and approving incentive compensation and equity-based plans and arrangements and making grants of cash-based and equity-based awards under such plans.

Our compensation committee consists of Christopher Cruz, Nancy Disman, Andrew Frey, Jonathan Halkyard and Sarah Goldsmith-Grover, with Christopher Cruz serving as chair. We may in the future avail ourselves of the “controlled company” exception under the NYSE rules, which exempts us from the requirement that we have a compensation committee composed entirely of independent directors. Jared Isaacman, Donald Isaacman, Christopher Cruz and Andrew Frey do not qualify as “independent directors” under the NYSE rules. Our board of directors has adopted a written charter for the compensation committee, which is available on our principal corporate website at [www.shift4.com](http://www.shift4.com). The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

### **Risk Oversight**

Our audit committee is responsible for overseeing our risk management process. Our audit committee focuses on our general risk management policies and strategy, the most significant risks facing us, and oversee the implementation of risk mitigation strategies by management. Our board of directors is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters and significant transactions.

### **Risk Considerations in our Compensation Program**

We conducted an assessment of our compensation policies and practices for our employees and concluded that these policies and practices are not reasonably likely to have a material adverse effect on our Company.

### **Compensation Committee Interlocks and Insider Participation**

None of our executive officers serves as a member of the board of directors or compensation committee (or other committee performing equivalent functions) of any entity that has one or more executive officers serving on our board of directors or compensation committee.

### **Code of Ethics and Code of Conduct**

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or

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controller, or persons performing similar functions. A copy of the code is posted on our website, [www.shift4.com](http://www.shift4.com). In addition, any disclosures that are required by law or the NYSE rules concerning any amendments to, or waivers from, any provision of the code will be posted on our website. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

**Director Compensation**

None of our directors for our fiscal year ended December 31, 2019 or any prior fiscal years have received any compensation for their services. We have a policy pursuant to which each non-employee director receives an annual director fee of \$50,000 as well as an additional annual fee of \$20,000 for service as the chair of our audit committee and an additional annual fee of \$10,000 for service (including as chair) on our audit committee, each earned on a quarterly basis. Each director also receives an annual restricted stock unit award with a grant date value of \$108,300 which will vest in full on the date of our annual shareholder meeting immediately following the date of grant, subject to the nonemployee director continuing in service through such meeting date. The award is further subject to accelerated vesting upon a change in control (as defined in the 2020 Plan).

## EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the “Summary Compensation Table” below. In 2019, our “named executive officers” and their positions were as follows:

- Jared Isaacman, Chief Executive Officer;
- Steven Sommers, Chief Application Architect; and
- Kevin Cronic, Chief System Architect.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from the currently planned programs summarized in this discussion.

### Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for our fiscal year ended December 31, 2019.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Jared Isaacman Chief Executive Officer	2019	500,000	—	241,215 (2)	741,215
Steven Sommers Chief Application Architect	2019	450,000	13,192 (1)	14,000 (3)	477,192
Kevin Cronic Chief System Architect	2019	450,000	13,192 (1)	14,000 (4)	477,192

- (1) Amounts reflect annual discretionary bonuses in an aggregate amount equal to the amount set forth above.
- (2) Amounts reflect the following payments made by the Company with respect to Mr. J. Isaacman: (a) supplemental life insurance premium payments in an aggregate amount equal to \$207,447, (b) automobile lease payments in an aggregate amount of \$27,162 and (c) automobile insurance premium payments in an aggregate amount of \$6,605.
- (3) Amount reflects a contribution of \$14,000 by the Company to the 401(k) Plan.
- (4) Amount reflects a contribution of \$14,000 by the Company to the 401(k) Plan.

### *Elements of the Company’s Executive Compensation Program*

For the year ended December 31, 2019, the compensation for each named executive officer generally consisted of a base salary, annual cash bonus (other than for Mr. J. Isaacman), standard employee benefits and a retirement plan, as well as Company contributions to the retirement plan (other than for Mr. J. Isaacman). These elements (and the amounts of compensation and benefits under each element) were selected because we believe they are necessary to help us attract and retain executive talent which is fundamental to our success. Below is a more detailed summary of the current executive compensation program as it relates to our named executive officers.

### *2019 Salaries*

The named executive officers receive a base salary to compensate them for services rendered to our Company. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive’s skill set, experience, role and responsibilities. Each named executive officer’s initial base salary was provided in his employment agreement. The actual base salaries paid to each named executive officer for 2019 are set forth above in the Summary Compensation Table in the column entitled “Salary.”

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### ***2019 Bonuses***

The actual annual cash bonuses awarded to each named executive officer, other than for Mr. J. Isaacman who is not entitled to a cash bonus, for 2019 performance are set forth above in the Summary Compensation Table in the column entitled “Bonus” and described below under “—Employment Agreements.”

### ***Transaction Bonus***

In 2019, Mr. Sommers and Mr. Cronic were both eligible to receive a transaction bonus in the amount of \$1,280,000, the payment terms of which are described below under “Steven Sommers and Kevin Cronic”.

### ***Other Elements of Compensation***

#### ***Retirement Plans***

We maintain a 401(k) retirement savings plan, or the 401(k) Plan, for our employees, including our named executive officers, who satisfy certain eligibility requirements. Our named executive officers are eligible to participate in the 401(k) Plan on the same terms as other full-time employees. The Internal Revenue Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) Plan. Currently, we match contributions made by participants in the 401(k) Plan up to a specified percentage of the employee contributions, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings through our 401(k) Plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies. We do not maintain any defined benefit pension plans or deferred compensation plans for our named executive officers.

#### ***Employee Benefits and Perquisites***

*Health/Welfare Plans.* All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including:

- medical, dental and vision benefits;
- medical and dependent care flexible spending accounts;
- short-term and long-term disability insurance; and
- life insurance.

In addition, the Company pays automobile leasing payments, and automobile insurance and supplemental life insurance premiums, for the benefit of Mr. J. Isaacman, as set forth in the Summary Compensation Table, above.

We believe the perquisites and other benefits described above are necessary and appropriate to provide a competitive compensation package to our named executive officers.

#### ***No Tax Gross-Ups***

We do not make gross-up payments to cover our named executive officers’ personal income taxes that may pertain to any of the compensation or perquisites paid or provided by the Company.

## Executive Compensation Arrangements

### *Employment Agreements*

#### *Jared Isaacman*

On March 28, 2014, the Company entered into an employment agreement with Mr. J. Isaacman, or the Isaacman Employment Agreement. The Isaacman Employment Agreement was subsequently amended on April 12, 2016, providing for his employment as Chief Executive Officer of the Company. The term of the Isaacman Employment Agreement was five years from May 31, 2016, with subsequent automatic one-year renewal periods, unless Mr. J. Isaacman provided the Company with written notice of his intent not to renew the Isaacman Employment Agreement.

In 2019, Mr. J. Isaacman's salary was \$500,000. Mr. J. Isaacman was not entitled to any annual cash bonus under the Isaacman Employment Agreement. The Isaacman Employment Agreement also provided that Mr. J. Isaacman was eligible to participate in all employee benefit programs made available to active employees and for the Company to pay or reimburse certain business expenses, including automobile leases, automobile insurance and premiums for life insurance.

Pursuant to the Isaacman Employment Agreement, upon termination of Mr. J. Isaacman's employment by the Company with or without Cause (as defined in the Isaacman Employment Agreement) or by Mr. J. Isaacman for any reason, the Company would have no liability to Mr. J. Isaacman except to pay Mr. J. Isaacman any unpaid base salary due and accrued vacation pay up to the date of his termination.

The Isaacman Employment Agreement included confidentiality and assignment of intellectual property provisions, and certain restrictive covenants, including two-year post-employment non-competition and non-solicitation of employees and customer provisions.

In connection with the IPO, the Company entered into a new employment agreement with Mr. J. Isaacman, or the New Isaacman Employment Agreement, pursuant to which Mr. J. Isaacman will continue to serve as Chief Executive Officer and be elected as a member of our board of directors. The New Isaacman Employment Agreement became effective upon the IPO, with a three (3) year term, with subsequent automatic one-year renewals periods, unless the Company or Mr. J. Isaacman provides the other party with written notice of intent not to renew the New Isaacman Employment Agreement.

Pursuant to the New Isaacman Employment Agreement, Mr. J. Isaacman is entitled to an annual base salary of \$50,000. At the discretion of our board of directors, Mr. J. Isaacman will be eligible to receive an annual cash bonus. Mr. J. Isaacman is entitled to receive annual restricted stock unit awards pursuant to the 2020 Plan that will not be subject to time or performance based vesting unless otherwise required by our compensation committee or our board of directors. The New Isaacman Employment Agreement also provides that Mr. J. Isaacman is eligible to participate in all employee benefit programs made available to active employees and for the Company to pay or reimburse certain business and professional expenses, including automobile leases, automobile insurance and premiums for life insurance.

Pursuant to the New Isaacman Employment Agreement, upon Mr. J. Isaacman's death or disability, upon termination of Mr. J. Isaacman's employment by the Company with or without Cause (as defined in the Isaacman Employment Agreement) or by Mr. J. Isaacman for any reason, Mr. J. Isaacman is entitled to payment of premiums for participation in the health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") for a period of up to 36 months following his termination date. These COBRA premium payments are the only severance benefits provided under the New Isaacman Employment Agreement. No cash severance payments are provided under the New Isaacman Employment Agreement.

Upon the occurrence of a change in control, all unvested equity awards held by Mr. J. Isaacman shall become fully vested and any awards, such as stock options, subject to exercisability will remain exercisable by

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Mr. J. Isaacman for up to the later of the exercise date set forth in the applicable award agreement and, if Mr. J. Isaacman's employment has been terminated, 180 days following the date of termination.

The New Isaacman Employment Agreement includes confidentiality and assignment of intellectual property provisions, and certain restrictive covenants, including one-year post-employment non-competition and non-solicitation of customer provisions. The New Isaacman Employment Agreement also includes a "best pay" provision under Section 280G of the Code, pursuant to which any "parachute payments" that become payable to the executive will either be paid in full or reduced so that such payments are not subject to the excise tax under Section 4999 of the Code, whichever results in the better after-tax treatment to Mr. J. Isaacman.

### *Steven Sommers and Kevin Cronic*

Mr. Sommers currently serves as the Chief Application Architect. Mr. Cronic currently serves as the Chief Systems Architect. Pursuant to the most recent amendment to their employment agreements, the current term of employment ends on November 30, 2022 with the option to renew for an additional two years.

In 2019, Messrs. Sommers' and Cronic's annual base salaries were \$450,000. Mr. Cronic's annual base salary may not be decreased without his consent. Messrs. Sommers and Cronic are entitled to an annual increases of up to 10% of their annual base salaries, as determined by the Company's compensation committee. In 2019, Messrs. Sommers and Cronic also received discretionary annual cash bonuses in the amount of \$13,192.

Messrs. Sommers and Cronic are eligible to participate in employee benefit programs, including the Company's 401(k) Plan, and entitled to reimbursement of reasonable and necessary business expenses.

The Sommers Employment Agreement and Cronic Employment Agreement, as amended, provide that Messrs. Sommers and Cronic, respectively, were also entitled to a transaction bonus, in the amount of \$1,280,000, or the Sommers Transaction Bonus or Cronic Transaction Bonus, respectively, and collectively, the Transaction Bonuses. The Transaction Bonuses were payable on the earliest of the following: (i) the date of a change of control of the Company, (ii) the date of an initial public offering, (iii) the expiration of Messrs. Sommers' or Cronic's term of employment and (iv) the date of death, disability or termination without Cause or, only for Mr. Sommers, upon his resignation upon a Company Default. The payment of the Transaction Bonuses were subject to Messrs. Sommers' and Cronic's continuous employment with the Company through the applicable payment date (other than for events in clause (iv) above). The Transaction Bonuses were subject to upwards or downwards adjustment based on the difference between the value of the Company at the time of the applicable payment date and the Company's current value as listed in the relevant agreement. The percentage upwards or downwards adjustment in the Transaction Bonuses matched the percentage increase or decrease in value of the Company. Once the Transaction Bonuses became payable upon the occurrence of an IPO, the Company had the right to elect, in its sole discretion, to pay any amount of the Transaction Bonuses that exceeds \$1,280,000, due to upwards adjustment, with shares of Class A common stock.

In the event of Messrs. Sommers' or Cronic's termination of employment due to death or disability, Messrs. Sommers and Cronic are entitled to receive, in addition to any accrued amounts, their annual base salary for a period of 6 months.

Pursuant to the Sommers Employment Agreement, upon termination of Mr. Sommers' employment by the Company without Cause or a resignation by Mr. Sommers upon a Company Default on or before November 30, 2022, Mr. Sommers is entitled to receive, in addition to any accrued amounts, his annual base salary through the end of the employment term. A Company Default is defined in the Sommers Employment Agreement as the Company's breach of the Sommers Employment Agreement in any material respect and the Company fails to cure or remedy such breach within 30 days after written notice of such breach and request to cure or remedy from Mr. Sommers.

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Pursuant to the Cronic Employment Agreement, upon termination of Mr. Cronic's employment by the Company without Cause on or before November 30, 2022, Mr. Cronic is entitled to receive, in addition to any accrued amounts, his annual base salary at 50% of the rate in effect on the date of termination through the end of the employment term. Upon Mr. Cronic's voluntary resignation for any reason from November 30, 2018 through May 30, 2021, Mr. Cronic is entitled to receive, in addition to any accrued amounts, his annual base salary for a period of 6 months.

In connection with the IPO, Messrs. Sommers and Cronic each received an award of RSUs with a grant date fair value of \$1.87 million which, subject to continued employment, will vest in full on the first anniversary of the IPO. In connection with these restricted stock unit awards, each of Messrs. Sommers and Cronic entered into a restricted stock unit award agreement, pursuant to which they waived all rights to receive the Transaction Bonuses at any time, including upon the consummation of the IPO. These restricted stock unit awards were made to Messrs. Sommers and Cronic pursuant to the 2020 Plan.

The Sommers Employment Agreement and Cronic Employment Agreement include confidentiality and assignment of intellectual property provisions, and certain restrictive covenants, including three-year post-employment non-competition and non-solicitation of employees and customer and perpetual mutual non-disparagement provisions.

### ***2020 Incentive Award Plan***

In connection with the IPO, we adopted the 2020 Plan under which we may grant cash and equity-based incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2020 Plan are summarized below.

#### *Eligibility and Administration*

Our employees, consultants and directors, and employees, consultants and directors of our parents and subsidiaries are eligible to receive awards under the 2020 Plan. The 2020 Plan is administered by our board of directors with respect to awards to non-employee directors and by the compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 16 of the Exchange Act, and/or stock exchange rules, as applicable. The plan administrator has the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2020 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2020 Plan, including any vesting and vesting acceleration conditions.

#### *Limitation on Awards and Shares Available*

The maximum number of shares of our common stock available for issuance under the 2020 Plan is equal to the sum of (i) 5,750,000 shares of our common stock, (ii) an annual increase on the first day of each year beginning in 2021 and ending in and including 2030, equal to the lesser of (A) 1% of the outstanding shares of all classes of our common stock on the last day of the immediately preceding fiscal year and (B) such lesser amount as determined by our board of directors; provided, however, no more than 5,750,000 shares may be issued upon the exercise of incentive stock options, or ISOs. The share reserve formula under the 2020 Plan is intended to provide us with the continuing ability to grant equity awards to eligible employees, directors and consultants for the ten-year term of the 2020 Plan.

Awards granted under the 2020 Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by an entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock will not reduce the shares authorized for grant under the 2020 Plan. The maximum grant date fair value of awards granted to any non-employee director pursuant to the 2020 Plan during any calendar year is \$500,000.

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### *Awards*

The 2020 Plan provides for the grant of stock options, including ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, RSUs, other incentive awards, SARs, and cash awards. While the 2020 Plan is designed to provide broad flexibility with regard to future efforts to recruit talent and align and reward employees, we currently intend to use RSUs as the exclusive means of shareholder alignment in fiscal year 2020. Certain awards under the 2020 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2020 Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Stock Options.* Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders).
- *SARs.* SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years.
- *Restricted Stock and RSUs.* Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral.
- *Stock Payments, Other Incentive Awards and Cash Awards.* Stock payments are awards of fully vested shares of our common stock that may, but need not, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met. Cash awards are cash incentive bonuses subject to performance goals.
- *Dividend Equivalents.* Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator.

### *Vesting*

Vesting conditions determined by the plan administrator may apply to each award and may include continued service, performance and/or other conditions.



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### *Certain Transactions*

The plan administrator has broad discretion to take action under the 2020 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2020 Plan and outstanding awards. In the event of a “change in control” of the company (as defined in the 2020 Plan), to the extent that the surviving entity declines to continue, convert, assume or replace outstanding awards, then the plan administrator may provide that all such awards will terminate in exchange for cash or other consideration, or become fully vested and exercisable in connection with the transaction. Upon or in anticipation of a change in control, the plan administrator may cause any outstanding awards to terminate at a specified time in the future and give the participant the right to exercise such awards during a period of time determined by the plan administrator in its sole discretion. Individual award agreements may provide for additional accelerated vesting and payment provisions.

### *Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments*

The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by us to the extent set forth in such claw-back policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2020 Plan are generally non-transferable, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2020 Plan, the plan administrator may, in its discretion, accept cash or check, provide for net withholding of shares, allow shares of our common stock that meet specified conditions to be repurchased, allow a “market sell order” or such other consideration as it deems suitable.

### *Plan Amendment and Termination*

Our board of directors may amend or terminate the 2020 Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares available under the 2020 Plan. No award may be granted pursuant to the 2020 Plan after the tenth anniversary of the earlier of (i) the date on which our board of directors adopts the 2020 Plan and (ii) the date on which our stockholders approve the Plan.

### *New Equity Awards*

In connection with the IPO, we granted 4,630,884 RSUs under the 2020 Plan to certain of our employees, including the named executive officers. In particular, our named executive officers, in the aggregate, received new equity awards with a total grant date value of approximately \$3.7 million. With respect to the awards to our named executive officers, such awards will vest in full on the first anniversary of the IPO.

While our plan is designed to provide broad flexibility with regard to future efforts to recruit talent and align and reward employees, we currently intend to use RSUs as the exclusive means of shareholder alignment in fiscal year 2020.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following are summaries of certain provisions of our related party agreements and are qualified in their entirety by reference to all of the provisions of such agreements. Because these descriptions are only summaries of the applicable agreements, they do not necessarily contain all of the information that you may find useful. We therefore urge you to review the agreements in their entirety. Copies of the forms of the agreements have been filed as exhibits to the registration statement of which this prospectus is a part, and are available electronically on the website of the SEC at [www.sec.gov](http://www.sec.gov).

### Related Party Aircraft Usage and Consulting Services

We have a month-to-month service agreement with a shareholder of the Company, including access to aircrafts and property. We incurred expenses for this service in the amount of \$0.4 million during each of the years ended December 31, 2018 and 2019 and \$0.3 million and \$0.2 million for the nine months ended September 30, 2019 and 2020, respectively. On May 31, 2020, we amended the monthly fee and added services in this month-to-month service agreement with a shareholder of the Company.

Searchlight and Rook Holdings Inc. provided us with consulting and managing services on an ongoing basis, for which we accrued a total of \$2.0 million during each of the years ended December 31, 2018 and 2019 and \$1.5 million and \$0.8 million for the nine months ended September 30, 2019 and 2020, respectively. Management fees due to these respective shareholders were fully paid as of June 30, 2020 and are not required to be paid subsequent to the IPO.

### The Transactions and Follow-on Offering

In connection with the Transactions, we engaged in certain transactions with certain of our directors, executive officers and other persons and entities which became holders of 5% or more of our voting securities upon the consummation of the Transactions. These transactions are described in “IPO, Private Placement and Transactions.”

In connection with the Follow-on Offering, we purchased 2,000,000 LLC Interests directly from Shift4 Payments, LLC at a price per unit equal to the public offering price per share of Class A common stock less the underwriting discounts and commissions.

### Rook Holdings Inc. Purchase Agreement

On May 31, 2020, we entered into a purchase agreement with Rook, a corporation wholly-owned by our Founder, pursuant to which Rook purchased, subject to certain conditions, \$100.0 million of our Class C common stock in a private placement concurrent with the completion of our IPO, at a purchase price per share equal to \$21.62 per share, which is equal to the \$23.00 per share initial public price, less underwriting discounts and commissions. The sale of such shares was not registered under the Act.

### Tax Receivable Agreement

As described in “IPO, Private Placement and Transactions,” we used the net proceeds from the IPO and the Private Placement to purchase LLC Interests directly from Shift4 Payments, LLC. We further expect to acquire certain favorable tax attributes from the Blocker Companies, or the Blocker Attributes, in connection with the Transactions. In addition, we may obtain an increase in our share of the tax basis of the assets of Shift4 Payments, LLC in the future, when (as described below under “—Shift4 LLC Agreement—Common Unit Redemption Right”) a Continuing Equity Owner receives Class A common stock or cash, as applicable, from us in connection with an exercise of such Continuing Equity Owner’s right to have LLC Interests held by such Continuing Equity Owner redeemed by Shift4 Payments, LLC or, at our election, exchanged (which we intend to

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treat as our direct purchase of LLC Interests from such Continuing Equity Owner for U.S. federal income and other applicable tax purposes, regardless of whether such LLC Interests are surrendered by a Continuing Equity Owner to Shift4 Payments, LLC for redemption or sold to us upon the exercise of our election to acquire such LLC Interests directly) (such basis increases, together with the basis increases in connection with the purchase of LLC Interests directly from certain of the Continuing Equity Owners in the Transactions, the “Basis Adjustments”). Any Basis Adjustment may have the effect of reducing the amounts that we would otherwise pay in the future to various tax authorities. The Basis Adjustments may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets.

In connection with the transactions described above, we entered into a Tax Receivable Agreement with Shift4 Payments, LLC, each of the Continuing Equity Owners and the Blocker Shareholders that provides for the payment by Shift4 Payments, Inc. to the Continuing Equity Owners and the Blocker Shareholders of 85% of the amount of certain tax benefits, if any, that Shift4 Payments, Inc. actually realizes, or in some circumstances is deemed to realize in its tax reporting, as a result of the transactions described above, including the Blocker Attributes, Basis Adjustments and certain other tax benefits attributable to payments made under the Tax Receivable Agreement. Shift4 Payments, LLC intends to have in effect an election under Section 754 of the Code effective for each taxable year in which a redemption or exchange (including deemed exchange, and including for this purpose the purchase of LLC Interests directly from certain Continuing Equity Owners described above) of LLC Interests for Class A common stock or cash occurs. These tax benefit payments are not conditioned upon one or more of the Continuing Equity Owners maintaining a continued ownership interest in Shift4 Payments, LLC. If a Continuing Equity Owner transfers LLC Interests 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 LLC Interests. In general, the Continuing Equity Owners’ and Blocker Shareholders’ rights under the Tax Receivable Agreement may be assigned, sold, pledged or otherwise alienated to any person, without our consent, provided such person executes and delivers a joinder to the Tax Receivable Agreement agreeing to succeed to the applicable Continuing Equity Owner’s or Blocker Shareholders’ interest therein.

The actual Basis Adjustments, as well as any amounts paid to the Continuing Equity Owners and the Blocker Shareholders under the Tax Receivable Agreement will vary depending on a number of factors, including:

- *the timing of any future redemptions or exchanges*—for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of Shift4 Payments, LLC at the time of each redemption or exchange;
- *the price of shares of our Class A common stock at the time of the purchases from the Continuing Equity Owners in connection with this offering and any applicable redemptions or exchanges*—the Basis Adjustments, as well as any related increase in any tax deductions, are directly related to the price of shares of our Class A common stock at the time of such purchases or future redemptions or exchanges;
- *the extent to which such redemptions or exchanges are taxable*—if a redemption or exchange is not taxable for any reason, increased tax deductions will not be available; and
- *the amount and timing of our income*—the Tax Receivable Agreement generally requires us to pay 85% of the tax benefits as and when those benefits are treated as realized under the terms of the Tax Receivable Agreement. If Shift4 Payments, Inc. does not have sufficient taxable income to realize any of the applicable tax benefits, it generally will not be required (absent a change of control or other circumstances requiring an early termination payment and treating any outstanding LLC Interests held by Continuing Equity Owners as having been exchanged for Class A common stock for purposes of determining such early termination payment) to make payments under the Tax Receivable Agreement for that taxable year because no tax benefits will have been actually realized. However, any tax benefits that do not result in realized tax benefits in a given taxable year will likely generate tax attributes that may be utilized to generate tax benefits in previous or future taxable years. The utilization of any such tax attributes will result in payments under the Tax Receivable Agreement.

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For purposes of the Tax Receivable Agreement, cash savings in income tax are computed by comparing our actual income tax liability to the amount of such taxes that we would have been required to pay had there been no Blocker Attributes or Basis Adjustments, had the Tax Receivable Agreement not been entered into and had there been no tax benefits to us as a result of any payments made under the Tax Receivable Agreement; provided that, for purposes of determining cash savings with respect to state and local income taxes we use an assumed tax rate. There is no maximum term for the Tax Receivable Agreement; however, the Tax Receivable Agreement may be terminated by us pursuant to an early termination procedure that requires us to pay the Continuing Equity Owners and the Blocker Shareholders an agreed-upon amount equal to the estimated present value of the remaining payments to be made under the agreement (calculated with certain assumptions).

The payment obligations under the Tax Receivable Agreement are obligations of Shift4 Payments, Inc. and not of Shift4 Payments, LLC. Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments that we may be required to make to the Continuing Equity Owners and the Blocker Shareholders could be substantial. Any payments made by us to the Continuing Equity Owners and the Blocker Shareholders under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us or to Shift4 Payments, LLC and, to the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid by us; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may accelerate payments due under the Tax Receivable Agreement. We anticipate funding ordinary course payments under the Tax Receivable Agreement from cash flow from operations of our subsidiaries, available cash or available borrowings under our Credit Facilities or any future debt agreements. See “Unaudited Pro Forma Condensed Consolidated Financial Information.” Decisions made by us in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by a redeeming Continuing Equity Owner or a Blocker Shareholder under the Tax Receivable Agreement. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the Tax Receivable Agreement and increase the present value of such payments.

The Tax Receivable Agreement provides that if certain mergers, asset sales, other forms of business combination, or other changes of control were to occur, if we materially breach any of our material obligations under the Tax Receivable Agreement or if, at any time, we elect an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor’s obligations, under the Tax Receivable Agreement would accelerate and become due and payable, based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. In those circumstances, Continuing Equity Owners would be deemed to exchange any remaining outstanding LLC Interests for Class A common stock and would generally be entitled to payments under the Tax Receivable Agreement resulting from such deemed exchanges.

We may elect to completely terminate the Tax Receivable Agreement early only with the written approval of each of a majority of Shift4 Payments, Inc.’s “independent directors” (within the meaning of Rule 10A-3 promulgated under the Exchange Act and the NYSE rules).

As a result of the foregoing, we could be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. We also could be required to make cash payments to the Continuing Equity Owners and the Blocker Shareholders that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement. Our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination, or other changes of control. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

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Payments under the Tax Receivable Agreement are generally based on the tax reporting positions that we determine. We will not be reimbursed for any cash payments previously made to the Continuing Equity Owners and the Blocker Shareholders pursuant to the Tax Receivable Agreement if any tax benefits initially claimed by us are subsequently challenged by a taxing authority and ultimately disallowed. Instead, any excess cash payments made by us to a Continuing Equity Owner or a Blocker Shareholder will be netted against any future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement to such Continuing Equity Owner or such Blocker Shareholder, as applicable. However, a challenge to any tax benefits initially claimed by us may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments from which to net against. The applicable U.S. federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with our tax reporting positions. As a result, it is possible that we could make cash payments under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings.

We have full responsibility for, and sole discretion over, all Shift4 Payments, Inc. tax matters, including the filing and amendment of all tax returns and claims for refund and defense of all tax contests, subject to certain participation and approval rights held by Searchlight and Rook.

Under the Tax Receivable Agreement, we are required to provide Searchlight and Rook with a schedule showing the calculation of payments that are due under the Tax Receivable Agreement with respect to each taxable year with respect to which a payment obligation arises within 180 days after filing our U.S. federal income tax return for such taxable year. We will calculate these payments based on information provided by our tax advisors. Payments under the Tax Receivable Agreement are generally made to the Continuing Equity Owners and the Blocker Shareholders within five business days after this schedule becomes final pursuant to the procedures set forth in the Tax Receivable Agreement, although interest on such payments will begin to accrue at a rate of LIBOR plus 100 basis points (or if LIBOR ceases to be published, a replacement rate with similar characteristics), or the Agreed Rate, from the due date (without extensions) of such tax return. Any late payments that may be made under the Tax Receivable Agreement will continue to accrue interest at a rate equal to the Agreed Rate plus 500 basis points, until such payments are made, generally including any late payments that we may subsequently make because we did not have enough available cash to satisfy our payment obligations at the time at which they originally arose.

### **Shift4 LLC Agreement**

In connection with the IPO, we and the Continuing Equity Owners entered into Shift4 Payments, LLC's Amended and Restated Limited Liability Company Agreement, which we refer to as the Shift4 LLC Agreement.

*Appointment as Manager.* Under the Shift4 LLC Agreement, we became sole manager of Shift4, LLC. As the sole manager, we are able to control all of the day-to-day business affairs and decision-making of Shift4 Payments, LLC without the approval of any other member. As such, we, through our officers and directors, are responsible for all operational and administrative decisions of Shift4 Payments, LLC and the day-to-day management of Shift4 Payments, LLC's business. Pursuant to the terms of the Shift4 LLC Agreement, we cannot be removed or replaced as the sole manager of Shift4 Payments, LLC except by our resignation or in accordance with the Stockholders Agreement, which may be given at any time by written notice to the members.

*Compensation, Fees and Expenses.* We are not entitled to compensation for our services as manager. We are entitled to reimbursement by Shift4 Payments, LLC for reasonable fees and expenses incurred on behalf of Shift4 Payments, LLC, including all expenses associated with this offering, any subsequent offering of our Class A common stock, being a public company and maintaining our corporate existence.

*Distributions.* The Shift4 LLC Agreement requires "tax distributions" to be made by Shift4 Payments, LLC to its members, as that term is used in the agreement, except to the extent such distributions would render Shift4

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Payments, LLC insolvent or are otherwise prohibited by law or our Credit Facilities or any of our future debt agreements. Tax distributions will be made on a quarterly basis, to each member of Shift4 Payments, LLC, including us, based on such member's allocable share of the taxable income of Shift4 Payments, LLC and an assumed tax rate that will be determined by us, as described below. For this purpose, Shift4 Payments, Inc.'s allocable share of Shift4 Payments, LLC's taxable income shall be net of its share of taxable losses of Shift4 Payments, LLC. The assumed tax rate for purposes of determining tax distributions from Shift4 Payments, LLC to its members will be the highest effective marginal combined federal, state, and local tax rate that may potentially apply to any one of Shift4 Payments, LLC's members, regardless of the actual final tax liability of any such member. The Shift4 LLC Agreement also allows for cash distributions to be made by Shift4 Payments, LLC (subject to our sole discretion as the sole manager of Shift4 Payments, LLC) to its members on a pro rata basis out of "distributable cash," as that term is defined in the agreement. We expect Shift4 Payments, LLC may make distributions out of distributable cash periodically and as necessary to enable us to cover our operating expenses and other obligations, including our tax liability and obligations under the Tax Receivable Agreement, except to the extent such distributions would render Shift4 Payments, LLC insolvent or are otherwise prohibited by law or our Credit Facilities or any of our future debt agreements.

*Transfer Restrictions.* The Shift4 LLC Agreement generally does not permit transfers of LLC Interests by members, except for transfers to permitted transferees, transfers pursuant to an exchange or redemption, as described below, permitted pledges, and transfers to persons whom foreclose on such pledged units (subject to certain conditions) and other limited exceptions. The Shift4 LLC Agreement may impose additional restrictions on transfers (including redemptions described below with respect to each common unit) that are necessary or advisable so that Shift4 Payments, LLC is not treated as a "publicly traded partnership" for U.S. federal income tax purposes. In the event of a permitted transfer under the Shift4 LLC Agreement, such member will be required to simultaneously transfer shares of Class B common stock to such transferee equal to the number of LLC Interests that were transferred to such transferee in such permitted transfer. In the event of a foreclosure with respect to pledged units, such pledged units will not be transferable but will be converted into the right to receive an equal number of shares of Class A common stock, subject to the transferee entering into a stockholders agreement with us with respect to such shares of Class A common stock. The Shift4 LLC Agreement provides that, in the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to our Class A common stock, each of which we refer to as a Pubco Offer, is approved by our board of directors or otherwise effected or to be effected with the consent or approval of our board of directors, each holder of LLC Interests shall be permitted to participate in such Pubco Offer by delivering a redemption notice, which shall be effective immediately prior to, and contingent upon, the consummation of such Pubco Offer. If a Pubco Offer is proposed by us, then we are required to use our reasonable best efforts expeditiously and in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit the holders of such LLC Interests to participate in such Pubco Offer to the same extent as or on an economically equivalent basis with the holders of shares of Class A common stock, provided that in no event shall any holder of LLC Interests be entitled to receive aggregate consideration for each common unit that is greater than the consideration payable in respect of each share of Class A common stock pursuant to the Pubco Offer.

Except for certain exceptions, any transferee of LLC Interests must assume, by operation of law or executing a joinder to the Shift4 LLC Agreement, all of the obligations of a transferring member with respect to the transferred units, and such transferee shall be bound by any limitations and obligations under the Shift4 LLC Agreement even if the transferee is not admitted as a member of Shift4 Payments, LLC. A member shall remain as a member with all rights and obligations until the transferee is accepted as substitute member in accordance with the Shift4 LLC Agreement.

*Recapitalization.* The Shift4 LLC Agreement recapitalized the units held by the members of Shift4 Payments, LLC immediately prior to the IPO into a new single class of LLC Interests. Each common unit generally entitles the holder to a pro rata share of the net profits and net losses and distributions of Shift4 Payments, LLC.

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*Maintenance of One-to-one Ratio between Shares of Class A Common Stock and Class C common stock and LLC Interests Owned by the Company, One-to-one Ratio between Shares of Class B Stock and LLC Interests Owned by Searchlight and our Founder.* The Shift4 LLC Agreement requires Shift4 Payments, LLC to take all actions with respect to its LLC Interests, including issuances, reclassifications, distributions, divisions or recapitalizations, such that (1) we at all times maintain a ratio of one LLC Interest owned by us, directly or indirectly, for each *share* of Class A common stock and Class C common stock issued by us, and (2) Shift4 Payments, LLC at all times maintain (a) a one-to-one ratio between the number of shares of Class A common stock and Class C common stock issued by us and the number of LLC Interests owned by us and (b) a one-to-one ratio between the aggregate number of shares of Class B stock owned by Searchlight and our Founder, collectively, and the number of LLC Interests owned by Searchlight and our Founder, collectively. This ratio requirement disregards (1) shares of our Class A common stock under unvested options issued by us, (2) treasury stock and (3) preferred stock or other debt or equity securities (including warrants, options or rights) issued by us that are convertible into or exercisable or exchangeable for shares of Class A common stock or Class C common stock, except to the extent we have contributed the net proceeds from such other securities, including any exercise or purchase price payable upon conversion, exercise or exchange thereof, to the equity capital of Shift4 Payments, LLC. In addition, the Class A common stock and Class C common stock ratio requirement disregards all LLC Interests at any time held by any other person, including the Continuing Equity Owners and the holders of options over LLC Interests. If we issue, transfer or deliver from treasury stock or repurchase shares of Class A common stock or Class C common stock in a transaction not contemplated by the Shift4 LLC Agreement, we as manager have the authority to take all actions such that, after giving effect to all such issuances, transfers, deliveries or repurchases, the number of outstanding LLC Interests we own equals, on a one-for-one basis, the number of outstanding shares of Class A common stock and Class C common stock. If we issue, transfer or deliver from treasury stock or repurchase or redeem any of our preferred stock in a transaction not contemplated by the Shift4 LLC Agreement, we as manager have the authority to take all actions such that, after giving effect to all such issuances, transfers, deliveries repurchases or redemptions, we hold (in the case of any issuance, transfer or delivery) or cease to hold (in the case of any repurchase or redemption) equity interests in Shift4 Payments, LLC which (in our good faith determination) are in the aggregate substantially equivalent to our preferred stock so issued, transferred, delivered, repurchased or redeemed. Shift4 Payments, LLC is prohibited from undertaking any subdivision (by any split of units, distribution of units, reclassification, recapitalization or similar event) or combination (by reverse split of units, reclassification, recapitalization or similar event) of the LLC Interests that is not accompanied by an identical subdivision or combination of (1) our Class A common stock or Class C common stock to maintain at all times a one-to-one ratio between the number of LLC Interests owned by us and the number of outstanding shares of our Class A common stock or Class C common stock and (2) our Class B common stock to maintain at all times a one-to-one ratio between the number of LLC Interests owned by Searchlight and our Founder and the number of outstanding shares of our Class B common stock, as applicable, in each case, subject to exceptions.

*Issuance of LLC Interests upon Exercise of Options or Issuance of Other Equity Compensation.* Upon the exercise of options issued by us (as opposed to options issued by Shift4 Payments, LLC), or the issuance of other types of equity compensation by us (such as the issuance of restricted or non-restricted stock, payment of bonuses in stock or settlement of stock appreciation rights in stock), we have the right to acquire from Shift4 Payments, LLC a number of LLC Interests equal to the number of our shares of Class A common stock being issued in connection with the exercise of such options or issuance of other types of equity compensation. When we issue shares of Class A common stock in settlement of stock options granted to persons that are not officers or employees of Shift4 Payments, LLC or its subsidiaries, we will make, or be deemed to make, a capital contribution in Shift4 Payments, LLC equal to the aggregate value of such shares of Class A common stock and Shift4 Payments, LLC will issue to us a number of LLC Interests equal to the number of shares we issued. When we issue shares of Class A common stock in settlement of stock options granted to persons that are officers or employees of Shift4 Payments, LLC or its subsidiaries, then we will be deemed to have sold directly to the person exercising such award a portion of the value of each share of Class A common stock equal to the exercise price per share, and we will be deemed to have sold directly to Shift4 Payments, LLC (or the applicable subsidiary of Shift4 Payments, LLC) the difference between the exercise price and market price per share for

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each such share of Class A common stock. In cases where we grant other types of equity compensation to employees of Shift4 Payments, LLC or its subsidiaries, on each applicable vesting date we will be deemed to have sold to Shift4 Payments, LLC (or such subsidiary) the number of vested shares at a price equal to the market price per share, Shift4 Payments, LLC (or such subsidiary) will deliver the shares to the applicable person, and we will be deemed to have made a capital contribution in Shift4 Payments, LLC equal to the purchase price for such shares in exchange for an equal number of LLC Interests.

*Dissolution.* The Shift4 LLC Agreement provides that the consent of Shift4 Payments, Inc. as the managing member of Shift4 Payments, LLC and members holding a majority of the voting units (but not including units held by us) is required to voluntarily dissolve Shift4 Payments, LLC. In addition to a voluntary dissolution, Shift4 Payments, LLC will be dissolved upon the entry of a decree of judicial dissolution or other circumstances in accordance with Delaware law. Upon a dissolution event, the proceeds of a liquidation will be distributed in the following order: (1) first, to pay the expenses of winding up Shift4 Payments, LLC; (2) second, to pay debts and liabilities owed to creditors of Shift4 Payments, LLC, other than members; (3) third, to pay debt and liabilities owed to the members; and (4) fourth, to the members pro-rata in accordance with their respective percentage ownership interests in Shift4 Payments, LLC (as determined based on the number of LLC Interests held by a member relative to the aggregate number of all outstanding LLC Interests).

*Confidentiality.* Each member (other than us) agrees to maintain the confidentiality of Shift4 Payments, LLC's confidential information. This obligation excludes information independently obtained or developed by the members, information that is in the public domain, was rightfully in the prior possession of the member prior to disclosure by Shift4 Payments, LLC, or otherwise disclosed to a member, in either such case not in violation of a confidentiality obligation of the Shift4 LLC Agreement or approved for release by written authorization of the Chief Executive Officer, the Chief Financial Officer or the General Counsel of either Shift4 Payments, Inc. or Shift4 Payments, LLC.

*Indemnification.* The Shift4 LLC Agreement provides for indemnification of the manager, members and officers of Shift4 Payments, LLC and their respective subsidiaries or affiliates.

*LLC Interest Redemption Right.* The Shift4 LLC Agreement provides a redemption right to the Continuing Equity Owners which entitles them to have their LLC Interests redeemed for, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case in accordance with the terms of the Shift4 LLC Agreement; provided that, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), we may effect a direct exchange by Shift4 Payments, Inc. of such Class A common stock or such cash, as applicable, for such LLC Interests. The Continuing Equity Owners may exercise such redemption right for as long as their LLC Interests remain outstanding. In connection with the exercise of the redemption or exchange of LLC Interests (1) the Continuing Equity Owners will be required to surrender a number of shares of our Class B common stock registered in the name of such redeeming or exchanging Continuing Equity Owner (or its applicable affiliate), which we will cancel for no consideration on a one-for-one basis with the number of LLC Interests so redeemed or exchanged and (2) all redeeming members will surrender LLC Interests to Shift4 Payments, LLC for cancellation.

Each Continuing Equity Owner's redemption rights are subject to certain customary limitations, including the expiration of any contractual lock-up period relating to the shares of our Class A common stock that may be applicable to such Continuing Equity Owner and the absence of any liens or encumbrances on such LLC Interests redeemed. Additionally, in the case we elect a cash settlement, such Continuing Equity Owner may rescind its redemption request within a specified period of time. Moreover, in the case of a settlement in Class A common stock, such redemption may be conditioned on the closing of an underwritten distribution of the shares of Class A common stock that may be issued in connection with such proposed redemption. In the case of a settlement in



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Class A common stock, such Continuing Equity Owner may also revoke or delay its redemption request if the following conditions exist: (1) any registration statement pursuant to which the resale of the Class A common stock to be registered for such Continuing Equity Owner at or immediately following the consummation of the redemption shall have ceased to be effective pursuant to any action or inaction by the SEC or no such resale registration statement has yet become effective; (2) we failed to cause any related prospectus to be supplemented by any required prospectus supplement necessary to effect such redemption; (3) we exercised our right to defer, delay or suspend the filing or effectiveness of a registration statement and such deferral, delay or suspension shall affect the ability of such Continuing Equity Owner to have its Class A common stock registered at or immediately following the consummation of the redemption; (4) such Continuing Equity Owner is in possession of any material non-public information concerning us, the receipt of which results in such Continuing Equity Owner being prohibited or restricted from selling Class A common stock at or immediately following the redemption without disclosure of such information (and we do not permit disclosure); (5) any stop order relating to the registration statement pursuant to which the Class A common stock was to be registered by such Continuing Equity Owner at or immediately following the redemption shall have been issued by the SEC; (6) there shall have occurred a material disruption in the securities markets generally or in the market or markets in which the Class A common stock is then traded; (7) there shall be in effect an injunction, a restraining order or a decree of any nature of any governmental entity that restrains or prohibits the redemption; (8) we shall have failed to comply in all material respects with our obligations under the Registration Rights Agreement, and such failure shall have affected the ability of such Continuing Equity Owner to consummate the resale of the Class A common stock to be received upon such redemption pursuant to an effective registration statement; or (9) the redemption date would occur three business days or less prior to, or during, a black-out period.

The Shift4 LLC Agreement requires that in the case of a redemption by a Continuing Equity Owner we contribute cash or shares of our Class A common stock, as applicable, to Shift4 Payments, LLC in exchange for an amount of newly-issued LLC Interests that will be issued to us equal to the number of LLC Interests redeemed from the Continuing Equity Owner. Shift4 Payments, LLC will then distribute the cash or shares of our Class A common stock, as applicable, to such Continuing Equity Owner to complete the redemption. In the event of an election by a Continuing Equity Owner, we may, at our option, effect a direct exchange by Shift4 Payments, Inc. of cash or our Class A common stock, as applicable, for such LLC Interests in lieu of such a redemption. Whether by redemption or exchange, we are obligated to ensure that at all times the number of LLC Interests that we own equals the aggregate number of our outstanding shares of Class A common stock and Class C common stock (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities).

*Amendments.* In addition to certain other requirements, our consent, as manager, and the consent of a majority of the LLC Interests then outstanding and entitled to vote (excluding LLC Interests held directly or indirectly by us) are generally required to amend or modify the Shift4 LLC Agreement.

### **Stockholders Agreement**

Pursuant to the Stockholders Agreement, Searchlight has the right to designate certain of our directors, or the Searchlight Directors, which will be two Searchlight Directors for as long as Searchlight directly or indirectly, beneficially owns, in the aggregate, 25% or more of our Class A common stock (including any shares of Class C common stock beneficially owned by Searchlight) or one Searchlight Director for as long as Searchlight directly or indirectly, beneficially owns, in the aggregate, less than 25% but over 10% of our Class A common stock (including any shares of Class C common stock beneficially owned by Searchlight), in each case, assuming that all outstanding LLC Interests in Shift4 Payments, LLC are redeemed for newly issued shares of our class A common stock on a one-for-one basis, and Rook has the right to designate certain of our directors, or the Founder Directors, which will be two Founder Directors for as long as Rook directly or indirectly, beneficially owns, in the aggregate, 25% or more of our Class A common stock (including any shares of Class C common stock beneficially owned by our Founder) or one Founder Director for as long as Searchlight directly or indirectly, beneficially owns, in the aggregate, less than 25% but over 10% of our Class A common stock (including any

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shares of Class C common stock beneficially owned by our Founder), in each case, assuming that all outstanding LLC Interests are redeemed for newly issued shares of our class A common stock on a one-for-one basis. Each of Searchlight and Rook also agreed to vote, or cause to vote, all of their outstanding shares of our Class A common stock, Class B common stock and Class C common stock at any annual or special meeting of stockholders in which directors are elected, so as to cause the election of the Searchlight Directors and Founder Directors. Additionally, pursuant to the Stockholders Agreement, we shall take all commercially reasonable actions to cause (1) the board of directors to be comprised of at least seven directors or such other number of directors as our board of directors may determine; (2) the individuals designated in accordance with the terms of the Stockholders Agreement to be included in the slate of nominees to be elected to the board of directors at the next annual or special meeting of our stockholders at which directors are to be elected and at each annual meeting of our stockholders thereafter at which a director's term expires; and (3) the individuals designated in accordance with the terms of the Stockholders Agreement to fill the applicable vacancies on the board of directors. The Stockholders Agreement allows for the board of directors to reject the nomination, appointment or election of a particular director if such nomination, appointment or election would constitute a breach of the board of directors' fiduciary duties to our stockholders or does not otherwise comply with any requirements of our amended and restated certificate of incorporation or our amended and restated bylaws or the charter for, or related guidelines of, the board of directors' nominating and corporate governance committee. See "Management—Composition of our Board of Directors."

In addition, the Stockholders Agreement provides that for as long as Searchlight or Rook, respectively, beneficially owns, directly or indirectly, in the aggregate, 25% or more of all issued and outstanding shares of our Class A common stock (assuming that all outstanding LLC Interests are redeemed for newly issued shares of our Class A common stock on a one-for-one basis and including any shares of Class C common stock beneficially owned by Searchlight or our Founder), we will not take, and will cause our subsidiaries not to take, certain actions (whether by merger, consolidation or otherwise) without the prior written approval of Searchlight or Rook, respectively, including, subject to certain exceptions:

- any transaction or series of related transactions, in which any "person" or "group" acquires, directly or indirectly, in excess of fifty percent (50%) of our then outstanding shares of any class of our capital stock or has the direct or indirect power to elect a majority of the members of our Board;
- the reorganization, recapitalization, voluntary bankruptcy, liquidation, dissolution or winding-up of us;
- the sale, lease or exchange of all or substantially all of our property and assets;
- any actions (including, without limitation, any debt recapitalizations, refinancings, amendments, revolver drawings, repayments, and compliance report review) with respect to our debt capitalization in excess of \$100.0 million;
- the declaration or payment of any dividends or other distributions by us;
- any buyback, purchase, repurchase, redemption or other acquisition by us of any of our securities;
- the (i) resignation, replacement or removal of the Company as the sole manager of Shift4 Payments LLC or (ii) appointment of any additional person as a manager of Shift4 Payments LLC;
- any acquisition or disposition of our assets where the aggregate consideration for such assets is greater than \$25.0 million in any single transaction or series of related transactions;
- the creation of a new class or series of capital stock or equity securities of us;
- any issuance of additional shares of Class A Common Stock, Class B Stock, Class C Stock, Preferred Stock or other of our equity securities;
- any amendment or modification of our organizational documents;
- entering into, modifying, amending or terminating any material contracts;
- any new joint venture with a non-affiliate third-party;

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- the commencement, settlement or compromise of any litigation, claim, arbitration or other adversarial proceeding, governmental investigation, or proceeding involving an amount in dispute in excess of \$500,000;
- any entering into, modifying, amending or terminating any employments, severance, change of control or other agreement or contract with our Chief Executive Officer;
- any hiring and/or termination of our Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, General Counsel, or other executive officer; or
- any increase or decrease of the size of our Board.

The Stockholders Agreement terminates upon the earlier to occur of (i) each of Searchlight and Rook cease to own any of our Class A common stock, Class B common stock or Class C common stock, (ii) each of Searchlight and Rook cease to have board designation rights under the Stockholders Agreement, or (iii) by unanimous consent of Searchlight and Rook.

### **Registration Rights Agreement**

We entered into a Registration Rights Agreement with certain of the Continuing Equity Owners in connection with the IPO. The Registration Rights Agreement provides Searchlight and Rook Holdings Inc. with certain “demand” registration rights whereby, at any time after 180 days following our IPO and the expiration of any related lock-up period, Searchlight and Rook Holdings Inc. can require us to register under the Securities Act the offer and sale of shares of Class A common stock issuable to them, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), upon redemption or exchange of their LLC Interests. The Registration Rights Agreement also provides for customary “piggyback” registration rights for all parties to the agreement.

### **Employment Agreements**

We entered into employment agreements with certain of our named executive officers in connection with the IPO. See “Executive Compensation.”

### **Director and Officer Indemnification and Insurance**

We have entered into separate indemnification agreements with each of our directors and executive officers. We have also purchased directors’ and officers’ liability insurance. See “Description of Capital Stock—Limitations on Liability and Indemnification of Officers and Directors.”

### **Our Policy Regarding Related Party Transactions**

Our board of directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests, improper valuation or the perception thereof. Our board of directors have adopted a written policy on transactions with related persons that is in conformity with the requirements for issuers having publicly held common stock that is listed on the NYSE. Under the new policy:

- any related person transaction, and any material amendment or modification to a related person transaction, must be reviewed and approved or ratified by a committee of the board of directors composed solely of independent directors who are disinterested or by the disinterested members of the board of directors; and
- any employment relationship or transaction involving an executive officer and any related compensation must be approved by the compensation committee of the board of directors or recommended by the compensation committee to the board of directors for its approval.

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In connection with the review and approval or ratification of a related person transaction:

- management must disclose to the committee or disinterested directors, as applicable, the name of the related person and the basis on which the person is a related person, the material terms of the related person transaction, including the approximate dollar value of the amount involved in the transaction, and all the material facts as to the related person's direct or indirect interest in, or relationship to, the related person transaction;
- management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction complies with the terms of our agreements governing our material outstanding indebtedness that limit or restrict our ability to enter into a related person transaction;
- management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction will be required to be disclosed in our applicable filings under the Securities Act or the Exchange Act, and related rules, and, to the extent required to be disclosed, management must ensure that the related person transaction is disclosed in accordance with the Securities Act and the Exchange Act and related rules; and
- management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction constitutes a "personal loan" for purposes of Section 402 of the Sarbanes-Oxley Act.

In addition, the related person transaction policy provides that the committee or disinterested directors, as applicable, in connection with any approval or ratification of a related person transaction involving a non-employee director should consider whether such transaction would compromise the director's status as an "independent," "outside," or "non-employee" director, as applicable, under the rules and regulations of the SEC, the NYSE and the Code.

## PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our Class A common stock, Class B common stock and Class C common stock prior to and immediately following this offering, for:

- each person known by us to beneficially own more than 5% of our Class A common stock, Class B common stock or our Class C common stock;
- each of our directors;
- each of our named executive officers;
- all of our executive officers and directors as a group; and
- the selling stockholders.

As described in “IPO, Private Placement and Transactions” and “Certain Relationships and Related Party Transactions,” each common unit (other than LLC Interests held by us) is redeemable from time to time at each holder’s option for, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the Shift4 LLC Agreement; provided that, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), we may effect a direct exchange by Shift4 Payments, Inc. of such Class A common stock or such cash, as applicable, for such LLC Interests. The Continuing Equity Owners may exercise such redemption right for as long as their LLC Interests remain outstanding. See “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement.”

The number of shares beneficially owned by each stockholder as described in this prospectus is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, or other rights, including the redemption right described above with respect to each common unit, held by such person that are currently exercisable or will become exercisable within 60 days of the date of this prospectus, are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. The percentage ownership of each individual or entity before this offering is computed on the basis of 35,094,142 shares of our Class A common stock outstanding (including 4,690,167 shares of Class A common stock issuable upon vesting of all RSUs awarded and outstanding at November 27, 2020), 34,885,457 shares of Class B common stock outstanding and 15,129,252 shares of Class C common stock outstanding as of November 27, 2020. The percentage ownership of each individual or entity after this offering, without giving effect to the underwriters’ option to purchase additional shares, is computed on the basis of 43,094,142 shares of our Class A common stock outstanding (including 4,690,167 shares of Class A common stock issuable upon vesting of all RSUs awarded and outstanding at November 27, 2020), 31,181,457 shares of Class B common stock outstanding and 10,833,252 shares of our Class C common stock outstanding. Unless otherwise indicated, the address of all listed stockholders is 2202 N. Irving St., Allentown, PA 18109.

Each of the stockholders listed has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

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Name of beneficial owner	Class A Common Stock Beneficially Owned(1)				Class A Common Stock to be Sold in this Offering				Class B Common Stock Beneficially Owned				Class C Common Stock Beneficially Owned				Combined Voting Power(2)					
	Before the Offering		After the Offering (No Exercise Option)		After the Offering (With Full Exercise Option)		No Exercise Options		With Full Exercise Options		Before the Offering		After the Offering (No Exercise Option)		After the Offering (With Full Exercise Option)		After the Offering (No Exercise Option)		After the Offering (With Full Exercise Option)			
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%		
<b>5% and Selling Stockholders</b>																						
Entities affiliated with Searchlight Capital Partners, L.P.(3)	—	—	—	—	—	—	8,000,000	9,200,000	9,056,441	26.0%	5,352,441	17.2%	4,796,841	15.7%	10,503,906	69.4%	6,207,906	57.3%	5,563,506	54.6%	25.0%	22.9%
<b>Named Executive Officers, Directors and Director Nominees</b>																						
Jared Isaacman(4)	—	—	—	—	—	—	—	—	25,829,016	74.0%	25,829,016	82.8%	25,829,016	84.3%	4,625,346	30.6%	4,625,346	42.7%	4,625,346	45.4%	65.7%	67.3%
Steven Sommers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kevin Cronin	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Donald Isaacman	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Christopher Cruz	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Andrew Frey	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Nancy Disman	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sarah Goldsmith-Grover	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Jonathan Halkyard	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
All directors and executive officers as a group (twelve persons)(4)	—	—	—	—	—	—	—	—	25,829,016	74.0%	25,829,016	82.8%	25,829,016	84.3%	4,625,346	30.6%	4,625,346	42.7%	4,625,346	45.4%	65.7%	67.3%

\* Represents voting power of less than 1%.

- Each common unit is redeemable from time to time at each holder's option for, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the Shift4 LLC Agreement; provided that, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), we may effect a direct exchange by Shift4 Payments, Inc. of such Class A common stock or such cash, as applicable, for such LLC Interests. The Continuing Equity Owners may exercise such redemption right for as long as their LLC Interests remain outstanding. See "Certain Relationships and Related Party Transactions—Shift4 LLC Agreement." In these tables, beneficial ownership of LLC Interests has been reflected as beneficial ownership of shares of our Class A common stock for which such LLC Interests may be exchanged. When a common unit is exchanged by Searchlight, who holds shares of our Class B common stock, a corresponding share of Class B common stock will be cancelled.
- Represents the percentage of voting power of our Class A common stock, Class B common stock and Class C common stock voting as a single class. Each share of Class A common stock entitles the registered holder to one vote per share, each share of Class B common stock entitles the registered holder thereof to ten votes per share and each share of Class C common stock entitles the registered holder thereof to ten votes per share on all matters presented to stockholders for a vote generally, including the election of directors. The Class A common stock, Class B common stock and Class C common stock will vote as a single class on all matters except as required by law or our amended and restated certificate of incorporation.
- Consists of (i) 5,352,441 Interests held by Searchlight II GWN, L.P., (ii) 5,352,441 shares of Class B common stock held by Searchlight Capital II, L.P. and Searchlight Capital II PV, L.P. and (iii) 6,207,906 shares of Class C common stock held by Searchlight Capital II, L.P. and Searchlight Capital II PV, L.P., following this offering. As members of the board of managers of Searchlight Capital Partners II GP, LLC, which have the power to vote or dispose of the securities indirectly held by Searchlight Capital II, L.P. and Searchlight Capital II PV, L.P., Erol Uzumeri, Eric Zinterhofer and Oliver Haarmann may be deemed to have shared voting and investment power with respect to such securities. Messrs. Cruz and Mr. Frey are each a Managing Director and Partner, respectively, of Searchlight Capital Partners, L.P. Each of Mr. Cruz and Mr. Frey disclaim beneficial ownership of the Class A common stock held by Searchlight Capital II, L.P. and Searchlight Capital II PV, L.P. The address for the Searchlight entities and persons is 745 Fifth Avenue, 27th Floor, New York, NY 10151.
- Consists of (i) 25,829,016 LLC Interests held by Rook, (ii) 25,829,016 shares of Class B common stock held by Rook and (iii) 4,625,346 shares of Class C common stock held by Rook, following this offering. As the sole stockholder of Rook, Mr. J. Isaacman may be deemed to have sole voting and investment power with respect to such securities. Rook has pledged, hypothecated or granted security interests in 15,227,181 LLC Interests and 15,227,181 shares of Class B common stock held by Rook pursuant to a margin loan agreement with customary default provisions. In the event of a default under the margin loan agreement, the secured parties may foreclose upon any and all shares of securities pledged to them and may seek recourse against the borrower. The address for Rook is 2202 N. Irving St., Allentown, PA 18109.

## DESCRIPTION OF CAPITAL STOCK

### General

Our amended and restated certificate of incorporation authorizes capital stock consisting of:

- 300,000,000 shares of Class A common stock, par value \$0.0001 per share;
- 100,000,000 shares of Class B common stock, par value \$0.0001 per share;
- 100,000,000 shares of Class C common stock, par value \$0.0001 per share; and
- 20,000,000 shares of preferred stock, par value \$0.0001 per share.

The selling stockholders are selling 8,000,000 shares of Class A common stock in this offering (9,200,000 shares if the underwriters exercise in full their option to purchase additional shares of our Class A common stock). All shares of our Class A common stock outstanding upon consummation of this offering will be fully paid and non-assessable.

The following summary describes the material provisions of our capital stock. We urge you to read our amended and restated certificate of incorporation and our amended and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part.

Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares of common stock.

### Common Stock

#### *Class A Common Stock*

Holders of shares of our Class A common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders.

Holders of shares of our Class A common stock are entitled to receive, on a pro rata basis with shares of Class C common stock, dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our dissolution or liquidation, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A common stock and Class C common stock will be entitled to receive pro rata our remaining assets available for distribution.

Holders of shares of our Class A common stock do not have preemptive, subscription, redemption or conversion rights. There are no redemption or sinking fund provisions applicable to the Class A common stock.

#### *Class B Common Stock*

Each share of our Class B common stock entitles its holders to ten votes per share on all matters presented to our stockholders generally.

Shares of Class B common stock will be issued in the future only to the extent necessary to maintain one-to-one ratio between the number of LLC Interests held by Searchlight and our Founder and the number of shares of

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Class B common stock issued to the Searchlight and our Founder. Shares of Class B common stock are transferable only together with an equal number of LLC Interests (subject to certain exceptions). Only permitted transferees of LLC Interests held by Searchlight and our Founder are permitted transferees of Class B common stock. See “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement.”

Holders of shares of our Class B common stock vote together with holders of our Class A common stock and Class C common stock as a single class on all matters presented to our stockholders for their vote or approval, except for certain amendments to our certificate described below or as otherwise required by applicable law or the certificate.

Holders of our Class B common stock do not have any right to receive dividends or to receive a distribution upon dissolution or liquidation. Additionally, holders of shares of our Class B common stock do not have preemptive, subscription, redemption or conversion rights. There are no redemption or sinking fund provisions applicable to the Class B common stock. Any amendment of our certificate of incorporation that gives holders of our Class B common stock (1) any rights to receive dividends or any other kind of distribution, (2) any right to convert into or be exchanged for Class A common stock or (3) any other economic rights will require, in addition to stockholder approval, the affirmative vote of holders of our Class A common stock voting separately as a class and Class C common stock voting separately as a class.

Prior to this offering, Searchlight and our Founder own 34,885,457 shares of our Class B common stock.

### **Class C Common Stock**

Holders of shares of our Class C common stock are entitled to ten votes for each share held of record on all matters submitted to a vote of stockholders.

Holders of shares of our Class C common stock are entitled to receive, on a pro rata basis with shares of Class A common stock, dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our dissolution or liquidation, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class C common stock and Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

Holders of shares of our Class C common stock do not have preemptive, subscription or redemption rights. There are no redemption or sinking fund provisions applicable to the Class C common stock.

Shares of Class C common stock can only be held by Searchlight, Rook or their Permitted Transferees. If any such shares are transferred to any other person, they will automatically convert into fully paid and non-assessable shares of Class A common stock on a one-to-one basis.

Prior to this offering, Searchlight and Rook own 15,129,252 shares of Class C common stock.

### **Preferred Stock**

Our amended and restated certificate of incorporation provides that the total of our authorized shares of preferred stock is 20,000,000 shares. We have no shares of preferred stock currently outstanding.

Under the terms of our amended and restated certificate of incorporation, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of



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directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may adversely affect the holders of our Class A common stock by restricting dividends on the Class A common stock, diluting the voting power of the Class A common stock or subordinating the liquidation rights of the Class A common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our Class A common stock.

### **Registration Rights**

We entered into a Registration Rights Agreement with the Continuing Equity Owners in connection with the IPO, pursuant to which such parties have specified rights to require us to register all or a portion of their shares under the Securities Act. See “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

### **Forum Selection**

Our amended and restated certificate of incorporation provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders; (3) any action asserting a claim against us, any director or our officers and employees arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery; or (4) any action asserting a claim against us, any director or our officers or employees that is governed by the internal affairs doctrine; provided that the exclusive forum provisions does not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. For instance, the provision does not apply to actions arising under federal securities laws, including suits brought to enforce any liability or duty created by the Securities Act, Exchange Act, or the rules and regulations thereunder. Our amended and restated certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Our amended and restated certificate of incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to these choice of forum provisions. By agreeing to this provision, investors cannot be deemed to have waived our compliance with the federal securities laws and the rules and regulations promulgated thereunder. It is possible that a court of law could rule that either or both of the choice of forum provisions contained in our restated certificate of incorporation is inapplicable or unenforceable if it is challenged in a proceeding or otherwise.

### **Dividends**

Declaration and payment of any dividend are subject to the discretion of our board of directors. The time and amount of dividends are dependent upon our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, contractual restrictions, covenants in the agreements governing our current and future indebtedness, industry trends, the provisions of

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Delaware law affecting the payment of distributions to stockholders and any other factors our board of directors may consider relevant. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness, and therefore do not anticipate declaring or paying any cash dividends on our Class A common stock in the foreseeable future. See “Dividend Policy” and “Risk Factors—Risks related to the offering and ownership of our Class A common stock—Because we have no current plans to pay regular cash dividends on our Class A common stock following this offering, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.”

### **Anti-Takeover Provisions**

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

### ***Authorized but Unissued Shares***

The authorized but unissued shares of our common stock and our preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the NYSE rules. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans and, as described under “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement—Common Unit Redemption Right,” funding of redemptions of LLC Interests. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

### ***Classified Board of Directors***

Our amended and restated certificate of incorporation provides that our board of directors are divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. Pursuant to the terms of the Stockholders Agreement, directors designated by each of Rook and Searchlight may only be removed with or without cause by the request of the party entitled to designate such director. In all other cases and at any other time, directors may only be removed from our board of directors for cause by the affirmative vote of a majority of the shares entitled to vote. See “Management—Composition of our Board of Directors.” These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control of us or our management.

### ***Stockholder Action by Written Consent***

Our amended and restated certificate of incorporation provides that any action required or permitted to be taken by our stockholders at an annual meeting or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a written consent is signed by the holders of our outstanding shares of common stock representing not less than the minimum number of votes that would be necessary to authorize such action at a meeting at which all outstanding shares of common stock entitled to vote thereon were present and voted.

### ***Special Meetings of Stockholders***

Our amended and restated bylaws provides that only the chairperson of our board of directors or a majority of our board of directors may call special meetings of our stockholders.

***Advance Notice Requirements for Stockholder Proposals and Director Nominations***

In addition, our amended and restated bylaws established an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our board of directors. In order for any matter to be “properly brought” before a meeting, a stockholder will have to comply with advance notice and duration of ownership requirements and provide us with certain information. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder’s intention to bring such business before the meeting. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting.

***Amendment of Certificate of Incorporation or Bylaws***

The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation’s certificate of incorporation or bylaws, unless a corporation’s certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of a majority of the votes which all our stockholders would be eligible to cast in an election of directors.

***Section 203 of the DGCL***

We have opted out of Section 203 of the DGCL. However, our amended and restated certificate of incorporation contains provisions that are similar to Section 203. Specifically, our amended and restated certificate of incorporation provides that, subject to certain exceptions, we are not be able to engage in a “business combination” with any “interested stockholder” for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A “business combination” includes, among other things, a merger or consolidation involving us and the “interested stockholder” and the sale of more than 10% of our assets. In general, an “interested stockholder” is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

However, under our amended and restated certificate of incorporation, Searchlight and Rook and any of their respective affiliates are not be deemed to be interested stockholders regardless of the percentage of our outstanding voting stock owned by them, and accordingly will not be subject to such restrictions.

***Limitations on Liability and Indemnification of Officers and Directors***

Our amended and restated certificate of incorporation and amended and restated bylaws provide indemnification for our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. We entered into indemnification agreements with each of our directors and executive officers that may, in some cases, be broader than the specific indemnification provisions contained under Delaware law. In addition, as permitted by Delaware law, our amended and restated certificate of incorporation includes provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director.

These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

### **Corporate Opportunity Doctrine**

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation, to the maximum extent permitted from time to time by Delaware law, renounces any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to Searchlight, any of our directors who are employees of or affiliated with Searchlight, Rook, any of our directors who are employees of or affiliated with Rook, or any director or stockholder who is not employed by us or our subsidiaries. Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, Searchlight, any of our directors who are employees of or affiliated with Searchlight, Rook, any of our directors who are employees of or affiliated with Rook, or any director or stockholder who is not employed by us or our affiliates do not have any duty to refrain from (1) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (2) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, if Searchlight, any of our directors who are employees of or affiliated with Searchlight, Rook, any of our directors who are employees of or affiliated with Rook, or any director or stockholder who is not employed by us or our subsidiaries acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person has no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity, unless such opportunity was expressly offered to them solely in their capacity as a director, executive officer or employee of us or our affiliates. To the fullest extent permitted by Delaware law, no potential transaction or business opportunity may be deemed to be a corporate opportunity of the corporation or its subsidiaries unless (1) we or our subsidiaries would be permitted to undertake such transaction or opportunity in accordance with the amended and restated certificate of incorporation, (2) we or our subsidiaries, at such time have sufficient financial resources to undertake such transaction or opportunity, (3) we have an interest or expectancy in such transaction or opportunity and (4) such transaction or opportunity would be in the same or similar line of our or our subsidiaries' business in which we or our subsidiaries are engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business. Our amended and restated certificate of incorporation does not renounce our interest in any business opportunity that is expressly offered to an employee director or employee in his or her capacity as a director or employee of Shift4 Payments, Inc.

### **Dissenters' Rights of Appraisal and Payment**

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of Shift4 Payments, Inc. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

### **Stockholders' Derivative Actions**

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC.

### **Trading Symbol and Market**

Our Class A common stock is listed and traded on the NYSE under the symbol "FOUR."

## DESCRIPTION OF INDEBTEDNESS

### **4.625% Senior Notes due 2026**

On October 29, 2020, our subsidiaries Shift4 Payments, LLC, or the Issuer, and Shift4 Payments Finance Sub, Inc., or the Co-Issuer and together with the Issuer, the Issuers, completed the issuance and sale of \$450.0 million aggregate principal amount of 4.625% Senior Notes due 2026. The Notes bear interest at a rate of 4.625% per year. Interest on the Notes is payable on May 1 and November 1 of each year, commencing on May 1, 2021. The Notes will mature on November 1, 2026. Each of the Issuer's existing domestic subsidiaries (other than the Co-Issuer) and other restricted subsidiaries that guarantee or issue certain debt in the future will guarantee the Notes, jointly and severally.

### ***Optional Redemption***

The Issuers may redeem all or a portion of the Notes at any time prior to November 1, 2022 at a redemption price equal to 100% of the principal amount of the Notes, plus the applicable "make-whole" premium as provided in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The Issuers may redeem all or a portion of the Notes (i) on or after November 1, 2022 and prior to November 1, 2023 at a redemption price of 102.313% of the principal amount thereof, (ii) on or after November 1, 2023 and prior to November 1, 2024, at a redemption price of 102.313% of the principal amount thereof and (iii) on or after November 1, 2024 at a redemption price of 100.000% of the principal amount thereof, in each case, plus accrued and unpaid interest, if any, to but excluding, the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

In addition, at any time prior to November 1, 2022, the Issuers may also redeem up to 40% of the original aggregate principal amount of the Notes (including any additional Notes issued pursuant to the Indenture) with the proceeds of certain equity offerings, at a redemption price equal to 104.625% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date. The Issuers may make such redemption so long as, after giving effect to any such redemption, at least 50% of the original aggregate principal amount of the Notes (including any additional Notes issued pursuant to the Indenture) remains outstanding (unless all Notes are redeemed concurrently) and such redemption occurs within 90 days of the closing of the applicable equity offering.

### ***Change of Control Offer and Asset Sale Offer***

Upon a Change of Control (as defined in the Indenture), the Issuers must offer to purchase the Notes at 101% of the principal amount, plus accrued and unpaid interest to the repurchase date, subject to certain exceptions including in the case where the Issuers (or any affiliate of the Issuers) have made an Alternate Offer (as defined in the Indenture), which cash price will be equal to or higher than such 101% of the principal amount. In addition, if the Company or its restricted subsidiaries engage in certain asset sales and do not invest such proceeds as permitted by the Indenture or permanently reduce certain debt, up to an amount equal to the Net Available Cash (as defined in the Indenture) from such asset sale, within a specified period of time, the Issuers will be required to use a portion of the proceeds of such asset sales to make an Asset Sale Offer (as defined in the Indenture) to all holders of the Notes, and if required or permitted by the terms of the any Indebtedness (as defined in the Indenture) that ranks pari passu in right of payment with the Notes, to the holders of such pari passu Indebtedness at a price of 100% of the principal amount of the Notes (or accreted value thereof, if less), plus accrued and unpaid interest, if any, to the date fixed for the closing of such offer.

### ***Other Covenants***

The Indenture contains customary covenants that will limit the Issuers' ability and the ability of certain of the Issuer's subsidiaries (including the Issuers) to (1) incur additional debt and provide additional guarantees, (2) pay

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dividends beyond certain amounts and make other restricted payments, (3) create or permit certain liens, (4) make certain asset sales, (5) use the proceeds from the sales of assets and subsidiary stock, (6) create or permit restrictions on the ability of certain of the Issuer's subsidiaries to pay dividends or make other distributions to the Issuer, as applicable, (7) engage in certain transactions with affiliates, (8) designate subsidiaries as unrestricted subsidiaries and (9) consolidate, merge or transfer all or substantially all of the Issuers' assets and the assets of certain of the Issuer's subsidiaries. During any future period in which either Moody's Investors Service, Inc. or Standard & Poor's Ratings Group, Inc. have assigned an investment grade credit rating to the Notes and no default or event of default under the Indenture has occurred and is continuing, some of the covenants will be suspended. The Indenture also contains customary events of default.

### **Credit Facilities**

#### ***General***

On November 30, 2017, in connection with the acquisition of Shift4 Corporation, Shift4 Payments, LLC entered into a first lien credit agreement, a revolving credit facility and a second lien credit agreement, which provided for the following:

- a \$430.0 million term first lien term loan facility, or the First Lien Term Loan Facility;
- a \$40.0 million revolving credit facility, or the Revolving Credit Facility; and
- a \$130.0 million term second lien term loan facility, or the Second Lien Term Loan Facility.

We collectively refer to these facilities as the Credit Facilities. On April 23, 2019, Shift4 Payments, LLC amended the First Lien Term Loan Facility to, among other things, increase borrowings by \$20.0 million and make certain changes to covenants and definitions.

On August 28, 2019, Shift4 Payments, LLC further amended the Revolving Credit Facility to, among other things, increase the aggregate amount of the Revolving Credit Facility by \$50.0 million, and make certain changes to covenants and definitions.

On October 4, 2019, Shift4 Payments, LLC further amended the First Lien Term Loan Facility to, among other things, increase borrowings by \$70.0 million, and make certain changes to covenants and definitions.

On August 31, 2020, Shift4 Payments, LLC further amended the First Lien Term Loan Facility to, among other things, update terms for the completion of the IPO.

As of September 30, 2020, we had \$450.0 million outstanding under the First Lien Term Loan Facility. We used the proceeds received from the IPO and Private Placement to repay \$59.8 million of required principal payments under the First Lien Term Loan Facility, to repay in full the \$130.0 million outstanding under our Second Lien Term Loan Facility and to repay the \$89.5 million outstanding borrowing under our Revolving Credit Facility. The Revolving Credit Facility has a borrowing capacity of \$89.5 million, net of a \$0.5 million letter of credit. As of September 30, 2020, we had no outstanding borrowings under the Revolving Credit Facility.

As of October 29, 2020, we have repaid all indebtedness outstanding under the First Lien Term Loan Facility with the net proceeds received from the Senior Notes Offering.

We also intend to, from time to time, evaluate opportunistically refinancing the Revolving Credit Facility. Ultimate terms and the successful pursuit of any refinancing will be, however, dependent in part on prevailing economic and market conditions and other factors, including factors beyond our control.

#### ***Interest Rates and Fees***

Borrowings under the First Lien Term Loan Facility are, at the option of Shift4 Payments, LLC, either alternate base rate, or ABR, loans or LIBO Rate loans. Term loans and revolving loans comprising each ABR borrowing

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under the First Lien Term Loan Facility accrue interest at the ABR plus an applicable rate. The current applicable rate for ABR term loans is 3.50% per annum, and ranges from 3.50% to 3.00% per annum for ABR revolving loans, in each case based upon specified leverage ratios. Term loans and revolving loans comprising each LIBO Rate borrowing bear interest at the LIBO Rate plus an applicable rate. The current applicable rate for LIBO Rate term loans is 4.50% per annum, and ranges from 4.50% to 4.00% per annum for LIBO Rate revolving loans, in each case based upon specified leverage ratios.

Borrowings under the Second Lien Term Loan Facility are, at the option of Shift4 Payments, LLC, either ABR loans or LIBO Rate loans. Loans under the Second Lien Term Loan Facility accrue interest at either the ABR or LIBO Rate, plus an applicable rate. The applicable rate is 7.50% per annum for ABR loans and 8.50% per annum for LIBO Rate loans.

In addition to paying interest on the principal amounts outstanding under the First Lien Term Loan Facility and Second Lien Credit Facility, Shift4 Payments, LLC is required to pay a commitment fee under the Revolving Credit Facility in respect of the unutilized commitments thereunder at a rate ranging from 0.25% per year to 0.50% per year, in each case based upon specified leverage ratios. Shift4 Payments, LLC is also subject to customary letter of credit and agency fees.

### ***Mandatory Prepayments***

The first lien credit agreement requires that Shift4 Payments, LLC, following the end of each fiscal year, repay the outstanding principal amount of all term loans under the First Lien Credit Facilities in an aggregate amount equal to (A) 50% of Excess Cash Flow (as defined in the credit agreements) of Shift4 Payments, LLC and its restricted subsidiaries for such fiscal year if the First Lien Leverage Ratio (as defined in the credit agreements), or FLLR, is greater than 4:00:1.00, which percentage is reduced to 25% if the FLLR is less than or equal to 4:00:1.00 and greater than 3.50:1.00, and to 0% if the FLLR is less than or equal to 3.50:1.00, minus (B) at the option of Shift4 Payments, LLC, (x) the aggregate principal amount of any voluntary prepayment, repurchase, redemption or other retirement of First Lien Debt (as defined in the first lien credit agreement), (y) the aggregate principal amount of any voluntary prepayment, repurchase, redemption or other retirement of any Second Lien Debt (as defined in the first lien credit agreement) and (z) (1) the amount of any reduction in the outstanding amount of any First Lien Debt resulting from any assignment permitted or not restricted by the first lien credit agreement and/or (2) to the extent permitted by the terms of the first lien credit agreement, the amount of any reduction in the outstanding amount of any Second Lien Debt that is permitted under the first lien credit agreement, if such total amount exceeds \$5 million.

The second lien credit agreement requires that Shift4 Payments, LLC, following the end of each fiscal year, repay the outstanding principal amount of all loans under the Second Lien Credit Facilities in an aggregate amount equal to (A) 50% of Excess Cash Flow of Shift4 Payments, LLC and its restricted subsidiaries for such fiscal year if the FLLR is greater than 4:00:1.00, which percentage is reduced to 25% if the FLLR is less than or equal to 4:00:1.00 and greater than 3.50:1.00, and to 0% if the FLLR is less than or equal to 3.50:1.00, minus (B) at the option of Shift4 Payments, LLC, (x) the aggregate principal amount of any voluntary prepayment, repurchase, redemption or other retirement of any First Lien Obligation (as defined in the second lien credit agreement), (y) the aggregate principal amount of any voluntary prepayment, repurchase, redemption or other retirement of any Second Lien Debt (as defined in the second lien credit agreement) and (z) (1) the amount of any reduction in the outstanding amount of any First Lien Obligation resulting from any assignment permitted or not restricted by the second lien credit agreement and/or (2) the amount of any reduction in the outstanding amount of any Second Lien Debt that is permitted under the second lien credit agreement, if such total amount exceeds \$5 million.

Each credit agreement requires Shift4 Payments, LLC to repay amounts outstanding under the Credit Facilities following the receipt of net proceeds from non-ordinary course asset sales or casualty insurance or condemnation proceeds, to the extent the aggregate amount of such proceeds, in each case, exceeds \$7,500,000 in any fiscal

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year. Subject to certain reinvestment rights, Shift4 Payments, LLC must apply 100% of the net proceeds to prepaying the term loans under the Credit Facilities if the FLLR is greater than 4.00:1.00, which percentage is reduced to 50% if the FLLR is less than or equal to 4.00:1.00 and greater than 3.50:1.00, and to 0% if the FLLR is less than or equal to 3.50:1.00.

Each credit agreement requires 100% of the net proceeds from the issuance or incurrence of indebtedness to be applied to prepay the term loans under the Credit Facilities, except to the extent the indebtedness constitutes refinancing indebtedness.

### ***Voluntary Prepayment***

Shift4 Payments, LLC may voluntarily prepay outstanding borrowings under the First Lien Term Loan Facility and Second Lien Credit Facility at any time in whole or in part without premium or penalty, subject to the applicable prepayment premium, if any.

### ***Amortization and Final Maturity***

The First Lien Term Loan Facility is payable in quarterly installments of \$1.30 million per quarter. The remaining unpaid balance on the First Lien Term Loan Facility, together with all accrued and unpaid interest thereon, is due and payable on or prior to November 30, 2024. Outstanding borrowings under the Revolving Credit Facility do not amortize and are due and payable on November 30, 2024. The remaining unpaid balance on the Second Lien Credit Facility, together with all accrued and unpaid interest thereon, is due and payable on November 30, 2025.

### ***Guarantees and Security***

Shift4 Payments, LLC's obligations under the Credit Facilities are guaranteed by each of Shift4 Payments, LLC's subsidiary guarantors. All obligations under the First Lien Credit Facility are secured by, among other things, and in each case subject to certain exceptions: (1) a first-priority pledge of all of the capital stock or other equity interests held by Shift4 Payments, LLC and certain subsidiaries (collectively, the "Grantors"), (2) a first-priority pledge in substantially all of the other tangible and intangible assets of each Grantor and (3) a first-priority pledge in intellectual property collateral owned by Shift4 Payments, LLC, POSitouch, LLC, a Rhode Island limited liability company, Future POS, LLC, a Pennsylvania limited liability company, and Shift4 Corporation, a Nevada corporation. All obligations under the Second Lien Credit Facility are secured by, among other things, and in each case subject to certain exceptions: (1) a second-priority pledge of all of the capital stock or other equity interests held by the Grantors, (2) a second-priority pledge in substantially all of the other tangible and intangible assets of each Grantor and (3) a second-priority pledge in intellectual property collateral owned by Shift4 Payments, LLC, POSitouch, LLC, Future POS, LLC, and Shift4 Corporation.

On November 30, 2017, Shift4 Payments, LLC also entered into an Intercreditor Agreement under which the common equity interests of Shift4 Payments, LLC were pledged to secure its obligations under the first lien credit agreement and the second lien credit agreement.

### ***Covenants and Other Matters***

The credit agreements governing the Credit Facilities each contain a number of covenants that, among other things and subject to certain exceptions, restrict Shift4 Payments, LLC and the subsidiary guarantors' ability to:

- incur indebtedness;
- incur certain liens;
- consolidate, merge or sell or otherwise dispose of assets;



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- alter the business conducted by us and our subsidiaries;
- make investments, loans, advances, guarantees and acquisitions;
- enter into sale and leaseback transactions;
- pay dividends or make other distributions on equity interests, or redeem, repurchase or retire equity interests;
- enter into transactions with affiliates;
- enter into agreements restricting the ability to pay dividends;
- redeem, repurchase or refinance other indebtedness; and
- amend or modify governing documents.

In addition, the first lien credit agreement requires Shift4 Payments, LLC to comply with a first lien leverage ratio (not to exceed 6.90:1:00 and in each case, measured on a trailing four-quarter basis). The requirement is only triggered if (a) all revolving loans, (b) letter of credit disbursements that have not been reimbursed within three business days and (c) undrawn letters of credit (other than (i) undrawn letters of credit that have been cash collateralized or backstopped in an amount equal to 100% of the then available face amount thereof and/or (ii) undrawn letters of credit that have not been cash collateralized or backstopped in an aggregate amount of up to \$5,000,000 at any time outstanding) exceeds an amount equal to 35% of the aggregate amount of outstanding revolving credit commitments. The first lien leverage ratio requirement had not been triggered as of September 30, 2020.

The credit agreements also contain certain customary representations and warranties and affirmative covenants, and certain reporting obligations. In addition, the lenders under the Credit Facilities will be permitted to accelerate all outstanding borrowings and other obligations, terminate outstanding commitments and exercise other specified remedies upon the occurrence of certain events of default (subject to certain grace periods and exceptions), which include, among other things, payment defaults, breaches of representations and warranties, covenant defaults, certain cross-defaults and cross-accelerations to other indebtedness, certain events of bankruptcy and insolvency, certain judgments and changes of control. The credit agreements define “change of control” to include, among other things, Jared Isaacman, the officers, director, managers, employees and members of Shift4 Payments, LLC or any of its subsidiaries, and Searchlight and its affiliates ceasing to own and control, directly or indirectly, (1) prior to our initial public offering, at least a majority of the aggregate outstanding voting power of Shift4 Payments, LLC, and (2) after such time, (a) at least 65% of the aggregate outstanding voting power of Shift4 Payments, LLC, and (b) a greater percentage of the voting power of Shift4 Payments, LLC than any other person or group.

The foregoing summary describes the material provisions of the Credit Facilities, but may not contain all information that is important to you. We urge you to read the provisions of the agreements governing the Credit Facilities, which have been filed as exhibits to the registration statement of which this prospectus forms a part.

### **Concurrent Convertible Notes Offering**

Concurrently with this offering, we are offering \$400.0 million aggregate principal amount of Convertible Notes (or up to \$460.0 aggregate principal amount of Convertible Notes if the initial purchasers in that offering exercise their option to purchase additional Convertible Notes in full). See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Concurrent Convertible Notes Offering.”

## SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of Class A common stock in the public market (including shares of Class A common stock issuable upon redemption or exchange of LLC Interests of our Continuing Equity Owners), or the perception that such sales may occur, could adversely affect the market price of our Class A common stock. Although we have been approved to have our Class A common stock listed on the NYSE, we cannot assure you that there will be an active public market for our Class A common stock.

Upon the closing of this offering, we will have outstanding an aggregate of 38,403,975 shares of Class A common stock. Of these shares, all shares sold in this offering, the IPO and the September Follow-on Offering (totaling 36,750,000 shares of Class A common stock) will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our “affiliates,” as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining 1,653,975 shares of Class A common stock will be “restricted securities,” as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below.

In addition, each common unit held by our Continuing Equity Owners will be redeemable, at the election of each Continuing Equity Owner, for, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), newly-issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each common unit redeemed, in each case, in accordance with the terms of the Shift4 LLC Agreement; provided that, at our election (determined solely by our independent directors (within the meaning of the rules of the NYSE) who are disinterested), we may effect a direct exchange by Shift4 Payments, Inc. of such Class A common stock or such cash, as applicable, for such LLC Interests. The Continuing Equity Owners may exercise such redemption right for as long as their LLC Interests remain outstanding. See “Certain Relationships and Related Party Transactions—Shift4 LLC Agreement.” Upon consummation of this offering, our Continuing Equity Owners will hold 31,181,457 LLC Interests and 10,833,252 shares of Class C common stock, all of which are exchangeable for shares of our Class A common stock. The shares of Class A common stock we issue upon such exchanges would be “restricted securities” as defined in Rule 144 unless we register such issuances. However, we entered into a Registration Rights Agreement with the Continuing Equity Owners that requires us, subject to customary conditions, to register under the Securities Act these shares of Class A common stock. See “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

### IPO Lock-Up Agreements

In connection with the IPO, we, our officers and directors and the Continuing Equity Owners (including the selling stockholders in this offering) have agreed that, without the prior written consent of any two of the Lock-up Release Parties, we and they will not, subject to certain exceptions, during the period ending 180 days after June 4, 2020, the date of our IPO prospectus:

- offer, sell, contract to sell, loan, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly or publicly disclose the intention to make any offer, loan, sale, pledge or disposition of any shares of our Class A common stock or Class C common stock, or any options or warrants to purchase any shares of our Class A common stock or Class C common stock, or any securities convertible into, or exchangeable for, or that represent the right to receive, shares of our Class A common stock or Class C common stock; or
- enter into any swap or other arrangement that transfers to another, all or a portion of the economic consequences of ownership of our Class A common stock or Class C common stock or any securities

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convertible into or exercisable or exchangeable for shares of our Class A common stock or Class C common stock, whether any transaction described above is to be settled by delivery of our Class A common stock, Class C common stock or such other securities, in cash or otherwise.

In connection with the Follow-on Offering, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC agreed to release the restrictions under the IPO lock-up agreements of the Continuing Equity Owners, including our Founder and Rook, subject to the delivery and effectiveness of the lock-up agreements described under “—Follow-on Lock-Up Agreements.”

### **Follow-on Lock-Up Agreements**

We, our officers and directors, the selling stockholders in the Follow-on Offering and the other Continuing Equity Owners have agreed that, without the prior written consent of any two of the Lock-up Release Parties, we and they will not, subject to certain exceptions, during the period ending 90 days after September 10, 2020:

- offer, sell, contract to sell, loan, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly or publicly disclose the intention to make any offer, loan, sale, pledge or disposition of any shares of our Class A common stock or Class C common stock, or any options or warrants to purchase any shares of our Class A common stock or Class C common stock, or any securities convertible into, or exchangeable for, or that represent the right to receive, shares of our Class A common stock or Class C common stock; or
- enter into any swap or other arrangement that transfers to another, all or a portion of the economic consequences of ownership of our Class A common stock or Class C common stock or any securities convertible into or exercisable or exchangeable for shares of our Class A common stock or Class C common stock, whether any transaction described above is to be settled by delivery of our Class A common stock, Class C common stock or such other securities, in cash or otherwise.

The restrictions described in the preceding paragraph shall not apply to:

- any securities acquired in the open market; provided that in the case of any such transfer, no filing by any party (donor, donee, transferor or transferee) under the Exchange Act, shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the lock-up period);
- any transfer or disposition of securities (i) made as a bona fide gift or charitable contribution, or for bona fide estate planning purposes; (ii) if applicable, made to any family member of the party subject to such lock-up restrictions or trust for the direct or indirect benefit of such party or a family member of such party or if such party is a trust, to a trustor, a trustee or a beneficiary of the trust or to the estate of a trustor, trustee or beneficiary of such trust; (iii) if applicable, made to (A) any wholly-owned subsidiary of a corporation, partnership, limited liability company or other business entity, (B) limited partners, members, stockholders or holders of similar equity interests in the party subject to such lock-up restrictions (or in each case its nominee or custodian) or (C) another corporation, partnership, limited liability company, trust or other business entity (or in each case its nominee or custodian) that is an affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of such party, or to any investment fund or other entity controlled or managed by such party or affiliates of such party; (iv) upon death or by will, testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the party subject to such lock-up restrictions; or (v) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under the foregoing clauses (i) through (iv); provided that in the case of any transfer or distribution pursuant to clauses (i) through (v), (x) the transferee agrees to be bound in writing by the terms of the lock-up restrictions prior to such transfer, (y) such transfer shall not involve a disposition for value; and (z) no filing by any party (donor, donee, transferor or transferee) under the Exchange Act shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the lock-up period);

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- the establishment of a written trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of our Class A common stock or Class C common stock, *provided* that (i) during the lock-up period, no direct or indirect offers, pledges, sales, contracts to sell, sales of any option or contract to purchase, purchases of any option or contract to sell, grants of any option, right or warrant to purchase, loans, or other transfers or disposals of any securities may be effected pursuant to such plan during the lock-up period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the Company or the party subject to such lock-up restrictions regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Class A common stock or Class C common stock may be made under such plan during the lock-up period;
- transfers or sales to the Company in connection with the repurchase of securities granted under any of our stock incentive plans or stock purchase plans, as described in this prospectus, in each case, upon termination of the relationship between the Company and the party subject to such lock-up restrictions; provided that no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of the underlying shares, or other public announcement reporting, shall be required or shall be voluntarily made during the lock-up period (other than a filing on a Form 5);
- (i) the receipt of securities upon the exercise, vesting or settlement of options, restricted stock units, or RSUs or other equity awards granted under a stock incentive plan or other equity award plan, as described herein, or warrants to purchase Class A common stock or Class C common stock, insofar as such options or warrants are outstanding as of the date of this prospectus and are disclosed in this prospectus; or (ii) the transfer of securities to the Company upon a vesting or settlement event of our RSUs or other securities or upon the exercise of options to purchase our securities on a “cashless” or “net exercise” basis to the extent permitted by the instruments representing such options (and any transfer to the Company necessary in respect of such amount needed for the payment of taxes, including estimated taxes and withholding tax and remittance obligations, due as a result of such vesting, settlement or exercise whether by means of a “net settlement” or otherwise) so long as such vesting, settlement, “cashless” exercise or “net exercise” is effected solely by the surrender of outstanding options (or the Class A common stock or Class C common stock issuable upon the exercise thereof) or Class A common stock or Class C common stock to the Company and our cancellation of all or a portion thereof to pay the exercise price and/or withholding tax and remittance obligations in connection with the vesting, settlement or exercise of the RSU, option or other equity award; provided (A) that the shares received upon vesting, settlement or exercise of the RSU, option or other equity award are subject to the lock-up restrictions, (B) in the case of clause (ii), the settlement or exercise of any RSU, option or other equity award on a “cashless” or “net exercise” basis shall only be permitted if such RSU, option or other equity award would otherwise expire during the lock-up period and (C) that in the case of clauses (i) or (ii), any filing required under Section 16 of the Exchange Act to be made during the lock-up period shall include a statement to the effect that (1) such transaction reflects the circumstances described in (i) or (ii), as the case may be, (2) such transaction was only with the Company and (3) in the case of clause (i), the Class A common stock or Class C common stock received upon exercise or settlement of the option, RSUs or other equity awards is subject to the lock-up restrictions;
- the transfer or disposition of the securities that occurs by operation of law, pursuant to the rules of descent and distribution or pursuant to a qualified domestic order or in connection with a divorce settlement, provided that each transferee shall sign and deliver a lock-up letter with substantially the same restrictions as those listed above, provided further that any associated filing under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause;
- transfers to the Company upon death or disability, in each case, of the party subject to such lock-up restrictions;

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- the transfer of Class A common stock or Class C common stock (or any security convertible into or exercisable or exchangeable for Common Shares) pursuant to a bona fide third party tender offer, merger, consolidated or other similar transaction made to all holders of the capital stock of the Company involving a change of control (as defined below) of the Company which occurs after the consummation of the IPO, is open to all holders of our capital stock and has been approved by our board of directors; provided that in the event that the tender offer, merger, consolidation or other such transaction is not completed, the Class A common stock or Class C common stock shall remain subject to the lock-up restrictions; and
- (i) any transfer or disposition of securities pursuant to a bona fide loan or pledge (A) pursuant to clause (ii) below or (B) that is in effect on the date hereof and has been disclosed in writing to the Lock-up Release Parties and (ii) the grant and maintenance of a bona fide lien, security interest, pledge or other similar encumbrance of any securities owned by the party subject to such lock-up restrictions to a nationally or internationally recognized financial institution with assets of not less than \$10 billion in connection with a loan to such party; provided, however, that the party subject to such lock-up restrictions or the Company, as the case may be, shall provide the Lock-up Release Parties prior written notice informing them of any public filing, report or announcement made by or on behalf of such party or the Company with respect thereto.

For purposes of the foregoing, “change of control” shall mean the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any “person” (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, other than the Company, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of 90% of the total voting power of the voting stock of the Company, occurring after the consummation of the IPO, that has been approved by the board of directors of the Company.

Upon the expiration of the applicable lock-up periods, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

In connection with this offering, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC have given written consent to permit filing of this registration statement. Additionally, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC have agreed to release the restrictions under the follow-on lock-up agreements of the selling stockholders with respect to the shares of Class A common stock to be sold in this offering, subject to the delivery and effectiveness of the lock-up agreements described under “—Lock-Up Agreements.”

### **Lock-Up Agreements**

We and the selling stockholders in this offering have agreed that, without the prior written consent of any two of the Lock-up Release Parties, we and they will not, subject to certain exceptions, during the period ending 60 days after the date of this prospectus:

- offer, sell, contract to sell, loan, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly or publicly disclose the intention to make any offer, loan, sale, pledge or disposition of any shares of our Class A common stock or Class C common stock, or any options or warrants to purchase any shares of our Class A common stock or Class C common stock, or any securities convertible into, or exchangeable for, or that represent the right to receive, shares of our Class A common stock or Class C common stock; or
- enter into any swap or other arrangement that transfers to another, all or a portion of the economic consequences of ownership of our Class A common stock or Class C common stock or any securities convertible into or exercisable or exchangeable for shares of our Class A common stock or Class C common stock, whether any transaction described above is to be settled by delivery of our Class A common stock, Class C common stock or such other securities, in cash or otherwise.

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The restrictions described in the preceding paragraph shall not apply to:

- this offering, the Concurrent Convertible Notes Offering and the Class A common stock issuable upon conversion of the Convertible Notes;
- the issuance of up to 10% of the outstanding shares of the Company in connection with the acquisition of the assets of, or a majority or controlling portion of the equity of, or a joint venture with another entity in connection with its acquisition by the Company or any of its subsidiaries of such entity;
- any securities acquired in the open market; provided that in the case of any such transfer, no filing by any party (donor, one, transferor or transferee) under the Exchange Act, shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the lock-up period);
- any transfer or disposition of securities (i) made as a bona fide gift or charitable contribution, or for bona fide estate planning purposes; (ii) if applicable, made to any family member of the party subject to such lock-up restrictions or trust for the direct or indirect benefit of such party or a family member of such party or if such party is a trust, to a trustor, a trustee or a beneficiary of the trust or to the estate of a trustor, trustee or beneficiary of such trust; (iii) if applicable, made to (A) any wholly-owned subsidiary of a corporation, partnership, limited liability company or other business entity, (B) limited partners, members, stockholders or holders of similar equity interests in the party subject to such lock-up restrictions (or in each case its nominee or custodian) or (C) another corporation, partnership, limited liability company, trust or other business entity (or in each case its nominee or custodian) that is an affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of such party, or to any investment fund or other entity controlled or managed by such party or affiliates of such party; (iv) upon death or by will, testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the party subject to such lock-up restrictions; or (v) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under the foregoing clauses (i) through (iv); provided that in the case of any transfer or distribution pursuant to clauses (i) through (v), (x) the transferee agrees to be bound in writing by the terms of the lock-up restrictions prior to such transfer, (y) such transfer shall not involve a disposition for value; and (z) no filing by any party (donor, one, transferor or transferee) under the Exchange Act shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the lock-up period);
- the establishment of a written trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of our Class A common stock or Class C common stock, *provided* that (i) during the lock-up period, no direct or indirect offers, pledges, sales, contracts to sell, sales of any option or contract to purchase, purchases of any option or contract to sell, grants of any option, right or warrant to purchase, loans, or other transfers or disposals of any securities may be effected pursuant to such plan during the lock-up period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the Company or the party subject to such lock-up restrictions regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Class A common stock or Class C common stock may be made under such plan during the lock-up period;
- transfers or sales to the Company in connection with the repurchase of securities granted under any of our stock incentive plans or stock purchase plans, as described in this prospectus, in each case, upon termination of the relationship between the Company and the party subject to such lock-up restrictions; provided that no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of the underlying shares, or other public announcement reporting, shall be required or shall be voluntarily made during the lock-up period (other than a filing on a Form 5);
- (i) the receipt of securities upon the exercise, vesting or settlement of options, RSUs or other equity awards granted under a stock incentive plan or other equity award plan, as described herein, or

warrants to purchase Class A common stock or Class C common stock, insofar as such options or warrants are outstanding as of the date of this prospectus and are disclosed in this prospectus; or (ii) the transfer of securities to the Company upon a vesting or settlement event of our RSUs or other securities or upon the exercise of options to purchase our securities on a “cashless” or “net exercise” basis to the extent permitted by the instruments representing such options (and any transfer to the Company necessary in respect of such amount needed for the payment of taxes, including estimated taxes and withholding tax and remittance obligations, due as a result of such vesting, settlement or exercise whether by means of a “net settlement” or otherwise) so long as such vesting, settlement, “cashless” exercise or “net exercise” is effected solely by the surrender of outstanding options (or the Class A common stock or Class C common stock issuable upon the exercise thereof) or Class A common stock or Class C common stock to the Company and our cancellation of all or a portion thereof to pay the exercise price and/or withholding tax and remittance obligations in connection with the vesting, settlement or exercise of the restricted stock unit, option or other equity award; provided (A) that the shares received upon vesting, settlement or exercise of the restricted stock unit, option or other equity award are subject to the lock-up restrictions, (B) in the case of clause (ii), the settlement or exercise of any restricted stock unit, option or other equity award on a “cashless” or “net exercise” basis shall only be permitted if such restricted stock unit, option or other equity award would otherwise expire during the lock-up period and (C) that in the case of clauses (i) or (ii), any filing required under Section 16 of the Exchange Act to be made during the lock-up period shall include a statement to the effect that (1) such transaction reflects the circumstances described in (i) or (ii), as the case may be, (2) such transaction was only with the Company and (3) in the case of clause (i), the Class A common stock or Class C common stock received upon exercise or settlement of the option, RSUs or other equity awards is subject to the lock-up restrictions;

- the transfer or disposition of the securities that occurs by operation of law, pursuant to the rules of descent and distribution or pursuant to a qualified domestic order or in connection with a divorce settlement, provided that each transferee shall sign and deliver a lock-up letter with substantially the same restrictions as those listed above, provided further that any associated filing under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause;
- transfers to the Company upon death or disability, in each case, of the party subject to such lock-up restrictions;
- the transfer of Class A common stock or Class C common stock (or any security convertible into or exercisable or exchangeable for Common Shares) pursuant to a bona fide third party tender offer, merger, consolidated or other similar transaction made to all holders of the capital stock of the Company involving a change of control (as defined below) of the Company which occurs after the consummation of the IPO, is open to all holders of our capital stock and has been approved by our board of directors; provided that in the event that the tender offer, merger, consolidation or other such transaction is not completed, the Class A common stock or Class C common stock shall remain subject to the lock-up restrictions; and
- (i) any transfer or disposition of securities pursuant to a bona fide loan or pledge (A) pursuant to clause (ii) below or (B) that is in effect on the date hereof and has been disclosed in writing to the Lock-up Release Parties and (ii) the grant and maintenance of a bona fide lien, security interest, pledge or other similar encumbrance of any securities owned by the party subject to such lock-up restrictions to a nationally or internationally recognized financial institution with assets of not less than \$10 billion in connection with a loan to such party; provided, however, that the party subject to such lock-up restrictions or the Company, as the case may be, shall provide the Lock-up Release Parties prior written notice informing them of any public filing, report or announcement made by or on behalf of such party or the Company with respect thereto.

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For purposes of the foregoing, “change of control” shall mean the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any “person” (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, other than the Company, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of 90% of the total voting power of the voting stock of the Company, occurring after the consummation of the IPO, that has been approved by the board of directors of the Company.

Upon the expiration of the applicable lock-up periods, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

Our Founder will not need to seek any consent of the underwriters in this offering to sell, transfer, hedge or otherwise enter into transactions in respect of 25.8 million LLC Interests and 4.6 million shares of our Class C common stock, representing approximately 37.9% of direct and indirect economic interests in Shift4 Payments, LLC in the aggregate, after giving effect to this offering.

### **Rule 144**

In general, a person who has beneficially owned our Class A common stock that are restricted shares for at least six months would be entitled to sell such securities, provided that (1) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (2) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned our Class A common stock that are restricted shares for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of our Class A common stock then outstanding; or
- the average weekly trading volume of our Class A common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale; provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144 to the extent applicable.

### **Rule 701**

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of the registration statement of which this prospectus forms a part is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. Our affiliates can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

### **Equity Plans**

We have filed a registration statement on Form S-8 under the Securities Act to register the offer and sale of all shares of Class A common stock subject to outstanding stock options and Class A common stock issued or issuable under our 2020 Plan. Immediately following the IPO, no options to purchase LLC Interests were outstanding and RSUs covering a total of 4,690,167 shares of our Class A common stock were granted to certain of our directors, executive officers and other employees in connection with the IPO.



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Shares of our Class A common stock registered under such registration statement are available for resale by nonaffiliates in the public market without restriction under the Securities Act and by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

**Registration Rights**

See “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

**MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS  
FOR NON-U.S. HOLDERS OF CLASS A COMMON STOCK**

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the ownership and disposition of our Class A common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated under the Code, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, in each case in effect as of the date of this prospectus. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our Class A common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the ownership and disposition of our Class A common stock.

This discussion is limited to Non-U.S. Holders that hold our Class A common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder’s particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our Class A common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- entities or arrangements treated as partnerships for U.S. federal income tax purposes and other pass-through entities (and investors in such entities);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- persons who hold or receive our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the stock being taken into account in an applicable financial statement.

If an entity treated as a partnership for U.S. federal income tax purposes holds our Class A common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our Class A common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

**THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR CLASS A COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

#### **Definition of a Non-U.S. Holder**

For purposes of this discussion, a “Non-U.S. Holder” is any beneficial owner of our Class A common stock that is neither a “U.S. person” nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

#### **Distributions**

Distributions of cash or property on our Class A common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder’s adjusted tax basis in its Class A common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under “—Sale or Other Taxable Disposition.”

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our Class A common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

### **Sale or Other Taxable Disposition**

Subject to the discussion below on information reporting, backup withholding and foreign accounts, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our Class A common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our Class A common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any applicable time within the shorter of the five year period preceding the Non-U.S. Holder's disposition of or the Non-U.S. Holder's holding period for, our Class A common stock, or, if required, anon-U.S. Holder fails to obtain an appropriate certification regarding the USRPI status of our Class A common stock.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our Class A common stock will not be subject to U.S. federal income tax if our Class A common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our Class A common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

### **Information Reporting and Backup Withholding**

Payments of dividends on our Class A common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our Class A common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our Class A common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not

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have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our Class A common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

### **Additional Withholding Tax on Payments Made to Foreign Accounts**

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our Class A common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. Such certification or exemption must typically be evidenced by a Non-U.S. Holder's delivery of a properly executed IRS Form W-8BEN-E. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our Class A common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2019, recently proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our Class A common stock.

## UNDERWRITING

We and the selling stockholders will enter into an underwriting agreement with the underwriters named below with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are the representatives of the underwriters.

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman Sachs & Co. LLC	
Credit Suisse Securities (USA) LLC	
Citigroup Global Markets Inc.	
Total	<u>8,000,000</u>

The underwriters are committed to take and pay for all of the shares being offered by the selling stockholders, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 1,200,000 shares from the selling stockholders. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 1,200,000 additional shares.

	<u>No Exercise</u>	<u>Full Exercise</u>
Per Share	\$	\$
Total	\$	\$

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and the selling stockholders in this offering have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 60 days after the date of this prospectus except with the prior written consent of any two of the Lock-up Release Parties. See "Shares Eligible for Future Sale—Lock-Up Agreements" for a discussion of certain transfer restrictions. Our Founder will not need to seek any consent of the underwriters in this offering to sell, transfer, hedge or otherwise enter into transactions in respect of 25.8 million LLC Interests and 4.6 million shares of our Class C common stock, representing approximately 37.9% of direct and indirect economic interests in Shift4 Payments, LLC in the aggregate, after giving effect to this offering.

In connection with the IPO, our directors and officers and the Continuing Equity Owners (including certain of the selling stockholders) entered into lock-up agreements with the underwriters for the IPO as described in "Shares Eligible for Future Sale—IPO Lock-Up Agreements." In connection with the Follow-on Offering, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC agreed to release the restrictions under the IPO lock-up agreements of the Continuing Equity Owners, including our Founder and Rook, subject to the delivery and effectiveness of the lock-up agreements described under "Shares Eligible for Future Sale—Follow-on Lock-Up Agreements."

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In connection with the Follow-on Offering, our directors and officers and the Continuing Equity Owners (including certain of the selling stockholders) entered into lock-up agreements with the underwriters for the Follow-on Offering as described in “Shares Eligible for Future Sale—Follow-on Lock-Up Agreements.” In connection with this offering, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Goldman Sachs & Co. LLC have agreed to release the restrictions under the Follow-on lock-up agreements of the selling stockholders with respect to the shares of Class A common stock to be sold in this offering, subject to the delivery and effectiveness of the lock-up agreements described under “Shares Eligible for Future Sale—Lock-Up Agreements.”

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our Class A common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. In connection with those derivatives, the third parties may sell securities covered by this prospectus, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of Class A common stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of Class A common stock. The third party in such sale transactions will be an underwriter or will be identified in a post-effective amendment.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships

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with the issuer, for which they received or will receive customary fees and expenses. In particular, certain of the underwriters are acting as initial purchasers in our Convertible Notes Offering. Further, certain of the underwriters or their respective affiliates are lenders or agents under our Revolving Credit Facility.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **Selling Restrictions**

#### ***European Economic Area and the United Kingdom***

In relation to each Member State of the European Economic Area and the United Kingdom (each, a “Relevant State”), an offer to the public of any Class A common stock may not be made in that Relevant State, except that an offer to the public in that Relevant State of any Class A common stock may be made at any time under the following exemptions under the Prospectus Regulation:

- a) to any legal entity which is a “qualified investor” as defined under the Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Class A common stock shall result in a requirement for the Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Class A common stock or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the underwriters and the Company that it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation.

The Company, the underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representation, warranty and agreement. Notwithstanding the above, a person who is not a “qualified investor” and who has notified the representatives of such fact in writing may, with the prior consent of the representatives, be permitted to acquire Class A common stock in the Offer.

For the purposes of this provision, the expression an “offer to the public” in relation to any Class A common stock in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Class A common stock to be offered so as to enable an investor to decide to purchase or subscribe for any Class A common stock, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

#### ***United Kingdom***

Each underwriter has represented and agreed that:

- a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of



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Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the Selling Stockholders; and

- b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

### ***Canada***

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### ***Hong Kong***

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the Securities and Futures Ordinance, or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

### ***Singapore***

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to,

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and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, or Regulation 32.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

### ***Japan***

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

### ***Switzerland***

This document is not intended to constitute an offer or solicitation to purchase or invest in the securities. The securities may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the securities to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the securities constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

We estimate the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$1,100,000. We have also agreed to reimburse the underwriters for certain of their expenses related to the Financial Industry Regulatory Authority, Inc. in an amount up to \$25,000.

Shift4 Payments, Inc., Shift4 Payments, LLC and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

## LEGAL MATTERS

The validity of the shares of Class A common stock offered hereby will be passed upon for us by Latham & Watkins LLP, New York, New York. Simpson Thacher & Bartlett LLP, New York, New York, has acted as counsel for the underwriters in connection with certain legal matters related to this offering.

## EXPERTS

The financial statements of Shift4 Payments, LLC as of December 31, 2019 and 2018 and for the years then ended included in this Prospectus have been so included in reliance on the report (which contains an emphasis of matter paragraph relating to the events and conditions from COVID-19, as described in Note 2 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Shift4 Payments, Inc. as of December 31, 2019 and November 5, 2019 included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed with the registration statement. For further information about us and the Class A common stock offered hereby, we refer you to the registration statement and the exhibits filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

We are required to file periodic reports, proxy statements, and other information with the SEC pursuant to the Exchange Act. The SEC also maintains an internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov). We also maintain a website at [www.shift4.com](http://www.shift4.com), through which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of  
Shift4 Payments, Inc.

***Opinion on the Financial Statements - Balance Sheets***

We have audited the accompanying balance sheets of Shift4 Payments, Inc. (the “Company”) as of December 31, 2019 and November 5, 2019, including the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and November 5, 2019 in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania  
March 6, 2020

We have served as the Company’s auditor since 2019.

**SHIFT4 PAYMENTS, INC. BALANCE SHEETS**

*(dollars in actuals)*

	As of <u>November 5, 2019</u>	As of <u>December 31, 2019</u>
<b>Shareholders' Equity:</b>		
Common shares, \$0.01 par value, 1,000 shares authorized, 100 shares issued and outstanding	\$ 1	\$ 1
Additional paid-in capital	99	99
Common shares receivable	<u>(100)</u>	<u>(100)</u>
<b>Total Shareholders' Equity</b>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to financial statements.

**SHIFT4 PAYMENTS, INC. NOTES TO FINANCIAL STATEMENTS**

**Note 1: Nature of Business and Basis of Presentation**

**Nature of Business**

Shift4 Payments, Inc., or the Company, was incorporated in Delaware on November 5, 2019. Pursuant to a reorganization into a holding company structure, the Company will be a holding company and its principal asset will be a controlling equity interest in Shift4 Payments, LLC. As the sole managing member of Shift4 Payments, LLC, the Company will operate and control all of the business and affairs of Shift4 Payments, LLC, and through Shift4 Payments, LLC and its subsidiaries, conduct its business.

**Basis of Presentation**

The balance sheets are presented in accordance with accounting principles generally accepted in the United States. Separate statements of operations, changes in shareholders' equity, and cash flows have not been presented because the Company has not engaged in any activities except in connection with its formation.

**Note 2: Summary of Significant Accounting Policies—Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 balance sheet. Actual results could differ from those estimates.

**Note 3: Shareholders' Equity**

On November 5, 2019, the Company was authorized to issue 1,000 shares of common stock, \$0.01 par value. On November 5, 2019, the Company issued 100 common shares for \$100. The common shares receivable is reflected as a reduction to shareholders' equity.

**Note 4: Commitments and Contingencies**

The Company did not have any commitments or contingencies as of November 5, 2019 or December 31, 2019.

**Note 5: Subsequent Events (unaudited)**

On May 31, 2020, the Company entered into a purchase agreement with Rook Holdings Inc, or Rook, pursuant to which Rook agreed to purchase, subject to certain conditions, up to \$100.0 million of Class C common stock of the Company in a private placement concurrent with, and subject to, the completion of an initial public offering of the Company's stock. The founder of Shift4 Payments, LLC is the sole stockholder of Rooks Holdings, Inc.

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Members of  
Shift4 Payments, LLC

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Shift4 Payments, LLC and its subsidiaries (the “Company”) as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in members’ equity (deficit) and cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As discussed in Note 4 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers in 2019.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

***Emphasis of Matter***

As discussed in Note 2 to the consolidated financial statements, the Company’s revenues, which are largely tied to processing volumes in the restaurant and hospitality industries, have been materially impacted by COVID-19. The Company expects a decrease in its payments-based revenue throughout 2020 and early 2021, which are expected to have a material impact on its financial results and liquidity. Management’s evaluation of the events and conditions and management’s plans to mitigate these matters are also described in Note 2.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 6, 2020, except with respect to the events and conditions from COVID-19 discussed in Note 2, as to which the date is May 15, 2020

We have served as the Company’s auditor since 2016.



SHIFT4 PAYMENTS, LLC CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share amounts)

	As of December 31,	
	2018	2019
<b>Assets</b>		
Current assets		
Cash	\$ 4.8	\$ 3.7
Accounts receivable, net of allowance for doubtful accounts of \$2.5 in 2019 (2018 - \$2.7)	55.5	78.6
Contract assets, net of allowance for doubtful accounts of \$2.9 in 2019 (Note 4)	—	6.8
Inventory (Note 6)	5.1	8.5
Prepaid expenses and other current assets (Note 12)	4.8	8.8
Total current assets	<u>70.2</u>	<u>106.4</u>
Noncurrent assets		
Goodwill (Note 7)	391.8	421.3
Other intangible assets, net (Note 8)	230.7	213.2
Capitalized acquisition costs, net (Note 9)	36.0	26.4
Property, plant and equipment, net (Note 10)	8.6	15.4
Contract assets, net of allowance for doubtful accounts of \$1.7 in 2019 (Note 4)	—	3.9
Other noncurrent assets	1.4	1.4
Total noncurrent assets	<u>668.5</u>	<u>681.6</u>
Total assets	<u>\$ 738.7</u>	<u>\$ 788.0</u>
<b>Liabilities and Members' Equity</b>		
Current liabilities		
Current portion of long-term debt (Note 11)	\$ 4.8	\$ 5.3
Accounts payable	44.2	58.1
Accrued expenses and other current liabilities (Note 12)	44.2	60.9
Deferred revenue (Note 4)	4.6	5.6
Total current liabilities	<u>97.8</u>	<u>129.9</u>
Noncurrent liabilities		
Long-term debt (Note 11)	548.7	635.1
Deferred tax liability (Note 15)	4.1	4.1
Other noncurrent liabilities (Note 5)	3.7	4.8
Total noncurrent liabilities	<u>556.5</u>	<u>644.0</u>
Total liabilities	<u>654.3</u>	<u>773.9</u>
Commitments and contingencies (Note 19)		
Redeemable preferred units, \$100,000 par value; 430 shares authorized, issued and outstanding (Note 20)	43.0	43.0
Members' equity (Note 21)		
Class A Common units, \$0 par value; 100,000 shares authorized, issued and outstanding	—	—
Class B Common units, \$323 par value; 1,010 shares authorized, issued and outstanding	0.3	0.3
Members' equity	154.4	149.2
Retained deficit	<u>(113.3)</u>	<u>(178.4)</u>
Total members' equity (deficit)	<u>41.4</u>	<u>(28.9)</u>
Total liabilities and equity	<u>\$ 738.7</u>	<u>\$ 788.0</u>

See accompanying notes to consolidated financial statements.

**SHIFT4 PAYMENTS, LLC CONSOLIDATED STATEMENTS OF OPERATIONS***(in millions, except share and per share amounts)*

	Year Ended December 31,	
	2018	2019
Gross revenue	\$ 560.6	\$ 731.4
Cost of sales	410.2	552.4
Gross profit	150.4	179.0
General and administrative expenses	83.7	124.4
Depreciation and amortization expense	40.4	40.2
Professional fees	7.4	10.4
Advertising and marketing expenses	6.1	6.3
Restructuring expenses	20.1	3.8
Total operating expenses	157.7	185.1
Loss from operations	(7.3)	(6.1)
Other income, net	0.6	1.0
Interest expense	(47.0)	(51.5)
Loss before income taxes	(53.7)	(56.6)
Income tax benefit (provision)	3.8	(1.5)
Net loss (1)	\$ (49.9)	\$ (58.1)
Net loss per unit—Class A		
Basic	\$ (545.85)	\$ (629.50)
Diluted	\$ (545.85)	\$ (629.50)
Weighted-average Class A shares used to compute net loss per unit		
Basic	100,000	100,000
Diluted	100,000	100,000

(1) Net loss is equal to comprehensive loss.

See accompanying notes to consolidated financial statements.

**SHIFT4 PAYMENTS, LLC CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)***(in millions, except units)*

	Class A		Class B		Members'	Retained	Total
	Common Units	Amount	Common Units	Amount			
	Units	Amount	Units	Amount	Equity	Deficit	
<b>Balance at December 31, 2017</b>	100,000	\$ —	1,010	\$ 0.3	\$ 159.3	\$ (63.4)	\$ 96.2
Net loss	—	—	—	—	—	(49.9)	(49.9)
Capital distributions	—	—	—	—	(0.2)	—	(0.2)
Preferred return on redeemable preferred units	—	—	—	—	(4.7)	—	(4.7)
<b>Balance at December 31, 2018</b>	<u>100,000</u>	<u>—</u>	<u>1,010</u>	<u>\$ 0.3</u>	<u>\$ 154.4</u>	<u>\$ (113.3)</u>	<u>\$ 41.4</u>
Net loss	—	—	—	—	—	(58.1)	(58.1)
Capital distributions	—	—	—	—	(0.2)	—	(0.2)
Preferred return on redeemable preferred units	—	—	—	—	(5.0)	—	(5.0)
Cumulative effect of ASC 606 adoption	—	—	—	—	—	(7.0)	(7.0)
<b>Balance at December 31, 2019</b>	<u>100,000</u>	<u>\$ —</u>	<u>1,010</u>	<u>\$ 0.3</u>	<u>\$ 149.2</u>	<u>\$ (178.4)</u>	<u>\$ (28.9)</u>

See accompanying notes to consolidated financial statements.

SHIFT4 PAYMENTS, LLC CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Year Ended December 31,	
	2018	2019
<b>Operating activities</b>		
Net loss	\$ (49.9)	\$ (58.1)
Adjustment to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	66.2	63.2
Amortization of capitalized loan fees	3.7	4.0
Deferred income taxes	(3.8)	—
Provision for bad debts	2.2	5.5
Impairment on capitalized software development costs	—	1.9
Revaluation of contingent liabilities	(0.3)	15.5
Other noncash items	(0.4)	(0.4)
Change in operating assets and liabilities		
Accounts receivable	(16.6)	(18.6)
Contract assets	—	(2.4)
Prepaid expenses and other current assets	0.6	(2.7)
Inventory	(1.8)	(1.7)
Accounts payable	11.1	12.3
Accrued expenses and other liabilities	13.7	7.1
Deferred revenue	0.8	1.1
Net cash provided by operating activities	<u>25.5</u>	<u>26.7</u>
<b>Investing activities</b>		
Acquisition, net	(1.5)	(60.2)
Residual commission buyouts	(3.7)	(3.3)
Acquisition of property, plant and equipment	(1.6)	(8.2)
Capitalized software development costs	(4.0)	(8.4)
Customer acquisition costs	(30.6)	(18.7)
Net cash used in investing activities	<u>(41.4)</u>	<u>(98.8)</u>
<b>Financing activities</b>		
Proceeds from long-term debt	—	90.0
Repayment of long-term debt	(5.2)	(5.2)
Proceeds from revolving line of credit	20.0	91.0
Repayment of revolving line of credit	—	(90.0)
Payments on contingent liabilities	(3.2)	(3.1)
Principal repayments of capital leases	(0.1)	—
Deferred financing costs	—	(3.0)
Preferred return on preferred stock	—	(8.5)
Capital distributions	(0.2)	(0.2)
Net cash provided by financing activities	<u>11.3</u>	<u>71.0</u>
Change in cash	(4.6)	(1.1)
<b>Cash</b>		
Beginning of year	9.4	4.8
End of year	<u>\$ 4.8</u>	<u>\$ 3.7</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for income taxes	\$ 0.5	\$ 0.2
Cash paid for interest	\$ 35.9	\$ 47.2
<b>Noncash investing activity</b>		
Capitalized software development costs	\$ —	\$ 0.9
<b>Noncash financing activity</b>		
Accrued preferred return on redeemable preferred units	\$ 4.7	\$ 1.2

See accompanying notes to consolidated financial statements.

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

**1. Nature of Business and Basis of Presentation**

**Nature of Business**

Shift4 Payments, LLC, or Shift4 or the Company, was founded in 1999 and is a leading provider of integrated payment processing and technology solutions. Through the *Shift4 Model*, the Company offers software providers a single integration to an end-to-end payments offering, a powerful gateway and a robust suite of technology solutions (including cloud enablement, business intelligence, analytics, and mobile) to enhance the value of their software suites and simplify payment acceptance. The Company provides for its merchants a seamless customer experience at scale, rather than simply acting as one of multiple providers they rely on to operate their businesses. The *Shift4 Model* is built to serve a range of merchants from small-to-medium-sized businesses to large and complex enterprises across numerous verticals, including lodging, leisure, and food and beverage. This includes the Company's Harbortouch, Restaurant Manager, POSitouch, and Future POS brands, as well as over 350 additional software integrations in virtually every industry.

**Basis of Presentation**

The consolidated financial statements presented herein include the financial statements of Shift4 Payments, LLC and its wholly owned subsidiaries, MSI Merchant Services Holdings, LLC, Harbortouch Financial, LLC, Harbortouch Lithuania, Future POS, LLC, Restaurant Manager, LLC, POSitouch, LLC, Independent Resources Network, LLC, Merchant-Link, LLC and Shift4 Corporation.

All intercompany balances and transactions have been eliminated.

**2. Summary of Significant Accounting Policies**

**Liquidity and Management's Plan**

The unprecedented and rapid spread of COVID-19 as well as the shelter-in place orders, promotion of social distancing measures, restrictions to businesses deemed non-essential, and travel restrictions implemented throughout the United States have significantly impacted the restaurant and hospitality industries. As a result, the Company's revenues, which are largely tied to processing volumes in these verticals, were materially impacted beginning in the final two weeks of March 2020. The Company expects a decrease in its payments-based revenue throughout 2020 and early 2021 compared to original expectations as a result of known shelter-in-place restrictions and social distancing measures anticipated to continue, which are expected to have a material impact on its financial results and liquidity.

In developing our estimates of the potential impact of COVID-19 on our business we have had to make a number of assumptions most notably related to our processing volume and our expectations for recovery over the remainder of 2020 and into 2021. These assumptions have been factored into our analysis of our liquidity needs and actions that may be necessary to respond to the current environment to manage cash flow and comply with our debt covenant requirements. As a result of this analysis, the Company has taken proactive measures, in addition to drawing the remaining capacity of its Revolving Credit Facility, to reduce costs, preserve adequate liquidity and maintain its financial position. These include limiting discretionary spending across the organization, reducing spending through reprioritizing its capital projects, instituting a company-wide hiring freeze, reducing salaries for management across the organization, furloughing approximately 25% of its workforce in April 2020 and accelerating expense reduction plans related to previous acquisitions.

As of December 31, 2019, the Company had \$511.1 million, \$130.0 million, and \$21.0 million outstanding under the First Lien Term Loan Facility, Second Lien Term Loan Facility, and the Revolving Credit

## SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(in millions, except share, unit, per unit and merchant count amounts)*

Facility, respectively. In March 2020, the Company drew the remaining \$64.5 million available under its Revolving Credit Facility as noted above. Refer to Note 11 for further information on the Company's debt obligations.

At December 31, 2019, the Company was in compliance with the financial covenants under its debt agreements and we expect to be in compliance for at least the 12 months following reissuance of these consolidated financial statements. While we expect to be in compliance with our debt covenants based on our current estimates, if conditions caused by the COVID-19 pandemic worsen and processing volumes and our related revenues do not continue to recover in accordance with our current plans discussed above, we may not be able to comply with our financial covenants. If the Company does not remain in compliance with its debt covenants, it would have to seek amendments or waivers to these covenants. The Company may also need to implement further strategies to enhance its liquidity position and ensure it can meet its debt covenants and liquidity needs for at least the next 12 months. These strategies may include, but are not limited to, pursuing financing from the public markets, a capital infusion from its equity holders as well as additional cost savings measures. However, no assurances can be made that such amendments or waiver would be approved by the Company's lenders and if so at terms acceptable to us, nor can we determine the impact of potential additional costs to obtain an amendment or waiver such as increased interest expense. Generally, if an event of default under its debt agreement occurs, then substantially all of the outstanding debt could become due immediately, which could have a material adverse impact to the Company's operations and liquidity.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States, or U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates inherent in the preparation of the accompanying consolidated financial statements include estimates of fair value of acquired assets and liabilities through business combinations, fair value of contingent liabilities related to earnout payments and change of control, and allowance for doubtful accounts. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.

### **Cash**

Highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents and are stated at cost, which approximates fair value. There were no cash equivalents at December 31, 2018 or 2019.

The Company maintains its cash with high credit quality financial institutions. The total cash balances insured by the Federal Deposit Insurance Corporation, or FDIC, are up to \$250 thousand per bank.

### **Accounts Receivable**

Accounts receivable are primarily comprised of amounts due from the Company's processing partners. The receivables are typically received within 10 business days following the end of the month. In addition, accounts receivable includes amounts due from merchants for point-of-sale software, support services, and other miscellaneous service fees, as well as receivables related to chargeback transactions, as described below. Accounts receivable are stated at the invoice amount.

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

Disputes between a cardholder and a merchant periodically arise as a result of, among other things, cardholder dissatisfaction with merchandise quality, unsatisfactory merchant services, nondelivery of goods or nonperformance of services. Such disputes may not be resolved in the merchant's favor. In these cases, the transaction is "charged back" to the merchant, which means the disputed amount is refunded to the cardholder through the acquiring bank and charged to the merchant. If the merchant has inadequate funds, the Company must bear the credit risk for the full amount of the transaction. The Company's sponsorship bank holds merchant funds that are available to meet merchant chargeback liabilities if the merchant has inadequate funds to meet the obligation. Total merchant funds held at the Company's sponsorship bank totaled \$5.8 and \$4.8 as of December 31, 2018 and 2019, respectively.

The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of accounts that will not be collected. The allowance for doubtful accounts is primarily comprised of (1) credit risk associated with processing receivables where the credit card or automatic clearing house, or ACH, transaction to settle the customer accounts was rejected and the Company estimates an amount to be uncollectible and (2) transactions disputed by a cardholder in which the Company bears the credit risk.

The allowance is based on current economic trends, historical loss experience, and any current or forecasted risks identified through collection matters. Any change in the assumptions used may result in an additional allowance for doubtful accounts being recognized in the period in which the change occurs. Changes in the allowance related to charge-back receivables are recognized within "Cost of sales" in the Consolidated Statements of Operations. Changes in the allowance for all other receivables are recognized within "General and administrative expenses" in the Consolidated Statements of Operations.

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

	<b>December 31,</b>	
	<b>2018</b>	<b>2019</b>
Beginning balance	\$ 0.5	\$ 2.7
Additions to expense	2.2	2.8
Write-offs, net of recoveries and other adjustments	—	(3.0)
Ending balance	<u>\$ 2.7</u>	<u>\$ 2.5</u>

**Accounts Payable**

Accounts payable are primarily comprised of amounts due to the Company's processing partners for interchange and processing fees.

**Inventory**

Inventory represents credit and debit card terminals, point-of-sale systems and electronic cash registers on hand and not in service.

Inventory is recorded at cost, which approximates average cost. Inventory deemed to have costs greater than their respective values are reduced to net realizable value as a loss in the period recognized.

**Shipping and Handling Costs**

The Company includes shipping and handling costs relating to the delivery of its terminal and point-of-sale systems directly from third-party vendors to the Company and, from the Company to its merchants within

SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share, unit, per unit and merchant count amounts)

“Cost of sales” in the Consolidated Statements of Operations. The Company incurred shipping and handling costs of \$2.8 for each of the years ended December 31, 2018 and 2019.

**Property, Plant and Equipment, Net**

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method over the asset’s estimated useful life. Leasehold improvements are depreciated over the lesser of the estimated life of the leasehold improvement or the remaining lease term. Maintenance and repairs, which do not extend the useful life of the respective assets, are charged to expense as incurred.

	<u>Useful life</u>
Equipment	3-5
Capitalized software	3-5
Leasehold improvements	5-10
Furniture and fixtures	5
Vehicles	5

**Goodwill**

Goodwill represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired in a business combination. The Company evaluates goodwill for impairment annually at October 1 and whenever events or circumstances make it more likely than not that impairment may have occurred. The Company has determined that its business comprises one reporting unit. The Company has the option to first assess qualitative factors to determine whether events or circumstances indicate it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, in which case a quantitative impairment test is not required.

The quantitative goodwill impairment test is performed using atwo-step process. The first step of the process is to compare the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not impaired and the second step of the quantitative impairment test is not required. The second step of the quantitative goodwill impairment test compares the implied fair value of the reporting unit’s goodwill with the carrying amount of that goodwill. An impairment loss is recognized for any excess of the carrying amount of the reporting unit’s goodwill over the implied fair value.

Based on its qualitative evaluations, management concluded in both 2018 and 2019 that there was no impairment of goodwill.

**Other Intangible Assets, Net**

Other intangible assets, net consists of merchant relationships, acquired technology, trademarks and trade names, noncompete agreements, capitalized software development costs, leasehold interests, and residual commission buyouts.

These intangible assets are being amortized on a straight-line basis over their estimated useful lives which range from two years to 10 years, with the exception of capitalized software development costs. Capitalized software development costs are amortized using the straight-lined method on a product-by-product basis over the estimated useful life of the software. Amortization of capitalized software development costs begins when the product is available for general release. Unamortized capitalized software development costs determined to be in excess of the net realizable value of the product are expensed immediately.



## SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share, unit, per unit and merchant count amounts)

The costs for the development of computer software that will be sold, leased, or otherwise marketed are capitalized when technological feasibility has been established. Technological feasibility generally occurs when all planning, design, coding and testing activities are completed that are necessary to establish that the product can be produced to meet its design specifications, including functions, features and technical performance requirements. The establishment of technological feasibility is an ongoing assessment of judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenues, estimated economic life and changes in technology. Capitalized software development costs include direct labor and related expenses for development for new products and enhancements to existing products. These capitalized costs are subject to an ongoing assessment of recoverability based on anticipated future revenues and changes in software technologies.

Residual commission buyouts represent amounts paid to an independent sales organization, or ISO, to buy out their future residual commission streams. The typical payment to the ISO is comprised of a lump sum payment due immediately and a contingent payment due 14 months following the buyout agreement dependent on attrition rates and/or other financial metrics within the respective merchant portfolios.

### Impairment of long-lived assets

We evaluate long-lived assets (including intangible assets) for impairment whenever events or circumstances indicate that the carrying amounts of such assets may not be recoverable. An asset is considered impaired when the carrying amount of the asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If impaired, the asset's carrying value is written down to its fair value. There were no impairments recorded for the year ended December 31, 2018. See Note 3 for information about impairments recorded for the year ended December 31, 2019.

### Leases

Leases are classified as either operating or capital, based on the substance of the transaction at inception of the lease. Classification is re-assessed if the terms of the lease are changed.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease (net of any incentives received from the lessor) are recognized to "General and administrative expenses" in the Consolidated Statements of Operations on a straight-line basis over the period of the lease. The Company fulfilled its only capital lease obligation during the year ended December 31, 2018.

### Revenue Recognition

On January 1, 2019, the Company adopted Accounting Standards Codification 606, or ASC 606: *Revenue from Contracts with Customers*, using the modified retrospective method applied to all open contracts which were not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic revenue recognition methodology under ASC 605: *Revenue Recognition*. The most significant change under ASC 606 is that under the current contract terms the Company can no longer defer the upfront cost for the Company's free equipment program to its merchants. See Note 4 for the impact of adoption.

The new revenue recognition guidance provides a single model to determine when and how revenue is recognized. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company recognizes

## SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(in millions, except share, unit, per unit and merchant count amounts)*

revenue using a five-step model resulting in revenue being recognized as performance obligations within a contract have been satisfied. The steps within that model include: (i) identifying the existence of a contract with a customer; (ii) identifying the performance obligations within the contract; (iii) determining the contract's transaction price; (iv) allocating the transaction price to the contract's performance obligations; and, (v) recognizing revenue as the contract's performance obligations are satisfied. Judgment is required to apply the principles-based, five-step model for revenue recognition. Management is required to make certain estimates and assumptions about the Company's contracts with its customers, including, among others, the nature and extent of its performance obligations, its transaction price amounts and any allocations thereof, the events which constitute satisfaction of its performance obligations, and when control of any promised goods or services is transferred to its customers.

The Company provides its merchants with an end-to-end payments offering that combines its payments platform, including its proprietary gateway and breadth of software integrations, and its suite of technology solutions. The Company primarily earns revenue through volume-based payments and transactions fees, as well as subscription revenue for its software and technology solutions.

### *Payments-Based Revenue*

Payments-based revenue includes fees for payment processing and gateway services. Payment processing service revenue is based on a percentage of payment volume and on a per transaction fee. They may also be based on minimum monthly usage fees.

The Company's payment processing agreements have an initial term of three years and automatically renew every two years thereafter. The Company satisfies its performance obligations and recognizes transaction fees upon authorization of a transaction by the merchant's bank. These transaction fees represent the full amount of the fee charged to the merchant, including interchange and payment network costs paid to the card brands pursuant to the transactions the Company facilitates through the network while performing an end-to-end payment obligation.

The Company's performance obligation is to stand-ready to provide payment processing services for each day during the duration of the payment processing agreement. Providing payment processing services involves multiple promises including: 1) payment processing, 2) gateway services including tokenization and data encryption, 3) risk mitigation, and 4) settlement services. The Company considers each of these promises to be inputs to produce a combined output of providing a fully secured and integrated end-to-end payment processing service to a merchant. Further, the combination of these services is transformative in nature in that the significant integration allows for front-end and back-end risk mitigation, merchant portability, third party software integrations, and enhanced reporting functionality. In addition, the Company applies the right to invoice practical expedient to payment processing services as each performance obligation is recognized over time and the amounts invoiced are reflective of the value transferred to the customer.

Payments-based revenue is recognized on a gross basis as the Company is the principal in the delivery of the payment processing solution to its merchants because it controls the service on its payments platform. The Company also contracts directly with its merchants and has complete pricing latitude on the processing fees charged to its merchants. As such, it bears the credit risk for network fees and transactions charged back to the merchant.

### *Subscription-Based Revenue*

The Company generates revenues from recurring SaaS fees for point-of-sale systems provided to merchants. Point-of-sale SaaS fees are based on the type and quantity of equipment and software deployed to the

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

merchant. SaaS contracts are for a contractual term of three years and are billed ratably over that time period. Annual fees are deferred and recognized as revenue over the respective period the fee covers, which is one year or less.

The Company's SaaS arrangements include multiple performance obligations with differing patterns of revenue recognition. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company determines standalone selling prices based on the fair value of each product and service.

As part of the SaaS fees, the Company identified the following separate performance obligations under ASC 606:

- (1) *Point-of-sale software:* The Company provides a "Hybrid Cloud" arrangement which includes on-premise software as well as a cloud component. The on-premise solution interacts with the cloud service to provide an end-to-end integrated solution to the merchant. As the on-premise software and cloud-based service are transformative in nature, they are not distinct performance obligations. The revenue allocated to software from the monthly SaaS fee qualifies as a service and revenue is recognized ratably over time as the performance obligation represents a stand-ready obligation to provide the service.
- (2) *Hardware revenue:* The Company provides hardware to its merchants that qualify as a sales-type lease. The Company satisfies its performance obligation upon delivery of the hardware to its merchants, at which time the revenue allocated to this performance obligation is recognized.
- (3) *Other support services:* The Company offers merchants technical support services and warranty for the leased hardware. Technical support services include the promise to provide the merchant with software updates if and when available. The Company also provides the merchant with assurance that its equipment will function in accordance with contract specifications over the lease term. Revenue allocated to this performance obligation is recognized ratably over time as the performance obligation represents a stand-ready obligation to provide the service.

*Other Revenue*

Other Revenue is generally recognized at a point-in-time and primarily includes revenue derived from software license sales, hardware sales, third party residuals, automated teller machine services, and fees charged for technology support to merchants.

*Contract Assets*

Hardware revenue allocated from the SaaS contractual term is recognized in the Company's Consolidated Statements of Operations when the hardware is delivered to the merchant. The Company utilizes its best estimate of selling price when calculating the hardware revenue to be recorded. This performance obligation qualifies for sales type lease accounting. At the time revenue is recognized, a Contract Asset is created in the Company's Consolidated Balance Sheet representing the present value of minimum lease payments. Accordingly, a portion of the lease payments are recognized as interest income. Such interest income for the year ended December 31, 2019 was \$2.2.

The carrying amount of contract assets is reduced by an allowance for doubtful accounts that reflects management's best estimate of accounts that will not be collected. Changes in the allowance are recognized within "General and administrative expenses" in the Consolidated Statements of Operations.

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(in millions, except share, unit, per unit and merchant count amounts)

The change in the Company's allowance for contract assets was as follows:

	<b>December 31,</b>
	<b>2019</b>
Beginning balance	\$ —
Cumulative effect of ASC 606 adoption	4.7
Beginning balance, adjusted	4.7
Additions to expense	2.8
Write-offs, net of recoveries and other adjustments	(2.9)
Ending balance	<u>\$ 4.6</u>

**Capitalized Acquisition Costs**

The Company incurs costs to obtain payment processing contracts with customers, primarily in the form of upfront processing bonuses provided to software partners, which consist of independent software vendors and value-added resellers. The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover the costs. Capitalized acquisition costs are amortized ratably over the estimated life of the customer, which is generally three to five years. Amortization of costs to obtain a contract are classified as "Cost of sales" on the Company's Consolidated Statements of Operations.

**Income Taxes**

The Company is organized as a limited liability company in accordance with Delaware law. A limited liability company is not subject to tax in accordance with partnership tax rules. Taxable income or loss from Shift4 Payments, LLC is passed through to and included in the taxable income of its members. Accordingly, the consolidated financial statements do not include a provision for federal income taxes on the flow-through taxable income or loss from Shift4 Payments, LLC.

Shift4 Corporation, one of the operating subsidiaries of Shift4 Payments, LLC, is considered a C-Corporation for U.S. federal, state and local income tax purposes. Taxable income or loss from Shift4 Corporation is not passed through to Shift4 Payments, LLC. Instead, it is taxed at the corporate level subject to the prevailing corporate tax rates. A provision for income taxes related to the taxable income of Shift4 Corporation is included in the consolidated financial statements.

For Shift4 Corporation, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date.

The Company records interest and penalties related to uncertain tax positions in the provision for income taxes in the Consolidated Statements of Operations.

**Basic and diluted earnings (loss) per unit**

Basic earnings (loss) per unit, or EPU, is computed by dividing net income (loss) available to common unitholders by the weighted-average number of LLC Interests outstanding during the period, excluding the

## SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(in millions, except share, unit, per unit and merchant count amounts)*

effects of any potentially dilutive securities. Diluted EPS gives effect to the potential dilution, if any, that could occur if securities or other contracts to issue LLC Interests were exercised or converted into LLC Interests, using the more dilutive of the two-class method or if-converted method. Diluted EPS excludes potential LLC Interests if their effect is anti-dilutive. If there is a net loss in any period, basic and diluted EPS are computed in the same manner.

The Company computes EPU using the two-class method required for participating securities. The two-class method requires income available to common stockholders for the period to be allocated between LLC Interests and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's preferred units are participating securities as preferred unit holders have rights to participate in dividends with the common unit holders on a pro-rata basis. As such, the Company applied the two-class method for EPU when computing earnings (loss) per Class A and Class B common unit. These participating securities do not contractually require the holders of such units to participate in the Company's losses. Therefore, net losses for the periods presented were not allocated to the Company's participating securities.

### **Advertising Costs**

The Company expenses advertising costs as incurred. Advertising expenses were \$1.1 and \$1.2 for the years ended December 31, 2018 and 2019, respectively, and included in "Advertising and marketing expenses" in the Consolidated Statements of Operations.

### **Research and Development Costs**

The Company expenses research and development costs as incurred. Research and development expenses, which consists primarily of third-party costs, were \$1.6 for both the years ended December 31, 2018 and 2019, and included in "General and administrative expenses" in the Consolidated Statements of Operations.

### **Business Combinations**

Upon acquisition of a company, the Company determines if the transaction is a business combination, which is accounted for using the acquisition method of accounting. Under the acquisition method, once control is obtained of a business, the assets acquired, and liabilities assumed, including amounts attributed to noncontrolling interests, are recorded at fair value. The Company uses its best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. The determination of the fair values is based on estimates and judgments made by management. The Company's estimates of fair value are based upon assumptions it believes to be reasonable, but which are inherently uncertain and unpredictable. Measurement period adjustments are reflected at the time identified, up through the conclusion of the measurement period, which is the time at which all information for determination of the values of assets acquired and liabilities assumed is received, and is not to exceed one year from the acquisition date. The Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill.

Additionally, uncertain tax positions and tax-related valuation allowances are initially recorded in connection with a business combination as of the acquisition date. The Company continues to collect information and reevaluates these estimates and assumptions periodically and records any adjustments to preliminary estimates to goodwill, provided the Company is within the measurement period. If outside of the measurement period, any subsequent adjustments are recorded to the Company's Consolidated Statements of Operations.

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

**Concentration of Credit Risk**

The Company's merchant processing activity has been facilitated by two vendors. The Company believes that these vendors maintain appropriate backup systems and alternative arrangements to avoid a significant disruption of the processing in the event of an unforeseen event.

A majority of the Company's revenue is derived from the processing of card transactions. Because the Company is not a "member bank", in order to process these bank card transactions, the Company has entered into a sponsorship agreement with a member bank. The agreement with the bank sponsor requires, among other things, that the Company abide by the by-laws and regulations of the credit card companies. If the Company breaches the sponsorship agreement, the bank sponsor may terminate the agreement and, under the terms of the agreement, the Company would have 180 days to identify an alternative bank sponsor.

**Defined Benefit Plan**

A historical acquisition included a frozen defined benefit pension plan with pension obligations. As of December 31, 2019, the defined benefit plan is not material to the Company's consolidated financial statements. All of the assets under the defined benefit plan have been distributed.

**New Accounting Pronouncements**

The Company, an emerging growth company, or EGC, has elected to take advantage of the benefits of the extended transition period provided for in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards which allows the Company to defer adoption of certain accounting standards until those standards would otherwise apply to private companies.

*Accounting Pronouncements Adopted*

In August 2016, the Financial Accounting Standards Board, or FASB, issued ASU2016-15: *Classification of Certain Cash Receipts and Cash Payments*, which is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The eight items that the ASU provides classification guidance on include (1) debt prepayment and extinguishment costs, (2) settlement of zero-coupon debt instruments, (3) contingent consideration payments made after a business combination, (4) proceeds from the settlement of insurance claims, (5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, (6) distributions received from equity method investments, (7) beneficial interests in securitization transactions, and (8) separately identifiable cash flows and application of the predominance principle. The Company adopted ASU 2016-15 effective January 1, 2019 and there was no material impact on the Company's consolidated statements of cash flows upon adoption.

In January 2017, the FASB issued ASU2017-01: *Clarifying the Definition of a Business*. The objective of the update was to add guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The Company adopted ASU 2017-01 effective January 1, 2019 and there was no material impact upon adoption.

In May 2014, the FASB, issued ASU2014-09: *Revenue from Contracts with Customers*, or ASC 606. This new standard provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The standard requires that an entity recognizes revenue to depict the

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendment also requires enhanced disclosures regarding the nature, amount, and timing of revenues and cash flows from contracts with customers. The FASB has issued several amendments to Topic 606, including further guidance on principal versus agent considerations, clarification on identifying performance obligations and accounting for licenses of intellectual property. The Company adopted ASU 2014-09 effective January 1, 2019 using the modified retrospective method. See Revenue Recognition within this note and Note 3 for more information, including the impact of adoption.

*Accounting Pronouncements Not Yet Adopted*

In February 2016, the FASB issued ASU2016-02: *Leases*. The new standard requires a lessee to record assets and liabilities on the balance sheet for the rights and obligations arising from leases with terms of more than 12 months. This guidance is effective for the Company for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. The Company will adopt the new standard on January 1, 2021 using a modified retrospective approach. In July 2018, the FASB issued ASU 2018-10: *Codification Improvements to Topic 842, Leases*, or ASU 2018-10, and ASU 2018-11: *Leases (Topic 842) Targeted Improvements*, or ASU 2018-11. ASU 2018-10 provides certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 allows all entities adopting ASU 2016-02 to choose an additional (and optional) transition method of adoption, under which an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. ASU 2018-11 also allows lessors to not separate non-lease components from the associated lease component if certain conditions are met. The Company is evaluating the potential impact that the adoption of this standard will have on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU2016-13: *Financial Instruments—Credit Losses (Topic 326)*, which changes the impairment model for most financial assets, including accounts receivable, and replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. The guidance is effective for the Company for interim and annual periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the timing and impact of adopting ASU 2016-13 on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU2017-04: *Simplifying the Test for Goodwill Impairment*, which removes step 2 of the quantitative goodwill impairment test. Under the amended guidance, a goodwill impairment charge is recognized for the amount by which the carrying value of a reporting unit exceeds its fair value, not to exceed the carrying amount of goodwill. The guidance is effective for the Company for interim and annual periods beginning after December 15, 2022, with early adoption permitted for any impairment tests performed after January 1, 2017. The Company is currently assessing the timing and impact of adopting ASU 2017-04 on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU2018-13: *Fair Value Measurement—Disclosure Framework (Topic 820)*. The updated guidance improves the disclosure requirements on fair value measurements. The updated guidance is effective for the Company for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of adopting ASU 2018-13 on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. ASU 2018-15 aligns the requirements for

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected. The guidance is effective for the Company for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted, including adoption in any interim period. The Company is currently assessing the timing and impact of adopting ASU 2018-15 on the Company's consolidated financial statements.

**3. Merchant Link Acquisition**

On August 30, 2019, the Company agreed to purchase 100% of the membership interests of Merchant-Link, LLC for \$64.0, subject to certain closing conditions pursuant to the agreement, including adjustments based on estimates of Net Working Capital (as defined in the purchase agreement) and Net Indebtedness (as defined in the purchase agreement) of the business at closing. This acquisition brings a highly complementary customer base, with 80% of the customers using software already integrated on the Company's gateway. This overlap presents the Company with a substantial opportunity for improved share of wallet and cost efficiencies.

Upon the satisfaction of the conditions set forth in the purchase agreement, the transaction, or Merchant Link Acquisition, closed on August 30, 2019. The purchase was funded with borrowings from the revolving credit facility in August 2019, as discussed further in Note 11. The initial consideration for the Merchant Link Acquisition was \$60.2, net of cash acquired.

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

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

Cash	\$ 3.8
Accounts receivable	8.2
Prepaid expenses and other current assets	1.9
Property, plant and equipment	2.4
Inventory	1.7
Other intangible assets	20.4
Goodwill(a)	29.5
Accounts payable	(1.5)
Accrued expenses and other current liabilities	(2.1)
Deferred revenue	(0.3)
Net assets acquired	64.0
Less: cash acquired	(3.8)
Net cash paid for acquisition	<u>\$60.2</u>

(a) Goodwill is not deductible for tax purposes.



**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

In connection with the Merchant Link Acquisition, the Company incurred transaction expenses of \$0.4 for the year ended December 31, 2019, which are included in “General and administrative expenses” in the Consolidated Statements of Operations. In addition, the Company incurred integration expenses of \$3.0 and restructuring expenses of \$3.3 for the year ended December 31, 2019, which are included in “General and administrative expenses” in the Consolidated Statements of Operations. The integration expenses include a write-off of \$1.9 of capitalized software development costs for projects initiated at Merchant Link prior to the acquisition that have no further use subsequent to the acquisition and are therefore impaired, \$0.8 for incremental equipment provided to customers to migrate to the Shift4 gateway platform, and \$0.3 for retention packages to certain Merchant Link employees to maintain business continuity. See Note 5 for more information on the restructuring expenses.

The fair values of intangible assets were estimated using inputs classified as Level 3 and included either an income approach or cost approach. Intangible assets valued under the income approach used either the relief from royalty method (developed technology and trademarks and tradenames) or the multi-period excess earnings method (customer relationships).

The Merchant Link acquisition did not have a material impact on the Company’s reported revenue or net loss for the year ended December 31, 2019. Accordingly, pro forma financial information has not been presented.

**4. Revenue**

*Adoption of ASC 606: Revenue from Contracts with Customers*

The Company recorded a net reduction to retained earnings of \$7.0 as of January 1, 2019, due to the cumulative impact of adopting ASC 606, primarily as a result of no longer being able to defer the upfront cost for the Company’s free equipment program to its merchants under the current contract terms and recognizing the revenue allocated to this hardware in retained earnings for contracts open as of January 1, 2019.

The effect of adoption of ASC 606 on the Consolidated Balance Sheet as of January 1, 2019 is as follows:

	<u>As reported</u>	<u>Balance after adoption of ASC 606</u>	<u>Effect of change</u>
Capitalized acquisition costs, net	\$ 36.0	\$ 18.4	\$ (17.6)
Contract assets, net	—	11.1	11.1
Accounts receivable, net	55.5	54.5	(1.0)
Deferred revenue	4.6	4.1	(0.5)
Retained deficit	(113.3)	(120.3)	(7.0)

The impact of adoption of ASC 606 on the Company’s Consolidated Statement of Operations for the year ended December 31, 2019 was as follows:

	<u>As reported</u>	<u>Under Legacy ASC 605 Guidance</u>	<u>Effect of change</u>
Gross revenue	\$ 731.4	\$ 728.9	\$ 2.5
Cost of sales	\$ 552.4	\$ 549.4	3.0
General and administrative expenses	\$ 124.4	\$ 121.6	2.8
Net loss	\$ (58.1)	\$ (54.8)	(3.3)

SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share, unit, per unit and merchant count amounts)

The impact of adoption of ASC 606 on the Company's Consolidated Balance Sheet as of December 31, 2019 was as follows:

	As reported	Under Legacy ASC 605 Guidance	Effect of change
Capitalized acquisition costs, net	\$ 26.4	\$ 47.0	\$ (20.6)
Contract assets, net	10.7	—	10.7
Accounts receivable, net	78.6	79.5	(0.9)
Deferred revenue	5.6	6.1	(0.5)
Retained deficit	(178.4)	(168.1)	(10.3)

*Disaggregated Revenue*

Based on similar operational characteristics, the Company's revenue from contracts with customers is disaggregated as follows:

	December 31,	
	2018	2019
Payments-based revenue	\$485.2	643.6
Subscription-based revenue	53.6	68.2
Other revenue	21.8	19.6
Total	<u>\$560.6</u>	<u>\$731.4</u>

Based on similar economic characteristics, the Company's revenue from contracts with customers is disaggregated as follows:

	December 31,	
	2018	2019
Over-time revenue	\$525.5	\$687.9
Point-in-time revenue	35.1	43.5
Total	<u>\$560.6</u>	<u>\$731.4</u>

*Contract Assets*

Contract assets were as follows:

	December 31, 2019
Contract assets, net - beginning of period	\$ —
Cumulative effect of ASC 606 adoption	11.1
Contract assets, net - beginning of period, adjusted	11.1
Less: Contract assets, net - beginning of period, current	(6.7)
Contract assets, net - beginning of period, noncurrent	<u>\$ 4.4</u>
Contract assets, net - end of period	\$ 10.7
Less: Contract assets, net - end of period, current	(6.8)
Contract assets, net - end of period, noncurrent	<u>\$ 3.9</u>

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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*Contract Liabilities*

The Company charges merchants for various post-contract license support/service fees and annual regulatory compliance fees. These fees typically relate to a period of one year. The Company recognizes the revenue on a straight-line basis over its respective period. As of December 31, 2018 and 2019, the Company had deferred revenue of \$4.6 and \$5.6, respectively. The change in the contract liabilities year-over-year is primarily the result of a timing difference between payment from the customer and the Company's satisfaction of each performance obligation.

The Company recognized \$9.7 and \$11.1 within "Gross Revenue" in the Consolidated Statements of Operations for annual service fees and regulatory compliance fees for the years ended December 31, 2018 and 2019, respectively. Of these amounts, \$3.5 and \$2.8 were included in deferred revenue at the beginning of each respective period.

*Transaction Price Allocated to Future Performance Obligations*

The transaction price allocated to unsatisfied performance obligations relate to the Company's SaaS contracts, which have a contractual term of 36 months. These amounts will be converted into revenue in future periods as work is performed, primarily based on the services provided or at delivery and acceptance of products, depending on the applicable accounting method.

The following table reflects the estimated fees to be recognized in the future related to performance obligations that are unsatisfied at the end of the period:

2020	\$ 7.6
2021	4.5
2022	<u>1.5</u>
Total	<u>\$13.6</u>

*Capitalized Acquisition Costs, net*

As of December 31, 2018, the Company had net capitalized costs to obtain contracts of \$36.0 included in "Capitalized acquisition costs, net" in the Company's Consolidated Balance Sheets, which was comprised of capitalized equipment and deal bonuses. As a result of the adoption of ASC 606, the Company reduced "Capitalized acquisition costs, net" as of January 1, 2019 by \$17.6 representing the equipment capitalized under ASC 605 that no longer can be capitalized under ASC 606 under its current contract terms.

As of December 31, 2019, the Company had net capitalized costs to obtain contracts of \$26.4 included in "Capitalized acquisition costs, net" in the Company's Consolidated Balance Sheets representing upfront processing bonuses. See Note 9 for more information on capitalized acquisition costs.

**5. Restructuring***2018 Restructuring Activities*

During the year ended December 31, 2018, the Company recognized \$18.3 of restructuring expenses associated with a historical acquisition.

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(in millions, except share, unit, per unit and merchant count amounts)

*2019 Restructuring Activities*

During the year ended December 31, 2019, the Company recognized \$3.3 of restructuring expenses associated with the integration of Merchant Link. The expenses were comprised primarily of employee and severance benefits which are to be paid by March 31, 2020.

The following table summarizes the changes in the Company’s restructuring accrual:

	<b>2018</b>	<b>2019</b>	<b>Total</b>
	<b>Restructuring</b>	<b>Restructuring</b>	
	<b>Activities</b>	<b>Activities</b>	
Balance at December 31, 2017	\$ —	\$ —	\$ —
Restructuring accrual	18.3	—	18.3
Severance payments	(1.7)	—	(1.7)
Incentive payments	(12.8)	—	(12.8)
Accretion of interest (a)	1.8	—	1.8
Balance at December 31, 2018	<u>\$ 5.6</u>	<u>\$ —</u>	<u>\$ 5.6</u>
Restructuring accrual	—	3.3	3.3
Severance payments	(1.9)	(1.8)	(3.7)
Accretion of interest (a)	0.5	—	0.5
Balance at December 31, 2019	<u>\$ 4.2</u>	<u>\$ 1.5</u>	<u>\$ 5.7</u>

(a) Accretion of interest is included within “Restructuring expenses” in the Consolidated Statements of Operations.

The current portion of the restructuring accrual of \$1.9 and \$2.9 at December 31, 2018 and 2019, respectively, is included within “Accrued expenses and other current liabilities” on the Consolidated Balance Sheets. The long-term portion of the restructuring accrual of \$3.7 and \$2.8 at December 31, 2018 and 2019, respectively, is included within “Other noncurrent liabilities” on the Consolidated Balance Sheets.

Of the \$5.7 restructuring accrual outstanding as of December 31, 2019, approximately \$3.4 is expected to be paid in 2020, \$1.6 in 2021 and \$1.6 in 2022, less accreted interest of \$0.9.

**6. Inventory**

Inventory consisted of the following:

	<b>December 31,</b>	
	<b>2018</b>	<b>2019</b>
Point-of-sale systems and components	\$ 4.6	\$ 2.6
Terminal systems and components	0.5	5.9
Total inventory	<u>\$ 5.1</u>	<u>\$ 8.5</u>

SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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7. Goodwill

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

Balance at December 31, 2017	\$ 390.3
Measurement period adjustments	1.5
Balance at December 31, 2018	\$ 391.8
Merchant Link acquisition (Note 3)	29.5
Balance at December 31, 2019	<u>\$ 421.3</u>

8. Other Intangible Assets, Net

Other intangible assets, net consisted of the following:

	Weighted Average Amortization Period (in years)	December 31, 2018		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Merchant relationships	7	\$ 165.3	\$ 56.5	\$ 108.8
Acquired technology	10	100.1	21.9	78.2
Trademarks and trade names	9	54.9	21.4	33.5
Noncompete agreements	2	3.9	3.3	0.6
Capitalized software development costs	3	4.1	0.4	3.7
Leasehold interest	2	0.1	0.1	—
Residual commission buyouts (a)	3	11.9	6.0	5.9
Total intangible assets		<u>\$ 340.3</u>	<u>\$ 109.6</u>	<u>\$ 230.7</u>

	Weighted Average Amortization Period (in years)	December 31, 2019		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Merchant relationships	8	\$ 176.8	\$ 81.1	\$ 95.7
Acquired technology	10	105.2	32.2	73.0
Trademarks and trade names	9	55.5	30.1	25.4
Noncompete agreements	2	3.9	3.6	0.3
Capitalized software development costs	3	14.9	2.0	12.9
Leasehold interest	2	0.1	0.1	—
Residual commission buyouts (a)	3	15.7	9.8	5.9
Total intangible assets		<u>\$ 372.1</u>	<u>\$ 158.9</u>	<u>\$ 213.2</u>

(a) Residual commission buyouts include contingent payments of \$2.0 and \$2.7 as of December 31, 2018 and 2019, respectively.

SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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As of December 31, 2019, the estimated amortization expense for intangible assets for each of the five succeeding years and thereafter is as follows:

2020	\$ 52.8
2021	46.6
2022	29.6
2023	17.4
2024	17.1
Thereafter	49.7
	<u>\$213.2</u>

Amounts charged to expense in the Consolidated Statements of Operations for amortization of intangible assets were as follows:

Line item	December 31,	
	2018	2019
Depreciation and amortization expense	\$37.5	\$37.6
Cost of sales	10.4	11.7
Total	<u>\$47.9</u>	<u>\$49.3</u>

9. Capitalized Acquisition Costs, Net

Capitalized acquisition costs, net consisted of the following:

	Weighted Average Amortization Period (in years)	December 31, 2018		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Capitalized equipment	5	\$ 30.2	\$ 12.6	\$ 17.6
Capitalized deal bonuses	4	23.5	5.1	18.4
Total capitalized acquisition costs	—	<u>\$ 53.7</u>	<u>\$ 17.7</u>	<u>\$ 36.0</u>

	Weighted Average Amortization Period (in years)	December 31, 2019		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Capitalized deal bonuses	4	\$ 39.2	\$ 12.8	\$ 26.4
Total capitalized acquisition costs	—	<u>\$ 39.2</u>	<u>\$ 12.8</u>	<u>\$ 26.4</u>

Amortization expense for capitalized acquisition costs is \$14.3 and \$10.0 for the years ended December 31, 2018 and 2019, respectively, and is included in "Cost of sales" in the Consolidated Statements of Operations.

SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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As of December 31, 2019, the estimated future amortization expense for capitalized acquisition costs is as follows:

2020	\$ 11.7
2021	9.4
2022	4.5
2023	0.8
Total	<u>\$ 26.4</u>

**10. Property, Plant and Equipment, Net**

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

	December 31,	
	2018	2019
Equipment	\$ 10.9	\$ 13.3
Capitalized software	6.6	7.1
Leasehold improvements	4.4	11.3
Furniture and fixtures	2.1	2.9
Vehicles	0.1	0.2
Total property and equipment, gross	24.1	34.8
Less: Accumulated depreciation	(15.5)	(19.4)
Total property and equipment, net	<u>\$ 8.6</u>	<u>\$ 15.4</u>

Amounts charged to expense in the Consolidated Statements of Operations for depreciation of property, plant and equipment were as follows:

Line item	December 31,	
	2018	2019
Depreciation and amortization expense	\$ 2.3	\$ 2.4
Cost of sales	1.2	1.4
Total depreciation expense	<u>\$ 3.5</u>	<u>\$ 3.8</u>

**11. Debt**

The Company's outstanding debt consisted of the following:

	December 31,	
	2018	2019
First Lien Term Loan Facility	\$425.7	\$511.1
Second Lien Term Loan Facility	130.0	130.0
Revolving Credit Facility	20.0	21.0
Other financing arrangements	0.6	—
Total borrowings	576.3	662.1
Less: Current portion of long-term debt	(4.8)	(5.3)
Total debt	571.5	656.8
Less: Unamortized capitalized loan fees	(22.8)	(21.7)
Total long-term debt	<u>\$548.7</u>	<u>\$635.1</u>

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

The following summarizes the Company's maturities of its borrowings as of December 31, 2019:

2020	\$ 5.3
2021	5.2
2022	26.2
2023	5.2
2024	490.2
Thereafter	130.0
	<u>\$662.1</u>

**Credit Facilities**

On November 30, 2017, the Company borrowed \$560.0 of aggregate principal amount of secured term loans comprised of first lien term loans of \$430.0 due November 30, 2024, or First Lien Term Loan Facility, and second lien term loans of \$130.0 due November 30, 2025, or Second Lien Term Loan Facility. The Company used available incremental capacity to upsize the First Lien Term Loan Facility to \$450.0 in April 2019 and to \$520.0 in October 2019. Interest with respect to the First Lien Term Loan Facility is payable quarterly in arrears at a rate of LIBOR plus 4.50% per annum (6.427% at December 31, 2019). Interest with respect to the Second Lien Term Loan Facility is payable quarterly in arrears at a rate of LIBOR plus 8.50% per annum (10.427% at December 31, 2019). The interest rate is determined based on the Company's first lien leverage ratio for the preceding fiscal quarter.

The First Lien Term Loan Facility and Second Lien Term Loan Facility are subject to covenants that, among other things, limit or restrict the Company in creating liens, holding any unpermitted investments or new indebtedness, making any dispositions or restricted payments unless otherwise permitted in the agreement, and making material changes to the business. At December 31, 2018 and 2019, the Company was in compliance with all financial covenants.

Amortization of capitalized financing fees is included in "Interest expense" within the Consolidated Statements of Operations. Amortization expense was \$3.7 and \$4.0 for the years ended December 31, 2018 and 2019, respectively.

**Revolving Credit Facility**

The First Lien Term Loan Facility, included a revolving credit facility of \$40.0, or Revolving Credit Facility, which expires November 30, 2022. In August 2019, the Revolving Credit Facility was increased to a borrowing capacity of \$90.0 with incremental borrowings used to partially fund the Merchant Link Acquisition. The Company is subject to certain additional covenants related to the Revolving Credit Facility. The Company was in compliance with these covenants at December 31, 2018 and 2019.

Interest due under the Revolving Credit Facility depends on the type of loan selected but generally is due interest at LIBOR plus an applicable margin ranging from 3.00% to 4.50%.

The Revolving Credit Facility unused commitment fee ranges from 0.25% to 0.50%. The applicable margin and unused commitment fee are determined based on the Company's first lien net leverage ratio at the previously reported fiscal quarter.

As of December 31, 2018 and 2019, the Company had outstanding borrowings of \$20.0 and \$21.0, respectively, under the Revolving Credit Facility.



SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share, unit, per unit and merchant count amounts)

**Other Financing Arrangements**

As of December 31, 2018, the Company had notes payable of \$0.6 outstanding related to various software, device and maintenance renewals for a data center. As of December 31, 2019, an immaterial financing arrangement maturing in February 2020 remained outstanding.

**12. Other Consolidated Balance Sheet Components**

*Prepaid expenses and other current assets*

Prepaid expenses and other current assets consisted of the following:

	<b>December 31,</b>	
	<b>2018</b>	<b>2019</b>
Prepaid expenses (a)	\$ 3.8	\$ 6.1
Agent and employee loan receivables	0.5	0.5
Deferred IPO-related costs (b)	—	2.0
Other current assets	<u>0.5</u>	<u>0.2</u>
Total prepaid expenses and other current assets	<u>\$ 4.8</u>	<u>\$ 8.8</u>

- (a) Prepaid expenses include prepayments related to information technology, rent, insurance, tradeshow and conferences.
- (b) Primarily includes attorney and consulting fees in support of the Company's anticipated initial public offering. Upon completion, these costs will be offset against the gross proceeds of the initial public offering.

*Accrued expenses and other current liabilities*

Accrued expenses and other current liabilities consisted of the following:

	<b>December 31,</b>	
	<b>2018</b>	<b>2019</b>
Contingent liabilities related to earnout payments and change of control (a)	\$19.9	\$32.3
Accrued interest	12.4	9.2
Residuals payable	4.0	5.5
Deferred tenant reimbursement allowance	—	3.6
Restructuring accrual	1.9	2.9
Other current liabilities	<u>6.0</u>	<u>7.4</u>
Total accrued expenses and other current liabilities	<u>\$44.2</u>	<u>\$60.9</u>

- (a) Represents contingent liabilities arising from certain past acquisitions. Refer to Note 14 for information on contingent liabilities related to earnout payments and change of control.

SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share, unit, per unit and merchant count amounts)

13. Loss per Unit

The following summarizes the computation of loss per unit and weighted average units of the Company's LLC Interests outstanding:

	Year Ended December 31,	
	2018	2019
<b>Numerator:</b>		
Net loss	\$ (49.9)	\$ (58.1)
Deemed dividend on redeemable preferred units	(4.7)	(5.0)
Earnings allocated to participating preferred units	—	—
Net loss attributable to common unitholders - basic and diluted	<u>\$ (54.6)</u>	<u>\$ (63.1)</u>
<b>Denominator-Class A:</b>		
Weighted average common units outstanding - basic	100,000	100,000
Weighted average common units outstanding - diluted	100,000	100,000
<b>Loss per unit-Class A:</b>		
Basic	\$ (545.85)	\$ (629.50)
Diluted	\$ (545.85)	\$ (629.50)

The weighted average Class A and Class B common units have not been combined in the denominator of basic and diluted earnings (loss) per unit because they do not have equivalent economic rights to share in the losses of the reporting entity. The Company applies the two-class method because its preferred units have rights to participate in dividends with the common unitholders on a pro-rata basis. Preferred units do not have a contractual obligation to share in losses, and therefore, no losses have been allocated to them. Additionally, the following securities were not included in the computation of diluted units outstanding because the effect would be anti-dilutive:

	Year Ended December 31,	
	2018	2019
<b>Anti-dilutive securities excluded from diluted loss per unit:</b>		
Convertible preferred units	430	430

14. Fair Value Measurement

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

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

- Level 1—Quoted prices in active markets for identical assets or liabilities;
- Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include items where the determination of fair value requires significant management judgment or estimation.

The Company makes recurring fair value measurements of contingent liabilities arising from certain acquisitions using Level 3 unobservable inputs. These amounts relate to a change of control provision and expected earnout payments related to the number of existing point-of-sale merchants that convert to full acquiring merchants.

The contingent liability related to a change of control was measured on the acquisition date using a Monte Carlo simulation model based on expected possible valuations of the Company upon a change of control and is remeasured at each reporting date due to changes in management’s expectations regarding possible future valuations of the Company, including considerations of changes in results of the Company, guideline public company multiples, and expected volatility.

The contingent liabilities arising from expected earnout payments were measured on the acquisition date using a probability-weighted expected payment model and are remeasured periodically due to changes in management’s estimates of the number of existing point-of-sale merchants that will convert to full acquiring merchants. In determining the fair value of the contingent liabilities, management reviews the current results of the acquired business, along with projected results for the remaining earnout period, to calculate the expected earnout payment to be made using the agreed upon formula as laid out in the respective acquisition agreement. The earnout liabilities are discounted at a rate used of 4.86% and 3.87% as of December 31, 2018 and 2019, respectively. As of December 31, 2018, the undiscounted estimated range of outcomes is between \$3.5 and \$7.5. As of December 31, 2019, the undiscounted estimated range of outcomes is between \$1.5 and \$2.3.

The fair value of the contingent liabilities is subject to sensitivity based on projected results and changes in the discount rate. Changes in these assumptions could impact the fair value significantly.

Additional information regarding the contingent liabilities that are measured at fair value on a recurring basis is presented in the following table:

	Fair value as of December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contingent liabilities related to change of control	\$ (14.1)	—	—	\$ (14.1)
Contingent liabilities related to earnout payments	(5.8)	—	—	(5.8)
<b>Total contingent liabilities</b>	<b>\$ (19.9)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (19.9)</b>

	Fair value as of December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contingent liabilities related to change of control	\$ (30.4)	—	—	\$ (30.4)
Contingent liabilities related to earnout payments	(1.9)	—	—	(1.9)
<b>Total contingent liabilities</b>	<b>\$ (32.3)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (32.3)</b>

The contingent liabilities are presented in “Accrued expenses and other current liabilities” within the Consolidated Balance Sheets.

SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share, unit, per unit and merchant count amounts)

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

	December 31,	
	2018	2019
Beginning balance	\$(23.4)	\$(19.9)
Acquisitions and settlements:		
Payments	3.2	3.1
Fair value adjustments	0.3	(15.5)
Ending balance	<u>\$(19.9)</u>	<u>\$(32.3)</u>

Fair value adjustments are recorded within “General and administrative expenses” within the Consolidated Statements of Operations. There were no transfers into or out of Level 3 during the years ended December 31, 2018 and 2019.

Other financial instruments not measured at fair value on the Company’s Consolidated Balance Sheets at December 31, 2018 and 2019 include cash, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued expenses and other current liabilities as their estimated fair values reasonably approximate their carrying value as reported on the Consolidated Balance Sheets. The Company’s debt obligations are carried at their face value, which approximates fair value.

**15. Income Taxes**

The Company’s provision for income taxes consisted of the following:

	December 31,	
	2018	2019
<b>Current income tax provision</b>		
Federal	\$—	\$(1.1)
State	—	(0.4)
Total current income tax provision	—	(1.5)
<b>Deferred income tax benefit</b>		
Federal	3.7	—
State	0.1	—
Total deferred income tax benefit	3.8	—
Total income tax benefit (provision)	<u>\$ 3.8</u>	<u>\$(1.5)</u>

The Company’s effective income tax rate differs from the statutory rate as follows:

	December 31,	
	2018	2019
Federal statutory rate	21.0%	21.0%
Effect of pass-through entities (LLC loss)	(14.1%)	(23.2%)
Other	0.2%	(0.5%)
Effective income tax rate	<u>7.1%</u>	<u>(2.7%)</u>

SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions, except share, unit, per unit and merchant count amounts)

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the book and tax bases of the Company's assets and liabilities. Deferred tax assets and liabilities are classified as noncurrent on the Company's Consolidated Balance Sheets.

The following table outlines the principal components of deferred tax items:

	December 31,	
	2018	2019
<b>Deferred tax assets</b>		
Tax credit carryforward	\$ 0.5	\$ 0.2
Restructuring accrual	1.1	1.0
Net operating loss	1.1	—
Other accruals	<u>0.7</u>	<u>1.5</u>
Total deferred tax assets	<u>3.4</u>	<u>2.7</u>
<b>Deferred tax liabilities</b>		
Intangibles	(6.8)	(6.0)
Fixed assets	(0.3)	(0.4)
Unbilled revenue	(0.3)	(0.2)
Other liabilities	<u>(0.1)</u>	<u>(0.2)</u>
Total deferred tax liabilities	<u>(7.5)</u>	<u>(6.8)</u>
Net deferred tax liability	<u><u>\$(4.1)</u></u>	<u><u>\$(4.1)</u></u>

Management believes it is more likely than not that the results of future operations and the reversal of deferred tax liabilities will generate sufficient taxable income for the Company to realize deferred tax assets calculated as of December 31, 2019.

For the year ended December 31, 2018, the Company had gross federal net operating loss carryforwards of approximately \$5.0. At December 31, 2019, the Company has no federal or state net operating loss carryforwards remaining.

ASC 740, *Income taxes*, prescribes a model for the recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return and provides guidance on derecognition, classification, interest and penalties, disclosure and transition. As of December 31, 2019, the Company recorded \$0.3 for uncertain tax positions. At December 31, 2018 the Company determined there is no effect on the consolidated financial statements related to uncertain tax positions.

The Company's income tax filings are subject to audit by various taxing jurisdictions. The statutes of limitations related to the U.S. federal income tax return and most state income tax returns are closed for all tax years up to and including 2015. No U.S. federal, state and local income tax returns are under examination by the respective taxing authorities.

**16. Employee Benefit Plan**

The Company maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code covering full-time employees who meet minimum age and service requirements. The provisions of the plan include a discretionary corporate contribution. The Company's expense for discretionary matching contributions, which is included in "General and administrative expenses" in the Consolidated Statements of Operations, was \$0.6 and \$1.2 for the years ended December 31, 2018 and 2019, respectively.

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(in millions, except share, unit, per unit and merchant count amounts)

**17. Operating Lease Agreements**

The Company has leases under noncancellable agreements which expire on various dates through November 30, 2028. In addition, the Company rents a corporate jet from a related party.

Total rent expense, which is included in “General and administrative expenses” in the Consolidated Statements of Operations, was \$4.1 and \$4.2 for the years ended December 31, 2018 and 2019, respectively.

The following are the future minimum rental payments required under the operating leases as of December 31, 2019:

2020	\$ 4.6
2021	3.8
2022	3.3
2023	2.5
2024	2.4
Thereafter	6.9
Total	<u>\$23.5</u>

**18. Related Party Transactions**

The Company has access to aircrafts on a month-to-month basis from a shareholder of the Company. Total expense for this service, which is included in “General and administrative expenses” in the Consolidated Statements of Operations, was \$0.4 for each of the years ended December 31, 2018 and 2019.

The Company incurred management fees to its respective shareholders, which is included in “Professional fees” in the Consolidated Statements of Operations, of \$2.0 for each of the years ended December 31, 2018 and 2019. The Company had \$2.0 and \$0.5 in management fees outstanding as of December 31, 2018 and 2019, respectively, included within “Accounts payable” in the Consolidated Balance Sheets.

**19. Commitments and Contingencies**

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these, or other matters, may arise from time to time that may harm our business. The Company is currently not aware of any such legal proceedings or claims that the Company believes will have an adverse effect on our business, financial condition or operating results.

Effective March 2016, the Company’s board of directors approved a means by which key employees of the Company may be given an opportunity to earn a bonus as a result of a Change of Control, defined as a merger, consolidation, exchange, conveyance, or sale of the Company, or an initial public offering pursuant to the Securities Act of 1933, or the qualifying transaction. Upon the consummation of a qualifying transaction, the participants shall become entitled to receive a cash bonus payment or equity, at the Company’s discretion, calculated in accordance with the terms outlined in their respective Employment Agreements. The cash bonuses are subject to adjustment based on the Company’s value at the time of the qualifying transaction and are measured based on fair value, estimated in accordance with FASB Accounting Standards Codification (ASC) Topic 718, *Compensation—Stock Compensation*.

As of December 31, 2018 and 2019, the Company did not deem a qualifying transaction probable and thus, no amounts have been recorded in the financial statements.

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

**20. Redeemable Preferred Units**

As of December 31, 2018 and 2019, the Company has 430 shares of non-convertible, Redeemable Preferred units (with a stated value at \$100,000 per unit) authorized, issued and outstanding. As of December 31, 2018 and 2019, the Redeemable Preferred units have a carrying value and liquidation value of \$43.0.

The Redeemable Preferred units earn a preferred dividend, which may be paid in cash or preferred units at a rate of 10.50% per annum, compounded quarterly. Any unpaid accumulated dividends are required to be paid prior to any other membership interest. The principal of the Redeemable Preferred units is payable only after all Common Unit holders are paid in full. The dividend is limited to \$5.0 each calendar year. See Note 21 for a discussion of the Company's liquidation preference.

Holders of Redeemable Preferred units are not entitled to vote on any matters of the Company's affairs and have no preemptive rights. Redeemable Preferred units may be redeemed in cash, in whole or in part, at the option of the Company, at a redemption price equal to the stated value of the unit. In the event of the sale of the Company or qualified public offering (i.e., initial public offering with aggregate offering prices in excess of \$150.0), each Redeemable Preferred unit shall be mandatorily redeemable at a redemption price equal to the stated value per unit (subject to the prior discharge of and full satisfaction of loans and the First Lien Term Loan Facility and Second Lien Term Loan Facility). As such, the Redeemable Preferred units are classified in temporary equity as they represent a contingently redeemable security. Redeemable Preferred units may not be transferred at any time, without prior consent of the Company.

During the years ended December 31, 2018 and 2019, \$4.7 and \$5.0 of preferred dividends were accrued and recognized as a reduction of "Members' Equity," respectively. Total cumulative accrued but unpaid dividends as of December 31, 2018 and 2019 were \$4.7 and \$1.2, respectively, and are recorded in "Accrued expenses and other current liabilities" on the Consolidated Balance Sheets.

**21. Members' Equity**

The Company has two classes of noncertified, non-convertible common units authorized, issued and outstanding as of December 31, 2019: Class A Common units and Class B Common units.

As of December 31, 2019, the Company is authorized to issue 100,000 Class A Common units, and as of December 31, 2019, 60,000 units are issued and outstanding to Searchlight II GWN, L.P., or SCP or SCP Common Units, and 40,000 units are issued and outstanding to Rook Holdings Inc., or Rook or Rook Common Units, a wholly owned corporation of which the Company's current Chief Executive Officer is the sole stockholder.

Prior to May 31, 2021, Class A Common units are non-transferrable, except in the event the Company's current Chief Executive Officer is terminated for a reason other than for cause or resignation; all Class A Common units (but not less than all) held by Rook can be transferred. Members holding Class A Common units are entitled to one vote per unit.

As of December 31, 2019, the Company has 1,010 Class B Common units authorized, issued and outstanding. Members holding Class B Common units are not entitled to vote on any matters of the Company and are not entitled to any distributions until aggregate distributions to holders of Class A Common units exceed \$565.2, after which holders of Class B Common units are entitled to 1.11% of distributions to holders of Class A Common units and Class B Common units up to \$655.0, after which holders of Class B Common units share in distributions with holders of Class A Common units on a pro rata basis. In addition, if aggregate distributions to holders of Class A Common units exceed \$565.2, holders of Class B Common units are entitled to a special distribution of \$9.0, divided on a pro rata basis.

**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(in millions, except share, unit, per unit and merchant count amounts)

*Liquidation*

In the event of a liquidation, dissolution or winding-up of the Company's affairs, after payment of the Company's debts and liabilities, and after paying any accumulated preferred dividends, any assets available for distribution will be paid as follows:

- i. To holders of the Class A Common units on a pro-rata basis, until their respective invested capital balance is equal to zero;
- ii. To holders of the Redeemable Preferred units with respect to the excess, if any, of the stated value of \$100,000 per unit over cumulative preferred dividends;
- iii. To holders of the SCP Common Units until such holders receive the greater of an internal rate of return of 22.50% or 2.75 times the invested capital associated with the SCP Common Units;
- iv. 85% to holders of the Rook Common Units, on a pro rata basis, and 15% to holders of the SCP Common Units, on a pro rata basis until holders of the Rook Common Units have received the greater of an internal rate of return of 22.50% or 2.75 times the Class A invested capital associated with the Rook Common Units;
- v. To holders of the Class A Common units pro rata basis, provided that the Class A Common unit ownership interest of each holder of Rook Common Units shall be increased by 6.3% of the holder's pro rata share of Rook Common Units and the Class A Common unit ownership interest of each holder of SCP Common Units shall be decreased by 6.3% of the holder's pro rata share of SCP Common Units.

Any distributions to holders of Class B Common units in a liquidation after payment of the Company's debts and liabilities, and after paying any accumulated preferred dividends, are subject to the terms related to distributions to holders of Class B Common units stated above.

**22. Segments**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, or CODM, for the purposes of allocating resources and evaluating financial performance. The Company's CODM is the chief executive officer, who reviews financial information on a consolidated level for purposes of allocating resources and evaluating financial performance, and as such, the Company's operations constitute one operating segment and one reportable segment.

No single customer accounted for more than 10% of the Company's revenue during the years ended December 31, 2018 and 2019. The Company's operations are concentrated in the United States.

The following table summarizes gross revenue by revenue type:

	<b>December 31,</b>	
	<b>2018</b>	<b>2019</b>
Payments-based revenue	\$485.2	\$643.6
Subscription and other revenues	75.4	87.8
Total gross revenue	560.6	731.4
Less: network fees	307.9	425.9
Less: Other costs of sales	102.3	126.5
Gross profit	<u>\$ 150.4</u>	<u>\$ 179.0</u>



**SHIFT4 PAYMENTS, LLC NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(in millions, except share, unit, per unit and merchant count amounts)*

**23. Subsequent Events**

On March 5, 2020, the Company increased borrowings under the Revolving Credit Facility to \$89.5.

***Subsequent events (unaudited)***

***Related Party Agreements***

On May 31, 2020, the Company amended a month-to-month service agreement with a shareholder of the Company.

On November 10, 2020, the margin loan agreement pursuant to which Rook pledged LLC Interests and shares of the Company's Class A and Class B common stock (collectively, Rook Units) to secure a margin loan was amended and restated to modify the number of units pledged. If Rook were to default on its obligations under the margin loan and fail to cure such default, the lender would have the right to exchange and sell up to 15,227,181 Rook units to satisfy Rook's obligation.

***Acquisitions***

On October 16, 2020, the Company acquired a hospitality technology vendor, for approximately \$10.0 million. This acquisition enables the boarding of the vendor's customers on the Company's end-to-end acquiring solution and empowers the Company's distribution partners to sign the vendor's customer accounts and leverage the combined expertise to handle all aspects of installation, service, and support.

On November 5, 2020, the Company acquired Infomart2000 Corp., which does business as 3DCART, for approximately \$40.0 million in cash and \$19.6 million in shares of the Company's Class A common stock. The acquisition expands the Company's omni-channel transaction capabilities and will enable 3DCART merchants to augment their ecommerce platform experience with the Company's secure integrated payments solutions. In addition, the Company's indirect sales distribution network will be able to offer 3DCART's turnkey ecommerce capabilities to the Company's new and existing POS and payments customers.

Due to the timing of these acquisitions, the initial accounting for the acquisitions, including the valuation of assets and liabilities acquired is incomplete. As such, the Company is not able to disclose certain information including the preliminary fair value of assets acquired and liabilities assumed.

***Debt Issuance***

On October 29, 2020, Shift4 Payments, LLC and Shift4 Payments Finance Sub, Inc., issued \$450.0 million aggregate principal amount of 4.625% Senior Notes due 2026, or the 4.625% Senior Notes. The 4.625% Senior Notes were priced at par value and bear interest annually. Interest will be paid semi-annually in arrears. The proceeds from the 4.625% Senior Notes, together with cash on hand, were used to repay all indebtedness outstanding under the First Lien Term Loan Facility.

**SHIFT4 PAYMENTS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

*(Unaudited) (in millions, except share and per share amounts)*

	December 31, 2019	September 30, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3.7	\$ 328.9
Accounts receivable, net of allowance for doubtful accounts of \$5.9 in 2020 (2019 - \$2.5)	78.6	91.3
Contract assets, net of allowance for doubtful accounts of \$0 in 2020 (2019 - \$2.9) (Note 3)	6.8	—
Inventory (Note 5)	8.5	1.2
Prepaid expenses and other current assets (Note 12)	8.8	12.3
Total current assets	<u>106.4</u>	<u>433.7</u>
Noncurrent assets		
Goodwill (Note 6)	421.3	422.0
Other intangible assets, net (Note 7)	213.2	183.0
Capitalized acquisition costs, net (Note 8)	26.4	29.7
Equipment for lease, net (Note 9)	—	32.7
Property, plant and equipment, net (Note 10)	15.4	14.0
Contract assets, net of allowance for doubtful accounts of \$0 in 2020 (2019—\$1.7) (Note 3)	3.9	—
Other noncurrent assets	1.4	0.5
Total noncurrent assets	<u>681.6</u>	<u>681.9</u>
Total assets	<u>\$ 788.0</u>	<u>\$ 1,115.6</u>
<b>Liabilities and Stockholders' Equity/Members' (Deficit)</b>		
Current liabilities		
Current portion of debt (Note 11)	\$ 5.3	\$ 1.8
Accounts payable	58.1	76.7
Accrued expenses and other current liabilities (Note 12)	60.9	26.5
Deferred revenue (Note 3)	5.6	8.1
Total current liabilities	<u>129.9</u>	<u>113.1</u>
Noncurrent liabilities		
Long-term debt (Note 11)	635.1	437.7
Deferred tax liability (Note 14)	4.1	5.2
Other noncurrent liabilities (Note 4)	4.8	2.1
Total noncurrent liabilities	<u>644.0</u>	<u>445.0</u>
Total liabilities	<u>773.9</u>	<u>558.1</u>
Commitments and contingencies (Note 17)		
Redeemable preferred units, \$100,000 par value; 430 shares authorized, issued and outstanding at December 31, 2019 (Note 18)	43.0	—
Members' deficit—Shift4 Payments, LLC (Note 19)		
Class A Common units, \$0 par value; 100,000 shares authorized, issued and outstanding at December 31, 2019	—	—
Class B Common units, \$323 par value; 1,010 shares authorized, issued and outstanding at December 31, 2019	0.3	—
Members' equity	149.2	—
Stockholders' equity—Shift4 Payments, Inc. (Note 19)		
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized at September 30, 2020, none issued and outstanding	—	—
Class A common stock, \$0.0001 par value per share, 300,000,000 shares authorized, 28,550,026 shares issued and outstanding at September 30, 2020	—	—
Class B common stock, \$0.0001 par value per share, 100,000,000 shares authorized, 35,567,488 shares issued and outstanding at September 30, 2020	—	—
Class C common stock, \$0.0001 par value per share, 100,000,000 shares authorized, 15,920,291 shares issued and outstanding at September 30, 2020	—	—
Additional paid-in capital	—	572.6
Retained deficit	(178.4)	(262.6)
Total stockholders' equity attributable to Shift4 Payments, Inc./members' (deficit)	<u>(28.9)</u>	<u>310.0</u>
Noncontrolling interests	—	247.5
Total stockholders' equity/members' (deficit)	<u>(28.9)</u>	<u>557.5</u>
Total liabilities and stockholders' equity/members' deficit	<u>\$ 788.0</u>	<u>\$ 1,115.6</u>

See accompanying notes to unaudited condensed consolidated financial statements.

**SHIFT4 PAYMENTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

*(Unaudited) (in millions, except share and per share amounts)*

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Gross revenue	\$ 193.8	\$ 214.8	\$ 529.3	\$ 556.0
Cost of sales	147.2	163.3	400.5	427.7
Gross profit	46.6	51.5	128.8	128.3
General and administrative expenses	37.5	35.5	90.1	147.0
Depreciation and amortization expense	10.1	16.2	29.7	37.1
Professional fees	3.3	2.9	7.1	5.8
Advertising and marketing expenses	1.6	0.8	4.4	2.9
Restructuring expenses (Note 4)	3.4	0.1	3.7	0.4
Other operating (income) expense, net (Note 3)	—	—	—	(12.4)
Total operating expenses	55.9	55.5	135.0	180.8
Loss from operations	(9.3)	(4.0)	(6.2)	(52.5)
Loss on extinguishment of debt (Note 11)	—	—	—	(7.1)
Other income, net	0.1	0.5	1.0	0.6
Interest expense	(12.9)	(7.1)	(38.1)	(32.1)
Loss before income taxes	(22.1)	(10.6)	(43.3)	(91.1)
Income tax benefit (provision) (Note 14)	(0.5)	0.7	(1.0)	1.0
Net loss (1)	<u>\$ (22.6)</u>	<u>(9.9)</u>	<u>\$ (44.3)</u>	<u>(90.1)</u>
Net loss attributable to noncontrolling interests (2)		(4.9)		(5.9)
Net loss attributable to Shift4 Payments, Inc. (3)		<u>\$ (5.0)</u>		<u>\$ (84.2)</u>
Basic and diluted net loss per share: (4)				
Class A net loss per share		<u>\$ (0.12)</u>		<u>\$ (0.15)</u>
Weighted average common stock outstanding		<u>23,309,247</u>		<u>22,363,399</u>
Class C net loss per share		<u>\$ (0.12)</u>		<u>\$ (0.15)</u>
Weighted average common stock outstanding		<u>19,222,017</u>		<u>19,424,100</u>

- (1) Net loss is equal to comprehensive loss.
- (2) Net loss attributable to noncontrolling interests is equal to comprehensive loss attributable to noncontrolling interests.
- (3) Net loss attributable Shift4 Payments, Inc. is equal to comprehensive loss attributable to Shift4 Payments, Inc.
- (4) The amounts for the nine months ended September 30, 2020 represent basic and diluted loss per share of Class A and Class C common stock and weighted average shares of Class A and Class C common stock outstanding for the period from June 5, 2020 through September 30, 2020, the period following the Reorganization Transactions and Shift4 Payments, Inc.'s initial public offering described in Note 1. See Note 23 for additional information on basic and diluted net loss per share.

See accompanying notes to unaudited condensed consolidated financial statements.

**SHIFT4 PAYMENTS, INC. CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE PREFERRED UNITS AND STOCKHOLDERS' EQUITY/ MEMBERS' (DEFICIT)**

*(Unaudited) (in millions, except units and shares)*

	Redeemable Preferred Units		Class A Common Units		Class B Common Units		Members' Equity	Retained Deficit	Total
	Units	Amount	Units	Amount	Units	Amount			
<b>Balances at December 31, 2018</b>	430	\$ 43.0	100,000	\$ —	1,010	\$ 0.3	\$ 154.4	\$(113.3)	\$ 41.4
Net loss	—	—	—	—	—	—	—	(13.5)	(13.5)
Preferred return on redeemable preferred units	—	—	—	—	—	—	(1.2)	—	(1.2)
Cumulative effect of ASC 606 adoption	—	—	—	—	—	—	—	(7.0)	(7.0)
<b>Balances at March 31, 2019</b>	430	43.0	100,000	—	1,010	0.3	153.2	(133.8)	19.7
Net loss	—	—	—	—	—	—	—	(8.2)	(8.2)
Capital distributions	—	—	—	—	—	—	(0.1)	—	(0.1)
Preferred return on redeemable preferred units	—	—	—	—	—	—	(1.3)	—	(1.3)
<b>Balances at June 30, 2019</b>	430	43.0	100,000	—	1,010	0.3	151.8	(142.0)	10.1
Net loss	—	—	—	—	—	—	—	(22.6)	(22.6)
Preferred return on redeemable preferred units	—	—	—	—	—	—	(1.4)	—	(1.4)
<b>Balances at September 30, 2019</b>	430	\$ 43.0	100,000	\$ —	1,010	\$ 0.3	\$ 150.4	\$(164.6)	\$(13.9)

See accompanying notes to unaudited condensed consolidated financial statements.

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**SHIFT4 PAYMENTS, INC. CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE PREFERRED UNITS AND STOCKHOLDERS' EQUITY/ MEMBERS' (DEFICIT)—(Continued)**

*(Unaudited) (in millions, except units and shares)*

	Redeemable Preferred Units		Class A Common Units		Class B Common Units		Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional paid-in capital	Members' Equity	Retained Deficit	Noncontrolling Interests	Total equity (deficit)
	Units	Amount	Units	Amount	Units	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
<b>Balances at December 31, 2019</b>	430	\$ 43.0	100,000	\$ —	1,010	\$ 0.3	—	\$ —	—	\$ —	—	\$ —	\$ —	\$ 149.2	\$(178.4)	\$ —	\$ (28.9)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(5.2)	—	(5.2)
Capital distributions	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.1)	—	—	(0.1)
Preferred return on redeemable preferred units	—	—	—	—	—	—	—	—	—	—	—	—	—	(1.2)	—	—	(1.2)
<b>Balances at March 31, 2020</b>	430	43.0	100,000	—	1,010	0.3	—	—	—	—	—	—	—	147.9	(183.6)	—	(35.4)
Net loss prior to Reorganization Transactions, IPO and concurrent private placement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(72.9)	—	(72.9)
Capital distributions	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.4)	—	—	(0.4)
Preferred return on redeemable preferred units	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.9)	—	—	(0.9)
<b>Balances at June 4, 2020 prior to Reorganization Transactions, IPO and concurrent private placement</b>	430	43.0	100,000	—	1,010	0.3	—	—	—	—	—	—	—	146.6	(256.5)	—	(109.6)
Reorganization transactions	(430)	(43.0)	(100,000)	—	(1,010)	(0.3)	528,150	—	39,204,989	—	15,513,817	—	189.9	(146.6)	—	—	43.0
Preferred dividends settled with LLC interests	—	—	—	—	—	—	—	—	—	—	—	—	2.3	—	—	—	2.3
Issuance of common stock in IPO and concurrent private placement	—	—	—	—	—	—	17,250,000	—	—	—	4,625,346	—	463.8	—	—	—	463.8
Allocation of equity to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	(211.5)	—	—	211.5	—
Issuance of common stock for change of control contingent liabilities	—	—	—	—	—	—	915,503	—	—	—	—	—	21.1	—	—	—	21.1
Issuance of restricted stock units for change of control contingent liabilities	—	—	—	—	—	—	—	—	—	—	—	—	2.1	—	—	—	2.1
Equity-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	50.0	—	—	—	50.0
Net loss subsequent to Reorganization Transactions, IPO and concurrent private placement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1.1)	(1.0)	(2.1)
<b>Balances at June 30, 2020</b>	—	—	—	—	—	—	18,693,653	—	39,204,989	—	20,139,163	—	517.7	—	(257.6)	210.5	470.6
Issuance of Class A common stock in connection with Follow-on Offering	—	—	—	—	—	—	2,000,000	—	—	—	—	—	91.8	—	—	—	91.8

Allocation of equity to noncontrolling interests from Follow-on offering	—	—	—	—	—	—	—	—	—	—	—	(45.7)	—	—	45.7	—
Exchange of shares held by Searchlight	—	—	—	—	7,856,373	—	(3,637,501)	—	(4,218,872)	—	3.8	—	—	—	(3.8)	—
Other	—	—	—	—	—	—	—	—	—	—	(1.2)	—	—	—	—	(1.2)
Equity-based compensation	—	—	—	—	—	—	—	—	—	—	6.2	—	—	—	—	6.2
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(5.0)	(4.9)	(9.9)
<b>Balances at September 30, 2020</b>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>28,550,026</u>	<u>\$ —</u>	<u>35,567,488</u>	<u>\$ —</u>	<u>15,920,291</u>	<u>\$ —</u>	<u>\$ 572.6</u>	<u>\$ —</u>	<u>\$(262.6)</u>	<u>\$ 247.5</u>	<u>\$ 557.5</u>	

See accompanying notes to unaudited condensed consolidated financial statements.

**SHIFT4 PAYMENTS, INC**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited) (in millions)

	Nine months ended	
	September 30,	
	2019	2020
<b>Operating activities</b>		
Net loss	\$(44.3)	\$ (90.1)
Adjustment to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	46.3	60.1
Amortization of capitalized financing costs	2.8	2.9
Loss on extinguishment of debt	—	7.1
Deferred income taxes	0.3	1.1
Provision for bad debts	4.1	6.9
Revaluation of contingent liabilities	15.0	(5.9)
Impairment on software development costs	1.3	0.4
Equity-based compensation expense	—	56.2
Other noncash items	(0.7)	(0.3)
Impact of lease modifications	—	(12.4)
Change in operating assets and liabilities		
Accounts receivable	(11.3)	(19.3)
Contract assets	(1.8)	(0.6)
Prepaid expenses and other current assets	(2.3)	(2.9)
Inventory	(2.3)	0.1
Accounts payable	13.8	16.9
Accrued expenses and other current liabilities	9.1	(5.5)
Deferred revenue	3.1	2.3
Net cash provided by operating activities	<u>33.1</u>	<u>17.0</u>
<b>Investing activities</b>		
Residual commission buyouts	(3.1)	(2.1)
Acquisition of property, plant and equipment	(7.7)	(2.6)
Capitalized software development costs	(3.7)	(7.0)
Customer acquisition costs	(13.6)	(14.4)
Acquisition of equipment to be leased	—	(5.8)
Acquisition, net	<u>(60.2)</u>	<u>—</u>
Net cash used in investing activities	<u>(88.3)</u>	<u>(31.9)</u>
<b>Financing activities</b>		
IPO proceeds, net of underwriting discounts and commissions	—	372.9
Proceeds from private placement	—	100.0
Follow-on Offering proceeds, net of underwriting discounts and commissions	—	93.4
Offering costs	—	(9.1)
Proceeds from long-term debt	20.0	—
Proceeds from revolving line of credit	70.0	68.5
Repayment of debt	(3.8)	(192.8)
Repayment of revolving line of credit	(20.0)	(89.5)
Payments on contingent liabilities	(2.3)	(1.4)
Deferred financing costs	(1.7)	(0.5)
Preferred return on preferred stock	—	(0.9)
Capital distributions	<u>(0.1)</u>	<u>(0.5)</u>
Net cash provided by financing activities	<u>62.1</u>	<u>340.1</u>
Change in cash and cash equivalents	6.9	325.2
<b>Cash and cash equivalents</b>		
Beginning of period	4.8	3.7
End of period	<u>\$ 11.7</u>	<u>\$ 328.9</u>

Supplemental cash flow information and noncash operating and financing activities are further described in Note 24.  
See accompanying notes to unaudited condensed consolidated financial statements.

**SHIFT4 PAYMENTS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited) (in millions, except share, unit, per unit and merchant count amounts)*

**1. Organization, Basis of Presentation and Significant Accounting Policies**

**Organization**

Shift4 Payments, Inc., or Shift4 or the Company, was incorporated in Delaware on November 5, 2019 in order to carry on the business of Shift4 Payments, LLC and its consolidated subsidiaries.

The Company is a leading provider of integrated payment processing and technology solutions. Through the *Shift4 Model*, the Company offers software providers a single integration to an end-to-end payments offering, a powerful gateway and a robust suite of technology solutions (including cloud enablement, business intelligence, analytics, and mobile) to enhance the value of their software suites and simplify payment acceptance. The Company provides for its merchants a seamless customer experience at scale, rather than simply acting as one of multiple providers they rely on to operate their businesses. The *Shift4 Model* is built to serve a range of merchants from small-to-medium-sized businesses to large and complex enterprises across numerous verticals, including lodging, leisure, and food and beverage. This includes the Company's Harbortouch, Restaurant Manager, POSitouch, and Future POS brands, as well as over 350 additional software integrations in virtually every industry.

***Initial Public Offering and Concurrent Private Placement***

On June 4, 2020, the Securities and Exchange Commission, or the SEC, declared effective the Company's Registration Statement on Form S-1 (File No. 333-238307), as amended, filed in connection with its IPO, or the Registration Statement. The Company's Class A common stock started trading on The New York Stock Exchange on June 5, 2020. On June 9, 2020, the Company completed its IPO of 17,250,000 shares of Class A common stock, including 2,250,000 shares pursuant to the full exercise of the underwriters' option to purchase additional shares, at a price to the public of \$23.00 per share. Upon completion of the IPO, the Company received net proceeds of approximately \$362.6 million, after deducting underwriting discounts and commissions and offering expenses of approximately \$34.2 million. Concurrently with the IPO, the Company also completed a \$100.0 million private placement of 4,625,346 shares of Class C common stock to Rook Holdings Inc., or Rook, a corporation wholly-owned by the Company's Founder and Chief Executive Officer. The total net proceeds from the IPO and concurrent private placement were approximately \$462.6 million. Shift4 Payments, Inc. used the proceeds to purchase newly-issued limited liability company interests from Shift4 Payments, LLC, or LLC Interests. Shift4 Payments, LLC used these amounts received from Shift4 Payments, Inc. to repay certain existing indebtedness and for general corporate purposes. See Note 11 for more information.

***Reorganization Transactions***

In connection with the IPO, the Company completed the following transactions, or the Reorganization Transactions:

- The limited liability company agreement of Shift4 Payments, LLC was amended and restated to, among other things, (1) convert all existing ownership interests in Shift4 Payments, LLC (including redeemable preferred units) into a single class of LLC Interests and (2) appoint Shift4 Payments, Inc. as the sole managing member of Shift4 Payments, LLC. See Note 19 for additional information.
- The certificate of incorporation of Shift4 Payments, Inc. was amended to, among other things, authorize three classes of common stock: Class A common stock, Class B common stock, Class C common stock, and one class of preferred stock. Class A and Class C common stock have both voting and economic rights while Class B common stock has voting rights but no economic rights. See Note 19 for additional information.



**SHIFT4 PAYMENTS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited) (in millions, except share, unit, per unit and merchant count amounts)*

- The Company acquired all the LLC Interests held by a former equity owner of Shift4 Payments, LLC in exchange for an equivalent number of shares of Class A common stock. See Note 19 for additional information.
- The Company acquired a portion of the LLC Interests held by certain affiliates of Searchlight Capital Partners, or Searchlight, in exchange for shares of Class B and Class C common stock.

The Reorganization Transactions resulted in the Company becoming the sole managing member of Shift4 Payments, LLC. As the sole managing member of Shift4 Payments, LLC, the Company operates and controls all of the business and affairs of Shift4 Payments, LLC. Accordingly, the Company consolidates the financial results of Shift4 Payments, LLC, and reports a noncontrolling interest in its consolidated financial statements representing the economic interest in Shift4 Payments, LLC held by Rook and Searchlight (together, the Continuing Equity Owners).

As the Reorganization Transactions are considered transactions between entities under common control, the financial statements for the periods prior to the IPO and Reorganization Transactions have been adjusted to combine the previously separate entities for presentation purposes. Prior to the Reorganization Transactions, Shift4 Payments, Inc. had no operations.

***Follow-on Offering***

On September 15, 2020, the Company completed a follow-on offering, in which it issued and sold 2,000,000 shares of its Class A common stock, and Searchlight and a former equity owner, which we refer to together as the selling stockholders, sold 7,856,373 and 143,627 shares of Class A common stock, respectively, at a price to the public of \$48.50 per share, or the Follow-on Offering. On October 6, 2020, Searchlight and a former equity owner sold an additional 1,473,070 and 26,930 shares of Class A common stock, respectively, pursuant to the exercise by the underwriters of their option to purchase additional shares. The Company received net proceeds from the Follow-on Offering of \$91.8 million, after deducting underwriting discounts and commissions and offering expenses of approximately \$5.2 million. The Company did not receive any of the proceeds from the sale of Class A common stock by the selling stockholders. The total net proceeds from the Follow-on Offering were used to purchase newly-issued LLC interests directly from Shift4 Payments, LLC at a price per unit equal to the price to the public of Class A common stock in the Follow-on Offering, less underwriting discounts and commissions. Shift4 Payments, LLC used these amounts received from Shift4 Payments, Inc. for general corporate purposes.

In connection with the Follow-on Offering, the Company also completed the following transactions:

- The redemption by Searchlight of 3,637,501 LLC Interests in exchange for 3,637,501 shares of Class A common stock, and an immediate cancellation of an equivalent number of shares of Class B common stock. On October 6, 2020, an additional 682,031 LLC Interests were exchanged for 682,031 shares of Class A common stock with an immediate cancellation of an equivalent number of shares of Class B common stock.
- The conversion of 4,218,872 shares of Class C common stock held by Searchlight to 4,218,872 shares of Class A common stock. On October 6, 2020, an additional of 791,039 shares of Class C common stock held by Searchlight, were converted to 791,039 shares of Class A common stock.

**Basis of Presentation**

The accompanying interim condensed consolidated financial statements of the Company are unaudited. These interim unaudited condensed consolidated financial statements have been prepared in accordance

**SHIFT4 PAYMENTS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited) (in millions, except share, unit, per unit and merchant count amounts)*

with generally accepted accounting principles in the United States, or U.S. GAAP, and the applicable rules and regulations of the SEC for interim financial information. As such, these financial statements do not include all information and footnotes required by U.S. GAAP for complete financial statements. The December 31, 2019 Condensed Consolidated Balance Sheet was derived from audited financial statements as of that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

These condensed consolidated financial statements are unaudited; however, in the opinion of management, they reflect all adjustments consisting only of normal recurring adjustments necessary to state fairly the financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP applicable to interim periods. The results of operations for the interim periods presented are not necessarily indicative of results for the full year or future periods. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2019 included in the prospectus dated September 10, 2020 (File No. 333-248663), as filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act of 1933, as amended, or the Prospectus.

The consolidated financial statements presented herein include the financial statements of Shift4 Payments, Inc. and its wholly owned subsidiaries, Shift4 Payments, LLC, MSI Merchant Services Holdings, LLC, Harbortouch Financial, LLC, Harbortouch Lithuania, Future POS, LLC, Restaurant Manager, LLC, POSitouch, LLC, Independent Resources Network, LLC, S4-ML Holdings, LLC and Shift4 Corporation. Shift4 Payments, LLC is considered a variable interest entity, or VIE. Shift4 Payments, Inc. is the primary beneficiary and sole managing member of Shift4 Payments, LLC and has decision making authority that significantly affects the economic performance of the entity. As a result, the Company consolidates Shift4 Payments, LLC. All intercompany balances and transactions have been eliminated in consolidation.

**Liquidity and Management's Plan**

The unprecedented and rapid spread of COVID-19 as well as the shelter-in place orders, promotion of social distancing measures, restrictions to businesses deemed non-essential, and travel restrictions implemented throughout the United States have significantly impacted the restaurant and hospitality industries. As a result, the Company's revenues, which are largely tied to processing volumes in these verticals, were materially impacted beginning in the final two weeks of March 2020.

The Company took proactive measures in April 2020 to reduce costs, preserve adequate liquidity and maintain its financial position. These included limiting discretionary spending across the organization, reducing spending through reprioritizing its capital projects, instituting a company-wide hiring freeze, reducing salaries for management across the organization, furloughing approximately 25% of its workforce and accelerating expense reduction plans related to previous acquisitions.

Since late March, the Company has seen a significant recovery in its end-to-end payment volumes as merchants reopened their operations. As a result, as of September 30, 2020, substantially all of the Company's workforce that was furloughed has been reinstated with additional hiring in certain areas to accommodate new merchant onboarding. Further, salary reductions were partially lifted for management across the organization. While end-to-end volumes for the nine months ended September 30, 2020 have exceeded those for the nine months ended September 30, 2019, the ultimate impact that the COVID-19 pandemic will have on the Company's consolidated results of operations in the fourth quarter and full year 2020 remains uncertain. The Company will continue to evaluate the nature and extent of these potential impacts to its business, consolidated results of operations, and liquidity.

**SHIFT4 PAYMENTS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited) (in millions, except share, unit, per unit and merchant count amounts)*

As of September 30, 2020, the Company had \$450.0 million outstanding under the First Lien Term Loan Facility and was in compliance with the financial covenants under its debt agreements. The Company expects to be in compliance for at least 12 months following issuance of these unaudited condensed consolidated financial statements. See Notes 11 and 26 for further information on the Company's debt obligations.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. Significant estimates inherent in the preparation of the accompanying unaudited condensed consolidated financial statements include estimates of fair value of acquired assets and liabilities through business combinations, fair value of contingent liabilities related to earnout payments and change of control, allowance for doubtful accounts and noncontrolling interests. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.

Additionally, the full impact of the COVID-19 pandemic is unknown and cannot be reasonably estimated. However, the Company has made accounting estimates based on the facts and circumstances available as of the reporting date. To the extent there are differences between these estimates and actual results, the consolidated financial statements may be materially affected.

**Significant Accounting Policies**

The Company's significant accounting policies are discussed in Note 2 to Shift4 Payments, LLC's consolidated financial statements as of and for the years ended December 31, 2018 and 2019 in the Prospectus. There have been no significant changes to these policies which have had a material impact on the Company's interim unaudited condensed consolidated financial statements and related notes during the three and nine months ended September 30, 2020, except as noted below.

***Noncontrolling Interests***

The noncontrolling interests represent the economic interests of LLC Interests held by the Continuing Equity Owners. Income or loss is attributed to the noncontrolling interests based on the weighted average LLC Interests outstanding during the period. The noncontrolling interests' ownership percentage can fluctuate over time as the Continuing Equity Owners elect to exchange LLC Interests for shares of Class A common stock.

***Equity-based Compensation***

In connection with the IPO, the Company issued Restricted Stock Units, or RSUs, to certain employees and non-employee directors. Equity-based compensation expense is recorded as a component of general and administrative expenses. Equity-based compensation expense is recognized on a straight-line basis over the requisite service period based on the fair value of the award on the date of grant. The Company accounts for forfeitures when they occur.

***Income Taxes***

As a result of the Reorganization Transactions, Shift4 Payments, Inc. became the sole managing member of Shift4 Payments, LLC, a partnership that is not subject to tax. Any taxable income or loss from Shift4

**SHIFT4 PAYMENTS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited) (in millions, except share, unit, per unit and merchant count amounts)*

Payments, LLC is passed through and included in the taxable income or loss of its members, including Shift4 Payments, Inc., following the Reorganization Transactions. Shift4 Payments, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to Shift4 Payments, Inc.'s allocable share of any taxable income or loss of Shift4 Payments, LLC following the Reorganization Transactions.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If it is determined that the Company is able to realize deferred tax assets in the future in excess of their net recorded amount, an adjustment would be made to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

Uncertain tax positions are recorded in accordance with ASC 740, *Income Taxes*, on the basis of a two-step process in which (1) it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company records interest and penalties related to uncertain tax positions in the provision for income taxes in the unaudited Condensed Consolidated Statements of Operations.

***Basic and Diluted Net Loss Per Share***

The Company applies the two-class method for calculating and presenting net loss per share, and separately presents net loss per share for Class A common stock and Class C common stock. In applying the two-class method, the Company determined that undistributed earnings should be allocated equally on a per share basis between Class A and Class C common stock. Under the Company's Certificate of Incorporation, the holders of the Class A and Class C common stock are entitled to participate in earnings ratably, on a share-for-share basis, as if all shares of common stock were of a single class, and in such dividends as may be declared by the board of directors. Holders of the Class A and Class C common stock also have equal priority in liquidation. Shares of Class B common stock do not participate in earnings of Shift4 Payments, Inc. As a result, the shares of Class B common stock are not considered participating securities and are not included in the weighted-average shares outstanding for purposes of loss per share.

***Equipment for Lease***

Equipment for lease represents terminals and point-of-sale systems that are provided under the Company's SaaS arrangements. Equipment for lease is stated at cost, less accumulated depreciation. Certain costs incurred in connection with the assembly and delivery of leased assets to the merchant are capitalized as part of the cost of such assets.

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Depreciation commences when new equipment is first deployed to a merchant and is computed using the straight-line method over an estimated useful life of 3 years.

**Recent Accounting Pronouncements**

The Company, an emerging growth company, or EGC, has elected to take advantage of the benefits of the extended transition period provided for in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards which allows the Company to defer adoption of certain accounting standards until those standards would otherwise apply to private companies.

*Accounting Pronouncements Adopted*

In August 2018, the FASB issued ASU 2018-13: *Fair Value Measurement—Disclosure Framework (Topic 820)*. The updated guidance improves the disclosure requirements on fair value measurements. The Company adopted ASU 2018-13 effective January 1, 2020 and there was no significant impact on the Company's disclosures upon adoption.

*Accounting Pronouncements Not Yet Adopted*

In February 2016, the FASB issued ASU 2016-02: *Leases*. The new standard requires a lessee to record assets and liabilities on the balance sheet for the rights and obligations arising from leases with terms of more than 12 months. As a result of amendments in May 2020, this guidance is effective for the Company for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. The Company will adopt the new standard on January 1, 2022 using a modified retrospective approach. The FASB issued ASU 2018-10: *Codification Improvements to Topic 842, Leases*, or ASU 2018-10, and ASU 2018-11: *Leases (Topic 842) Targeted Improvements*, or ASU 2018-11 in July 2018 and 2018-20: *Leases (Topic 842)—Narrow Scope Improvements for Lessors* in December 2018. ASU 2018-10 and 2018-20 provide certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 allows all entities adopting ASU 2016-02 to choose an additional (and optional) transition method of adoption, under which an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. ASU 2018-11 also allows lessors to not separate non-lease components from the associated lease component if certain conditions are met. The Company is evaluating the potential impact that the adoption of this standard will have on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13: *Financial Instruments—Credit Losses (Topic 326)*, which changes the impairment model for most financial assets, including accounts receivable, and replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. The guidance is effective for the Company for interim and annual periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the timing and impact of adopting ASU 2016-13 on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04: *Simplifying the Test for Goodwill Impairment*, which removes step 2 of the quantitative goodwill impairment test. Under the amended guidance, a goodwill impairment charge is recognized for the amount by which the carrying value of a reporting unit exceeds its fair value, not to exceed the carrying amount of goodwill. The guidance is effective for the Company for interim and annual periods beginning after December 15, 2022, with early adoption permitted for any

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impairment tests performed after January 1, 2017. The Company is currently assessing the timing and impact of adopting ASU 2017-04 on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected. The guidance is effective for the Company for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted, including adoption in any interim period. The Company will adopt ASU 2018-15 effective January 1, 2021, on a prospective basis. The adoption is not expected to have a significant impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 removes certain exceptions associated with (i) intraperiod tax allocations, (ii) recognition of deferred tax liability for equity method investments of foreign subsidiaries, and (iii) the calculation of income taxes in an interim period when in a loss position. Additionally, ASU 2019-12 simplifies accounting for (i) income taxes associated with franchise taxes, (ii) tax basis of goodwill in a business combination, (iii) the allocation of tax expense to a legal entity that is not subject to tax in standalone financial statements, (iv) enacted changes in tax laws, and (v) income taxes related to employee stock ownership plans and investments in qualified affordable housing projects accounted for under the equity method. The guidance is effective for the Company for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the timing and impact of adopting ASU 2019-12 on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform*, which provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, subject to certain criteria, that reference the London Interbank Offered Rate, or LIBOR, or another reference rate that is expected to be discontinued. This ASU is effective for all entities as of March 12, 2020 through December 31, 2022. The Company is currently evaluating whether we will elect the optional expedients, as well as evaluating the impact of ASU 2020-04 on the Company's consolidated financial statements.

**2. Merchant Link Acquisition**

We completed the acquisition of Merchant-Link, LLC, or Merchant Link Acquisition, in August 2019 by acquiring 100% of the membership interests for \$64.0 million, with initial consideration of \$60.2 million, net of cash acquired. This acquisition brought a highly complementary customer base, with 80% of the customers using software already integrated on the Company's gateway. This overlap presented the Company with a substantial opportunity for improved share of wallet and cost efficiencies.

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

The following table summarizes the consideration paid and the fair value assigned to the assets acquired and liabilities assumed at the acquisition date. In the three months ended March 31, 2020, the Company made a

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measurement period adjustment of \$(0.7) million to accounts receivable with a corresponding increase to goodwill to reflect facts and circumstances in existence as of the effective date of the acquisition.

Cash	\$ 3.8
Accounts receivable	7.5
Prepaid expenses and other current assets	1.9
Property, plant and equipment	2.4
Inventory	1.7
Other intangible assets	20.4
Goodwill (a)	30.2
Accounts payable	(1.5)
Accrued expenses and other current liabilities	(2.1)
Deferred revenue	(0.3)
Net assets acquired	64.0
Less: cash acquired	(3.8)
Net cash paid for acquisition	<u>\$60.2</u>

(a) Goodwill is deductible for tax purposes.

The Merchant Link acquisition did not have a material impact on the Company's consolidated financial statements. Accordingly, pro forma financial information has not been presented.

### 3. Revenue

#### *Adoption of ASC 606: Revenue from Contracts with Customers*

The Company recorded a net reduction to retained earnings of \$7.0 million as of January 1, 2019, due to the cumulative impact of adopting ASC 606, primarily as a result of no longer being able to defer the upfront cost for the Company's free equipment program to its merchants under the contract terms existing at January 1, 2019 and recognizing the revenue allocated to this hardware in retained earnings for contracts open as of January 1, 2019.

Under ASC 606, the Company has three separate performance obligations under its recurring SaaS fees for point-of-sale systems provided to merchants: (1) point-of-sale software, (2) lease of hardware and (3) other support services. For the period January 1, 2019 through June 29, 2020, the hardware provided under the Company's software as a service, or SaaS, agreements was accounted for as a sales-type lease. Effective June 30, 2020, the Company modified the terms and conditions of its SaaS arrangements and updated its operational procedures. As a result, beginning June 30, 2020, hardware provided under the Company's SaaS agreements is accounted for as an operating lease; therefore, an increase in income of \$12.4 million was recorded within "Other operating (income) expense, net" in the unaudited Condensed Consolidated Statements of Operations in the second quarter of 2020 to reflect the impact of the lease modifications. See Note 9 for more information on equipment for lease.

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The Company has elected to apply a practical expedient for contracts that have a term of one year or less and has not disclosed either the remaining performance obligation as of the end of the reporting period or when the Company expects to recognize the revenue. The effect of the lease modifications on the unaudited condensed consolidated financial statements as of its effective date, June 30, 2020, was as follows:

	<b>Balance prior to lease modification</b>	<b>Balance subsequent to lease modification</b>	<b>Effect of change</b>
Contract assets, net	\$ 11.3	\$ —	\$ (11.3)
Accounts receivable, net	67.7	68.6	0.9
Equipment under lease	—	23.3	23.3
Deferred revenue	7.7	8.2	(0.5)
Other operating (income) expense, net			(12.4)

*Disaggregated Revenue*

Based on similar operational characteristics, the Company's revenue from contracts with customers is disaggregated as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
Payments-based revenue	\$ 171.9	\$ 196.8	\$ 465.4	\$ 494.4
Subscription and other revenues	21.9	18.0	63.9	61.6
<b>Total</b>	<b>\$ 193.8</b>	<b>\$ 214.8</b>	<b>\$ 529.3</b>	<b>\$ 556.0</b>

Based on similar economic characteristics, the Company's revenue from contracts with customers is disaggregated as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
Over-time revenue	\$ 182.7	\$ 210.3	\$ 496.5	\$ 533.8
Point-in-time revenue	11.1	4.5	32.8	22.2
<b>Total</b>	<b>\$ 193.8</b>	<b>\$ 214.8</b>	<b>\$ 529.3</b>	<b>\$ 556.0</b>

*Contract Liabilities*

The Company charges merchants for various post-contract license support/service fees and annual regulatory compliance fees. These fees typically relate to a period of one year. The Company recognizes the revenue on a straight-line basis over its respective period. As of December 31, 2019 and September 30, 2020, the Company had deferred revenue of \$5.6 million and \$8.1 million, respectively. The change in the contract liabilities is primarily the result of a timing difference between payment from the customer and the Company's satisfaction of each performance obligation.



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The following reflects the amounts the Company recognized as annual service fees and regulatory compliance fees within “Gross revenue” in its unaudited Condensed Consolidated Statements of Operations and the amount of such fees that was included in deferred revenue at the beginning of the respective period.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2020	2019	2020
Annual service fees and regulatory compliance fees	\$ 2.8	\$ 3.5	\$ 8.6	\$ 10.3
Amount of these fees included in deferred revenue at beginning of period	2.2	2.6	2.7	3.3

*Capitalized Acquisition Costs, net*

As of December 31, 2019 and September 30, 2020, the Company had net capitalized costs to obtain contracts of \$26.4 million and \$29.7 million, respectively, included in “Capitalized acquisition costs, net” in the unaudited Condensed Consolidated Balance Sheets representing upfront processing bonuses. See Note 8 for more information on capitalized acquisition costs.

**4. Restructuring**

The following table summarizes the changes in the Company’s restructuring accrual:

	2018 Restructuring Activities	2019 Restructuring Activities	Total
Balance at December 31, 2019	\$ 4.2	\$ 1.5	\$ 5.7
Severance payments	(1.4)	(1.5)	(2.9)
Accretion of interest (a)	0.4	—	0.4
Balance at September 30, 2020	<u>\$ 3.2</u>	<u>\$ —</u>	<u>\$ 3.2</u>

(a) Accretion of interest is included within “Restructuring expenses” in the unaudited Condensed Consolidated Statements of Operations.

Accreted interest recognized related to restructuring activities associated with a historical acquisition was \$0.1 million and \$0.4 million for the three and nine months ended September 30, 2020, respectively.

The Company recognized \$3.4 million and \$3.7 million of restructuring expenses for the three and nine months ended September 30, 2019, respectively. This was primarily comprised of \$3.3 million of restructuring expenses associated with the integration of Merchant Link, consisting primarily of employee and severance benefits which were paid by March 31, 2020. In addition, accreted interest recognized related to restructuring activities associated with a historical acquisition was \$0.1 million and \$0.4 million for the three and nine months ended September 30, 2019, respectively.

The current portion of the restructuring accrual of \$2.9 million and \$1.4 million at December 31, 2019 September 30, 2020, respectively, is included within “Accrued expenses and other current liabilities” on the unaudited Condensed Consolidated Balance Sheets. The long-term portion of the restructuring accrual of \$2.8 million and \$1.8 million at December 31, 2019 and September 30, 2020, respectively, is included within “Other noncurrent liabilities” on the unaudited Condensed Consolidated Balance Sheets.

Of the \$3.2 million restructuring accrual outstanding as of September 30, 2020, approximately \$0.4 million is expected to be paid in 2020, \$1.6 million in 2021 and \$1.6 million in 2022, less accreted interest of \$0.4 million.

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**5. Inventory**

Inventory consisted of the following:

	December 31, 2019	September 30, 2020
Terminal systems and components	\$ 5.9	\$ 0.7
Point-of-sale systems and components	2.6	0.5
Total inventory	<u>\$ 8.5</u>	<u>\$ 1.2</u>

Effective June 30, 2020, the Company modified the terms and conditions of its SaaS arrangements and updated its operational procedures. As a result, beginning June 30, 2020, hardware provided under the Company's SaaS agreements is accounted for as an operating lease resulting in equipment held for lease to be recorded in "Equipment for lease, net" rather than "Inventory" on the Company's Consolidated Balance Sheets. See Note 9 for more information on equipment for lease.

**6. Goodwill**

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

Balance at December 31, 2019	\$421.3
Measurement period adjustment (Note 2)	0.7
Balance at September 30, 2020	<u>\$422.0</u>

**7. Other Intangible Assets, Net**

Other intangible assets, net consisted of the following:

	Weighted Average Amortization Period (in years)	December 31, 2019		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Merchant relationships	8	\$ 176.8	\$ 81.1	\$ 95.7
Acquired technology	10	105.2	32.2	73.0
Trademarks and trade names	9	55.5	30.1	25.4
Noncompete agreements	2	3.9	3.6	0.3
Capitalized software development costs	3	14.9	2.0	12.9
Leasehold interest	2	0.1	0.1	—
Residual commission buyouts (a)	3	15.7	9.8	5.9
Total intangible assets		<u>\$ 372.1</u>	<u>\$ 158.9</u>	<u>\$ 213.2</u>

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	Weighted Average Amortization Period (in years)	September 30, 2020		
		Carrying Value	Accumulated Amortization	Net Carrying Value
Merchant relationships	8	\$ 176.8	\$ 100.0	\$ 76.8
Acquired technology	10	105.2	40.2	65.0
Trademarks and trade names	9	55.5	36.8	18.7
Noncompete agreements	2	3.9	3.9	—
Capitalized software development costs	3	21.7	4.8	16.9
Leasehold interest	2	0.1	0.1	—
Residual commission buyouts (a)	3	18.1	12.5	5.6
Total intangible assets		<u>\$ 381.3</u>	<u>\$ 198.3</u>	<u>\$ 183.0</u>

(a) Residual commission buyouts include contingent payments of \$2.7 million and \$3.1 million as of December 31, 2019 and September 30, 2020, respectively.

As of September 30, 2020, the estimated amortization expense for intangible assets for each of the five succeeding years and thereafter is as follows:

2020 (remaining three months)	13.1
2021	48.6
2022	31.6
2023	20.4
2024	18.4
Thereafter	50.9
Total	<u>\$183.0</u>

Amounts charged to expense in the unaudited Condensed Consolidated Statements of Operations for amortization of intangible assets were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2020	2019	2020
Depreciation and amortization expense	\$ 9.5	\$ 9.8	\$ 28.2	\$ 28.7
Cost of sales	3.3	3.4	8.8	10.6
Total	<u>\$ 12.8</u>	<u>\$ 13.2</u>	<u>\$ 37.0</u>	<u>\$ 39.3</u>

**8. Capitalized Acquisition Costs, Net**

Capitalized acquisition costs, net were \$26.4 million and \$29.7 million at December 31, 2019 and September 30, 2020, respectively. This consists of upfront processing bonuses with a gross carrying value of \$39.2 million and \$52.3 million and accumulated amortization of \$12.8 million and \$22.6 million at December 31, 2019 September 30, 2020, respectively.

Capitalized acquisition costs had a weighted average amortization period of four years at December 31, 2019 and three years at September 30, 2020.

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Amortization expense for capitalized acquisition costs is \$2.5 million and \$6.9 million for the three and nine months ended September 30, 2019, respectively, and \$4.2 million and \$11.2 million for the three and nine months ended September 30, 2020, respectively, and is included in “Cost of sales” in the unaudited Condensed Consolidated Statements of Operations.

As of September 30, 2020, the estimated future amortization expense for capitalized acquisition costs is as follows:

2020 (remaining three months)	\$ 4.2
2021	14.2
2022	9.2
2023	2.1
<b>Total</b>	<b><u>\$29.7</u></b>

**9. Equipment for Lease, Net**

Effective June 30, 2020, the Company modified the terms and conditions of its SaaS arrangements and updated its operational procedures. As a result, beginning June 30, 2020, hardware provided under the Company’s SaaS agreements is accounted for as an operating lease resulting in equipment for lease recorded in “Equipment for lease, net” on the Company’s Consolidated Balance Sheet.

As of September 30, 2020, the cost, accumulated depreciation and net carrying value of equipment for lease was \$36.0 million, \$3.3 million and \$32.7 million, respectively. Included in this amount was \$7.3 million of equipment that was not yet initially deployed to a merchant and, accordingly, is not being depreciated.

Amounts charged to expense in the unaudited Condensed Consolidated Statements of Operations for depreciation of equipment under lease were \$5.7 million for both the three and nine months ended September 30, 2020.

**10. Property, Plant and Equipment, Net**

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

	<b>December 31, 2019</b>	<b>September 30, 2020</b>
Equipment	\$ 13.3	\$ 14.8
Capitalized software	7.1	7.7
Leasehold improvements	11.3	11.5
Furniture and fixtures	2.9	3.0
Vehicles	<u>0.2</u>	<u>0.2</u>
Total property and equipment, gross	34.8	37.2
Less: Accumulated depreciation	<u>(19.4)</u>	<u>(23.2)</u>
Total property and equipment, net	<u>\$ 15.4</u>	<u>\$ 14.0</u>

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Amounts charged to expense in the unaudited Condensed Consolidated Statements of Operations for depreciation of property, plant and equipment were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2020	2019	2020
Depreciation and amortization expense	\$ 0.7	\$ 0.8	\$ 1.5	\$ 2.7
Cost of sales	0.4	0.4	1.0	1.2
Total depreciation expense	<u>\$ 1.1</u>	<u>\$ 1.2</u>	<u>\$ 2.5</u>	<u>\$ 3.9</u>

**11. Debt**

The Company's outstanding debt consisted of the following:

	December 31, 2019	September 30, 2020
First Lien Term Loan Facility	\$ 511.1	\$ 450.0
Second Lien Term Loan Facility	130.0	—
Revolving Credit Facility	21.0	—
Other financing arrangements	—	1.8
Total borrowings	662.1	451.8
Less: Current portion of debt	(5.3)	(1.8)
	656.8	450.0
Less: Unamortized capitalized financing costs	(21.7)	(12.3)
Total long-term debt	<u>\$ 635.1</u>	<u>\$ 437.7</u>

**Credit Facilities**

On November 30, 2017, the Company borrowed \$560.0 million of aggregate principal amount of secured term loans comprised of first lien term loans of \$430.0 million due November 30, 2024, or First Lien Term Loan Facility, and second lien term loans of \$130.0 million due November 30, 2025, or Second Lien Term Loan Facility. The Company used available incremental capacity to upsize the First Lien Term Loan Facility to \$450.0 million in April 2019 and to \$520.0 million in October 2019. In June 2020, the Company made \$59.8 million in principal payments on the First Lien Term Loan Facility and repaid in full the \$130.0 million outstanding under the Second Lien Term Loan Facility. The \$59.8 million payment fully satisfies all required principal payments on the First Lien Term Loan Facility due prior to its maturity on November 30, 2024. Interest with respect to the First Lien Term Loan Facility is payable quarterly in arrears at a rate of LIBOR plus 4.50% per annum (5.50% at September 30, 2020). Interest with respect to the Second Lien Term Loan Facility was payable quarterly in arrears at a rate of LIBOR plus 8.50% per annum. The interest rate is determined based on the Company's first lien leverage ratio for the preceding fiscal quarter.

In connection with the pre-payment of \$59.8 million on the First Lien Term Loan Facility and the full repayment of \$130.0 million on the Second Lien Term Loan Facility, the Company incurred a loss on extinguishment of debt of \$7.1 million representing the unamortized capitalized financing costs associated with the prepaid debt, which was recorded to "Loss on extinguishment of debt" in the unaudited Condensed Consolidated Statements of Operations in the second quarter of 2020.

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The First Lien Term Loan Facility and Second Lien Term Loan Facility are subject to covenants that, among other things, limit or restrict the Company in creating liens, holding any unpermitted investments or new indebtedness, making any dispositions or restricted payments unless otherwise permitted in the agreement, and making material changes to the business. In connection with the full repayment of the Second Lien Term Loan Facility in the second quarter of 2020, the Company obtained applicable releases customary to the payment in full. At September 30, 2020 and December 31, 2019, the Company was in compliance with all financial covenants.

Amortization of capitalized financing fees is included in "Interest expense" within the unaudited Condensed Consolidated Statements of Operations. Amortization expense was \$0.9 million and \$2.8 million for the three and nine months ended September 30, 2019, respectively, and \$0.8 million and \$2.9 million for the three months ended September 30, 2020, respectively.

**Revolving Credit Facility**

The First Lien Term Loan Facility included a revolving credit facility of \$40.0 million, or Revolving Credit Facility, which expires November 30, 2022. In August 2019, the Revolving Credit Facility was increased to a borrowing capacity of \$90.0 million with incremental borrowings used to partially fund the Merchant Link Acquisition. The Company is subject to certain additional covenants related to the Revolving Credit Facility. The Company was in compliance with these covenants at December 31, 2019 and September 30, 2020.

Interest due under the Revolving Credit Facility depends on the type of loan selected but generally is due interest at LIBOR plus an applicable margin ranging from 3.00% to 4.50%.

The Revolving Credit Facility unused commitment fee ranges from 0.25% to 0.50%. The applicable margin and unused commitment fee are determined based on the Company's first lien net leverage ratio at the previously reported fiscal quarter.

As of December 31, 2019, the Company had outstanding borrowings of \$21.0 million under the Revolving Credit Facility. In the first quarter of 2020, the Company drew \$68.5 million under the Revolving Credit Facility for general corporate purposes and to strengthen its financial position amid the COVID-19 pandemic. In June 2020, the Company repaid the outstanding borrowings of \$89.5 million under the Revolving Credit Facility. Borrowing capacity on the Revolving Credit Facility was \$89.5 million as of September 30, 2020, net of a \$0.5 million letter of credit.

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**12. Other Consolidated Balance Sheet Components**

*Prepaid expenses and other current assets*

Prepaid expenses and other current assets consisted of the following:

	December 31, 2019	September 30, 2020
Prepaid insurance	\$ 1.2	\$ 3.8
Other prepaid expenses (a)	4.9	5.8
Agent and employee loan receivables	0.5	0.4
Taxes receivable	—	2.0
Deferred IPO-related costs (b)	2.0	—
Other current assets	0.2	0.3
Total prepaid expenses and other current assets	<u>\$ 8.8</u>	<u>\$ 12.3</u>

- (a) Other prepaid expenses include prepayments related to information technology, rent, tradeshows and conferences.
- (b) Primarily includes attorney and consulting fees in support of the Company's IPO, which, at the time of the IPO, were offset against the gross proceeds of the IPO within "Additional paid-in capital" on the unaudited Condensed Consolidated Balance Sheets.

*Accrued expenses and other current liabilities*

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2019	September 30, 2020
Contingent liabilities related to earnout payments and change of control (a)	\$ 32.3	\$ 0.9
Accrued interest	9.2	4.2
Residuals payable	5.5	7.2
Taxes payable	1.0	0.8
Deferred tenant reimbursement allowance	3.6	3.2
Restructuring accrual	2.9	1.4
Accrued payroll	2.3	3.0
Deferred employer social security tax pursuant to the CARES Act	—	1.3
Other current liabilities	4.1	4.5
Total accrued expenses and other current liabilities	<u>\$ 60.9</u>	<u>\$ 26.5</u>

- (a) Represents contingent liabilities arising from certain past acquisitions. See Note 13 for information on contingent liabilities related to earnout payments and change of control.

**13. Fair Value Measurement**

U.S. GAAP defines a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted process in active markets for

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identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

The Company makes recurring fair value measurements of contingent liabilities arising from certain acquisitions using Level 3 unobservable inputs. These amounts relate to a change of control provision and expected earnout payments related to the number of existing point-of-sale merchants that convert to full acquiring merchants.

The contingent liability related to a change of control was measured on the acquisition date using a Monte Carlo simulation model based on expected possible valuations of the Company upon a change of control and is remeasured at each reporting date due to changes in management's expectations regarding possible future valuations of the Company, including considerations of changes in results of the Company, guideline public company multiples, and expected volatility. The contingent liability related to change of control was settled for 915,503 shares of Class A common stock in conjunction with the IPO.

The contingent liabilities arising from expected earnout payments were measured on the acquisition date using a probability-weighted expected payment model and are remeasured periodically due to changes in management's estimates of the number of existing point-of-sale merchants that will convert to full acquiring merchants. In determining the fair value of the contingent liabilities, management reviews the current results of the acquired business, along with projected results for the remaining earnout period, to calculate the expected earnout payment to be made using the agreed upon formula as laid out in the respective acquisition agreement. As of September 30, 2020, the majority of the contingent liabilities relate to earnout payments that are near the end of their earnout period. The Company estimated the remaining earnout liability as of September 30, 2020, which is comprised of (1) actual conversions during the third quarter 2020 that will be paid in the fourth quarter of 2020 and (2) an estimate of the earnout liability for the fourth quarter 2020 based on historical conversions. As of December 31, 2019, the earnout liabilities were discounted at a rate of 3.87% and the undiscounted estimated range of outcomes was between \$1.5 million and \$2.3 million.



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Additional information regarding the contingent liabilities that are measured at fair value on a recurring basis is presented in the following tables:

	Fair value as of December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contingent liabilities related to change of control (a)	\$ 30.4	\$ —	\$ —	\$ 30.4
Contingent liabilities related to earnout payments (a)	1.9	—	—	1.9
<b>Total contingent liabilities</b>	<b>\$ 32.3</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 32.3</b>

	Fair value as of September 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contingent liabilities related to earnout payments (a)	\$ 0.9	\$ —	\$ —	\$ 0.9
<b>Total contingent liabilities</b>	<b>\$ 0.9</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 0.9</b>

(a) Included in "Accrued expenses and other current liabilities" on the unaudited Condensed Consolidated Balance Sheets.

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

	Nine months ended September 30,	
	2019	2020
Balance at beginning of period	\$ 19.9	\$ 32.3
Additions (a)	—	1.7
Cash payments made for contingent liabilities related to earnout payments	(2.3)	(2.3)
Contingent liabilities related to change of control settled with Class A common stock and restricted stock units	—	(23.2)
Fair value adjustments	15.0	(7.6)
<b>Balance at end of period</b>	<b>\$ 32.6</b>	<b>\$ 0.9</b>

(a) During the three months ended March 31, 2020, certain employment compensation agreements were amended. Consequently, previously recorded deferred compensation liabilities of \$1.9 million associated with these agreements, included within "Other noncurrent liabilities" on the unaudited Condensed Consolidated Balance Sheets at December 31, 2019, were derecognized and new liabilities of \$1.7 million were recognized at fair value within "Other noncurrent liabilities" on the unaudited Condensed Consolidated Balance Sheets. These contingent liabilities were settled at the IPO for 89,842 restricted stock units.

Fair value adjustments are recorded within "General and administrative expenses" within the unaudited Condensed Consolidated Statements of Operations. There were no transfers into or out of Level 3 during the nine months ended September 30, 2020 and 2019.

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Other financial instruments not measured at fair value on the Company's Consolidated Balance Sheets at December 31, 2019 and September 30, 2020 include cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued expenses and other current liabilities as their estimated fair values reasonably approximate their carrying value as reported on the Consolidated Balance Sheets. The Company's debt obligations are carried at their face value, which approximates fair value.

**14. Income Taxes**

As a result of the Reorganization Transactions and the IPO, the Company holds an economic interest in Shift4 Payments, LLC and consolidates its financial position and results. The remaining ownership of Shift4 Payments, LLC not held by the Company is considered a noncontrolling interest. Shift4 Payments, LLC is treated as a partnership for income tax reporting and its members, including the Company, are liable for federal, state, and local income taxes based on their share of the LLC's taxable income. In addition, Shift4 Corporation, one of the operating subsidiaries of Shift4 Payments, LLC, is considered a C-Corporation for U.S. federal, state and local income tax purposes. Taxable income or loss from Shift4 Corporation is not passed through to Shift4 Payments, LLC. Instead, it is taxed at the corporate level subject to the prevailing corporate tax rates.

The Company has assessed the realizability of the net deferred tax assets and in that analysis has considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The Company has recorded a full valuation allowance against the deferred tax assets at Shift4 Payments, Inc. as of the IPO and as of September 30, 2020, which will be maintained until there is sufficient evidence to support the reversal of all or some portion of these allowances.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, which includes temporary changes regarding the prior and future utilization of net operating losses, temporary changes to the prior and future limitations on interest deductions, temporary suspension of certain payment requirements for the employer portion of Social Security taxes, technical corrections from prior tax legislation for tax depreciation of certain qualified improvement property, and the creation of certain refundable employee retention credits. Pursuant to the CARES Act, in June 2020, the Company submitted a carryback claim related to our net operating loss carryforward generated in 2018, which resulted in an income tax benefit of \$0.6 million and is reflected in "Income tax benefit (provision)" in the unaudited Condensed Consolidated Statements of Operations for the nine months ended September 30, 2020.

The Company's effective tax rate was 2.3% and (6.6)% for the three months ended September 30, 2019 and 2020, respectively, and 2.3% and (1.1)% for the nine months ended September 30, 2019 and 2020, respectively. The income tax expense for the three and nine months ended September 30, 2019 was different than the U.S. federal statutory income tax rate of 21% primarily due to Shift4 Payments, LLC being treated as a partnership and not paying income tax. The income tax benefit for the three and nine months ended September 30, 2020 was different than the U.S. federal statutory income tax rate of 21% primarily due to the loss allocated to the noncontrolling interest and changes in the valuation allowances in the United States. In addition, the nine months ended September 30, 2020 includes a tax benefit of \$0.6 million for a net operating loss carryback at Shift4 Corporation which was allowed due to the CARES Act.

The Company's income tax filings are subject to audit by various taxing jurisdictions. The statutes of limitations related to the U.S. federal income tax return and most state income tax returns are closed for all tax years up to and including 2016. No U.S. federal, state and local income tax returns are under examination by the respective taxing authorities.

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*Tax Receivable Agreement*

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

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

The Company has not recognized any liability under the TRA after concluding it was not probable that such TRA Payments would be paid based on its estimates of future taxable income. No payments were made to the Continuing Equity Owners pursuant to the TRA during the three or nine months ended September 30, 2020. The amounts payable under the TRA will vary depending upon a number of factors, including the amount, character, and timing of the taxable income of Shift4 Payments, Inc. in the future. If the valuation allowance recorded against the deferred tax assets applicable to the tax attributes referenced above is released in a future period, the TRA liability may be considered probable at that time and recorded within earnings.

If all of the remaining Continuing Equity Owners were to exchange all of their LLC Units, the Company would recognize a deferred tax asset of approximately \$516.5 million and a TRA liability of approximately \$439.0 million, assuming (i) that the Continuing Equity Owners redeemed or exchanged all of their LLC Units immediately as of September 30, 2020 at a price of \$35.50 per share of its Class A common stock, (ii) no material changes in relevant tax law, (iii) a constant corporate tax rate of 24.2%, (iv) that the Company earns sufficient taxable income in each year to realize on a current basis all tax benefits that are subject to the TRA, and (v) that the blocker attributes are not limited pursuant to section 382 of the Internal Revenue Code. The actual amount of deferred tax assets and related liabilities are impacted by the timing of the exchanges, the valuation of Shift4 Corporation, the price of the Company's shares of Class A common stock at the time of the exchange, and the tax rates then in effect. The Company may elect to completely terminate the TRA early only with the written approval of each of a majority of its independent directors, although it has no plans to do so at this time. As a result, the Company would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the TRA.

**15. Operating Lease Agreements**

The Company has leases under noncancellable agreements which expire on various dates through November 30, 2028.

Total rent expense, which is included in "General and administrative expenses" in the unaudited Condensed Consolidated Statements of Operations, was \$1.2 million and \$2.6 million for the three and nine months ended September 30, 2019, respectively and \$1.3 million and \$4.7 million for the three and nine months ended September 30, 2020, respectively.

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The following are the future minimum rental payments required under the operating leases as of September 30, 2020:

2020 (remaining three months)	\$ 1.5
2021	5.6
2022	4.2
2023	2.7
2024	2.3
Thereafter	<u>6.2</u>
Total	<u>\$22.5</u>

The Company expects to receive future minimum lease payments for hardware provided under the Company's SaaS agreements of \$11.2 million from October 1, 2020 through September 30, 2021. See Notes 3 and 9 for more information on the accounting for these operating leases.

**16. Related Party Transactions**

The Company has a month-to-month service agreement with a shareholder of the Company, including access to aircrafts and a property. Total expense for this service, which is included in "General and administrative expenses" in the unaudited Condensed Consolidated Statements of Operations, was \$0.1 million and \$0.3 million for the three and nine months ended September 30, 2019, respectively and \$0.2 million for the nine months ended September 30, 2020. There were no amounts outstanding at December 31, 2019 and September 30, 2020. On May 31, 2020, the Company amended the monthly fee and added services in this month-to-month service agreement with a shareholder of the Company.

Shift4 Payments, LLC incurred management fees to its respective shareholders, prior to the IPO, which is included in "Professional fees" in the unaudited Condensed Consolidated Statements of Operations, of \$0.5 million and \$1.5 million for the three and nine months ended September 30, 2019, respectively and \$0.8 million for the nine months ended September 30, 2020. The Company had \$0.5 million in management fees outstanding as of December 31, 2019, included within "Accounts payable" in the unaudited Condensed Consolidated Balance Sheets. Management fees due to the Company's respective shareholders were fully paid as of June 30, 2020 and are not required to be paid subsequent to the IPO.

Rook entered into a margin loan agreement pursuant to which it pledged LLC Interests and shares of the Company's Class A and Class B common stock (collectively, Rook Units) to secure a margin loan. If Rook were to default on its obligations under the margin loan and fail to cure such default, the lender would have the right to exchange and sell up to 7,035,422 Rook units to satisfy Rook's obligation.

**17. Commitments and Contingencies**

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these, or other matters, may arise from time to time that may harm our business. The Company is currently not aware of any such legal proceedings or claims that the Company believes will have an adverse effect on our business, financial condition or operating results.

Effective March 2016, the Company's board of directors approved a means by which key employees of the Company may be given an opportunity to earn a bonus as a result of a Change of Control, defined as a

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merger, consolidation, exchange, conveyance, or sale of the Company, or an IPO pursuant to the Securities Act of 1933, or the Qualifying Transaction. As of December 31, 2019, the Company did not deem a qualifying transaction probable and thus, no amounts were recorded in the consolidated financial statements. In conjunction with the IPO, the Company issued \$56.9 million in the form of 2,475,830 restricted stock units to these key employees based upon the initial offering price of \$23.00 per share. These awards vest over time but are not subject to continued service. See Note 22 for more information on the Company's equity-based compensation plan.

**18. Redeemable Preferred Units**

As of December 31, 2019, Shift4 Payments, LLC had 430 non-convertible redeemable preferred units (with a stated value at \$100,000 per unit) authorized, issued and outstanding with a carrying value and liquidation value of \$43.0 million.

The redeemable preferred units earned a preferred dividend, which could be paid in cash or preferred units at a rate of 10.50% per annum, compounded quarterly. Any unpaid accumulated dividends were required to be paid prior to any other membership interest. The principal of the Redeemable Preferred units was payable only after all Common Unit holders were paid in full. The dividend was limited to \$5.0 million each calendar year.

Holders of redeemable preferred units were not entitled to vote on any matters of the Company's affairs and had no preemptive rights. Redeemable preferred units could have been redeemed in cash, in whole or in part, at the option of the Company, at a redemption price equal to the stated value of the unit. In the event of the sale of the Company or qualified public offering (i.e., IPO with aggregate offering prices in excess of \$150.0 million), each redeemable preferred unit became mandatorily redeemable at a redemption price equal to the stated value per unit (subject to the prior discharge of and full satisfaction of loans and the First Lien Term Loan Facility and Second Lien Term Loan Facility). As such, the redeemable preferred units were classified in temporary equity as they represented a contingently redeemable security. Redeemable preferred units could not have been transferred at any time, without prior consent of the Company.

During the three months ended September 30, 2019, \$1.4 million of preferred dividends were accrued and recognized as a reduction of "Members' Deficit." During the nine months ended September 30, 2019 and 2020, \$3.9 million and \$2.1 million, respectively, of preferred dividends were accrued and recognized as a reduction of "Members' Deficit." Total cumulative accrued but unpaid dividends as of December 31, 2019 were \$1.2 million, and were recorded in "Accrued expenses and other current liabilities" on the Consolidated Balance Sheets. Preferred dividends outstanding at the time of the IPO were \$3.2 million, of which \$0.9 million was settled in cash and \$2.3 million was converted to LLC Interests in conjunction with the IPO.

In connection with the Reorganization Transactions, the redeemable preferred units were converted into LLC Interests.

**19. Stockholders' Equity/Members' Deficit**

***Structure prior to the Reorganization Transactions***

Prior to the completion of the Reorganization Transactions, Shift4 Payments, LLC had LLC Interests outstanding in the form of Class A Common units and Class B Common units. Immediately prior to the

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completion of the Reorganization Transactions, the LLC Interests of Shift4 Payments, LLC were beneficially owned as set forth below.

- Searchlight owned 28,889,790 Class A units, representing 52.3% economic interest in Shift4 Payments, LLC.
- Rook owned 25,829,016 Class A units, representing 46.7% economic interest in Shift4 Payments, LLC.
- A former equity owner owned 528,150 Class B units, representing 1.0% economic interest in Shift4 Payments, LLC.

***Amendment and Restatement of Certificate of Incorporation***

In connection with the Reorganization Transactions, the Company's certificate of incorporation was amended and restated to, among other things, provide for the (i) authorization of 300,000,000 shares of Class A common stock with a par value of \$0.0001 per share; (ii) authorization of 100,000,000 shares of Class B common stock with a par value of \$0.0001 per share; (iii) authorization of 100,000,000 shares of Class C common stock with a par value of \$0.0001 per share; and (iv) authorization of 20,000,000 shares of preferred stock with a par value of \$0.0001 per share.

Holders of Class A common stock are entitled to one vote per share, and holders of Class B and Class C common stock are entitled to ten votes per share. Holders of Class A, Class B, and Class C common stock will vote together as a single class on all matters presented to the Company's stockholders for their vote of approval, except for certain amendments to the Company's Certificate of Incorporation or as otherwise required by law. Holders of the Class A and Class C common stock are entitled to receive dividends, and upon the Company's dissolution or liquidation, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of Class A and Class C common stock will be entitled to receive pro rata the Company's remaining assets available for distribution. Holders of the Company's Class B common stock are not entitled to receive dividends and will not be entitled to receive any distributions upon dissolution or liquidation of the Company. Holders of Class A, Class B, and Class C common stock do not have pre-emptive or subscription rights, and there will be no redemption or sinking fund provisions applicable to any class of common stock. Holders of Class A and Class B common stock do not have conversion rights. Shares of Class C common stock can only be held by the Continuing Equity Owners or their permitted transferees, and if any such shares are transferred to any other person, they will automatically convert into shares of Class A common stock on a one-to-one basis.

Shares of Class B common stock will be issued in the future only to the extent necessary to maintain one-to-one ratio between the number of LLC Interests held by the Continuing Equity Owners and the number of shares of Class B common stock issued to each of the Continuing Equity Owners. Shares of Class B common stock are transferable only together with an equal number of LLC Interests (subject to certain exceptions). Only permitted transferees of LLC Interests held by the Continuing Equity Owners will be permitted transferees of Class B common stock.

***Recapitalization of Shift4 Payments, LLC***

In connection with the Reorganization Transactions, and the amendment and restatement of the Shift4 Payments, LLC Agreement, the Company modified its capital structure and converted all existing ownership interests in Shift4 Payments, LLC (including the redeemable preferred units) into LLC Interests of a single class.

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In connection with the recapitalization:

- A total of 528,150 LLC Interests held by a former equity owner were exchanged for an equal number of shares of Class A common stock of Shift4 Payments, Inc.
- The Company acquired 15,513,817 LLC Interests from Searchlight in exchange for an equal number of shares of Class C common stock of Shift4 Payments, Inc.
- The Company issued 915,503 shares of Class A common stock to satisfy a contingent liability of Shift4 Payments, LLC arising from a previous acquisition. In exchange, Shift4 Payments, LLC issued 915,503 LLC Interests to Shift4 Payments, Inc.
- The Company issued 39,204,989 shares of Class B common stock to the Continuing Equity Owners on a one-for-one basis to the corresponding LLC Interests held by each of the Continuing Equity Owners.

***Initial Public Offering***

As described in Note 1, the Company completed its IPO of 17,250,000 shares of Class A common stock, including 2,250,000 shares pursuant to the full exercise of the underwriters' option to purchase additional shares, at a price to the public of \$23.00 per share. The Company received net proceeds of approximately \$362.6 million, after deducting underwriting discounts and commissions and offering expenses. Concurrently with the IPO, the Company also completed a \$100.0 million private placement of 4,625,346 shares of Class C common stock, which were valued by a third party at a price per share equal to the purchase price. The total net proceeds from the IPO and concurrent private placement were approximately \$462.6 million. The Company used the total proceeds to purchase newly issued LLC Interests from Shift4 Payments, LLC. Shift4 Payments, LLC used these amounts received from Shift4 Payments, Inc. to repay certain existing indebtedness and for general corporate purposes.

***Follow-on Offering***

As described in Note 1, on September 15, 2020, the Company completed an offering of 2,000,000 shares of its Class A common stock, and Searchlight and a former equity owner, sold 7,856,373 and 143,627 shares, respectively, of Class A common stock at a price to the public of \$48.50 per share. On October 6, 2020, Searchlight and a former equity owner sold an additional 1,473,070 and 26,930 shares, respectively, of Class A common stock pursuant to the exercise by the underwriters of their option to purchase additional shares. The Company received net proceeds from the Follow-on Offering of \$91.8 million, after deducting underwriting discounts and commissions and offering expenses of approximately \$5.2 million. The Company did not receive any of the proceeds from the sale of Class A common stock by the selling stockholders. The total net proceeds from the Follow-on Offering were used to purchase newly-issued LLC Interests directly from Shift4 Payments, LLC at a price per unit equal to the price to the public of Class A common stock in the Follow-on Offering, less underwriting discounts and commissions. Shift4 Payments, LLC used these amounts received from Shift4 Payments, Inc. for general corporate purposes.

In connection with the Follow-on Offering, the Company also completed the following transactions:

- The redemption by Searchlight of 3,637,501 LLC Interests in exchange for 3,637,501 shares of Class A common stock, and an immediate cancellation of an equivalent number of shares of Class B common stock. On October 6, 2020, an additional 682,031 LLC Interests were exchanged for 682,031 shares of Class A common stock with an immediate cancellation of an equivalent number of shares of Class B common stock.

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- The conversion of 4,218,872 shares of Class C common stock held by Searchlight to 4,218,872 shares of Class A common stock. On October 6, 2020, an additional 791,039 shares of Class C common stock held by Searchlight were converted to 791,039 shares of Class A common stock.

**20. Noncontrolling Interests**

Shift4 Payments, Inc. is the sole managing member of Shift4 Payments, LLC, and consolidates the financial results of Shift4 Payments, LLC. The noncontrolling interests balance represents the economic interest in Shift4 Payments, LLC held by the Continuing Equity Owners. The following table summarizes the ownership of LLC Interests in Shift4 Payments, LLC:

	LLC Interests			Ownership percentage		
	Shift4 Payments, Inc.	Continuing Equity Owners	Total	Shift4 Payments, Inc.	Continuing Equity Owners	Total
Balances at June 4, 2020	38,832,816	39,204,989	78,037,805	49.8%	50.2%	100.0%
Issuance of LLC units	2,000,000	—	2,000,000	1.2%	(1.2%)	—
Redemption of LLC units	3,637,501	(3,637,501)	—	4.6%	(4.6%)	—
Balances at September 30, 2020	<u>44,470,317</u>	<u>35,567,488</u>	<u>80,037,805</u>	<u>55.6%</u>	<u>44.4%</u>	<u>100.0%</u>

The Continuing Equity Holders have the right to require the Company to redeem their LLC Interests for, at the option of the Company, determined solely by the Company's independent directors, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each LLC Interest redeemed. In connection with the exercise of the redemption or exchange of LLC Interests (1) the Continuing Equity Owners will be required to surrender a number of shares of Class B common stock registered in the name of such redeeming or exchanging Continuing Equity Owner (or its applicable affiliate), which the Company will cancel for no consideration on a one-for-one basis with the number of LLC Interests so redeemed or exchanged and (2) all redeeming members will surrender LLC Interests to Shift4 Payments, LLC for cancellation.

As described in Note 1, on September 15, 2020, the selling stockholders sold 8,000,000 shares of Class A common stock in the Follow-on Offering. On October 6, 2020, the selling stockholders sold 1,500,000 shares of Class A common stock pursuant to the exercise by the underwriters of their option to purchase additional shares. This included an additional 682,031 LLC Interests that were exchanged for 682,031 shares of Class A common stock with an immediate cancellation of an equivalent number of Class B shares of common stock. As a result, as of October 6, 2020, Shift4 Payments, Inc. owns 56.4% of Shift4 Payments, LLC and the Continuing Equity Owners own 43.6% of Shift4 Payments LLC.

**21. Employee Benefit Plan**

The Company maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code covering full-time employees who meet minimum age and service requirements. The provisions of the plan include a discretionary corporate contribution. The Company's expense for discretionary matching contributions, which is included in "General and administrative expenses" in the unaudited Condensed Consolidated Statements of Operations, was \$0.3 million and \$0.8 million for the three and nine months ended September 30, 2019, respectively, and \$0.1 million and \$0.6 million for the three and nine months ended September 30, 2020, respectively.



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**22. Equity-based Compensation**

**2020 Incentive Award Plan**

In June 2020, the Company adopted the 2020 Incentive Award Plan, or 2020 Plan, which provides for the grant of stock options, restricted stock dividend equivalents, stock payments, RSUs, stock appreciation rights, and other stock or cash awards. A maximum of 5,750,000 shares of the Company's common stock is available for issuance under the 2020 Plan. The number of shares available for issuance is subject to an annual increase on the first day of each year beginning in 2021 and ending in and including 2030, equal to the lesser of (1) 1% of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding fiscal year and (2) such lesser amount as determined by the Company's board of directors.

**RSUs**

RSUs represent the right to receive shares of the Company's Class A common stock at a specified date in the future. In connection with the IPO, the Company granted 4,690,167 RSUs under the 2020 Plan, consisting of:

- 2,475,830 RSUs not subject to continued service, which vest in June 2021.
- 421,548 RSUs subject to continued service, which vest 50% in December 2020, and the remaining 50% in December 2021.
- 1,764,535 RSUs subject to continued service, vesting in equal installments at each anniversary of the grant date, over a three-year period.
- 28,254 RSUs subject to continued service, granted to non-employee directors, which vest in June 2021. Each non-employee director is also entitled to an annual grant of RSUs valued at \$0.1 million on the date of grant and which will vest in full on the date of the Company's annual shareholder meeting immediately following the date of grant, subject to the non-employee director continuing in service through such meeting date.

The RSU activity for the three and nine months ended September 30, 2020 was as follows:

	<u>Three months ended</u> <u>September 30, 2020</u>		<u>Nine months ended</u> <u>September 30, 2020</u>	
	<u>Number of</u> <u>RSUs</u>	<u>Weighted</u> <u>Average</u> <u>Grant Date</u> <u>Fair Value</u>	<u>Number of</u> <u>RSUs</u>	<u>Weighted</u> <u>Average</u> <u>Grant Date</u> <u>Fair Value</u>
Balance at beginning of period	4,629,812	\$ 21.41	—	\$ —
Granted	59,283	22.29	4,690,167	21.42
Vested	—	—	—	—
Forfeited or cancelled	(13,351)	23.00	(14,423)	23.00
<b>Balance at end of period</b>	<b><u>4,675,744</u></b>	<b><u>\$ 21.42</u></b>	<b><u>4,675,744</u></b>	<b><u>\$ 21.42</u></b>

The grant date fair value of RSUs subject to continued service was determined based on the IPO price of the Company's Class A common stock of \$23.00. The grant date fair value of the RSUs not subject to continued service was determined using the Finnerty discount for lack of marketability pricing model, taking into account the vesting provisions on the shares prior to June 2021.

**SHIFT4 PAYMENTS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited) (in millions, except share, unit, per unit and merchant count amounts)*

The Company recognized equity-based compensation expense of \$6.2 million and \$56.2 million for the three and nine months ended September 30, 2020, respectively. At September 30, 2020, the total unrecognized equity-based compensation expense related to outstanding RSUs was \$44.0 million, which is expected to be recognized over a weighted-average period of 2.42 years.

As of September 30, 2020, RSUs are the only form of equity-based compensation outstanding.

**23. Basic and Diluted Net Loss per Share**

The following table presents the calculation of basic and diluted net loss per share for the periods following the Reorganization Transactions under the two-class method. See Note 1 for additional information related to basic and diluted net loss per share.

Prior to the Reorganization Transactions and IPO, the Shift4 Payments, LLC membership structure included Class A Common units and Class B Common units. The Company analyzed the calculation of net loss per unit for periods prior to the IPO and determined that it resulted in values that would not be meaningful to the users of these unaudited consolidated financial statements. Therefore, loss per unit information has not been presented for the three and nine months ended September 30, 2019. The basic and diluted net loss per share for the nine months ended September 30, 2020 represents only the period from June 5, 2020 to September 30, 2020, the period where the Company had outstanding Class A and Class C common stock.

Basic net loss per share has been computed by dividing net loss attributable to common shareholders for the period subsequent to the Reorganization Transactions by the weighted average number of shares of common stock outstanding for the same period. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period in which the shares were outstanding. Diluted net loss per share has been computed in a manner consistent with that of basic net loss per share while giving effect to all shares of potentially dilutive common stock that were outstanding during the period.

	Three months ended September 30, 2020	June 5, 2020 through September 30, 2020
Net loss	\$ (9.9)	\$ (12.0)
Net loss attributable to noncontrolling interests	(4.7)	(5.7)
<b>Net loss attributable to common shareholders</b>	<b>\$ (5.2)</b>	<b>\$ (6.3)</b>
<b>Numerator—Basic and Diluted:</b>		
Net loss attributable to common shareholders	\$ (5.2)	\$ (6.3)
Allocation of net loss among common shareholders:		
Net loss allocated to Class A common stock	\$ (2.9)	\$ (3.4)
Net loss allocated to Class C common stock	\$ (2.3)	\$ (2.9)
<b>Denominator—Basic and Diluted:</b>		
Weighted average shares of Class A common stock outstanding	23,309,247	22,363,399
Weighted average shares of Class C common stock outstanding	19,222,017	19,424,100
<b>Net loss per share—Basic and Diluted:</b>		
Class A common stock	\$ (0.12)	\$ (0.15)
Class C common stock	\$ (0.12)	\$ (0.15)

Excluded from the computation of diluted net loss per share for both the three and nine months ended September 30, 2020 are 2,171,660 employee RSUs and 46,170 non-employee director RSUs because the

**SHIFT4 PAYMENTS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited) (in millions, except share, unit, per unit and merchant count amounts)*

effect would have been anti-dilutive. Additionally, for the three months ended September 30, 2020 and for the period from June 5, 2020 through September 30, 2020, 35,567,488 shares of Class A common stock, convertible upon redemption of the noncontrolling interest by the Continuing Equity Owners, were excluded from the calculation of diluted net loss per share as the effect would be anti-dilutive.

**24. Supplemental Cash Flow Information**

Supplemental cash flow information consisted of the following:

	Nine months ended September 30,	
	2019	2020
Cash paid for income taxes, net of refunds	\$ 0.2	\$ 0.8
Cash paid for interest	\$ 35.3	\$ 33.0
<b>Noncash financing activities</b>		
Contingent consideration settled with Class A common stock	\$ —	\$ 21.1
Short-term financing for directors and officers insurance	\$ —	\$ 3.4
Preferred return on preferred stock settled with LLC Interests	\$ —	\$ 2.3
Offering costs not yet paid	\$ —	\$ 0.8
Accrued preferred return on redeemable preferred units	\$ 3.9	\$ —
<b>Noncash operating activity</b>		
Deferred compensation settled with restricted stock units	\$ —	\$ 2.1

**25. Segments**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, or CODM, for the purposes of allocating resources and evaluating financial performance. The Company's CODM is the chief executive officer, who reviews financial information on a consolidated level for purposes of allocating resources and evaluating financial performance, and as such, the Company's operations constitute one operating segment and one reportable segment.

No single customer accounted for more than 10% of the Company's revenue during the three and nine months ended September 30, 2019 and 2020. The Company's operations are concentrated in the United States.

The following table summarizes gross revenue by revenue type:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2020	2019	2020
Payments-based revenue	\$ 171.9	\$ 196.8	\$ 465.4	\$ 494.4
Subscription and other revenues	21.9	18.0	63.9	61.6
Total gross revenue	193.8	214.8	529.3	556.0
Less: network fees	114.1	127.1	308.0	321.8
Less: Other costs of sales	33.1	36.2	92.5	105.9
Gross profit	<u>\$ 46.6</u>	<u>\$ 51.5</u>	<u>\$ 128.8</u>	<u>\$ 128.3</u>

**SHIFT4 PAYMENTS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*(Unaudited) (in millions, except share, unit, per unit and merchant count amounts)*

**26. Subsequent Events**

***Acquisitions***

On October 16, 2020, the Company acquired a hospitality technology vendor, for approximately \$10.0 million. This acquisition enables the boarding of the vendor's customers on the Company's end-to-end acquiring solution and empowers the Company's distribution partners to sign the vendor's customer accounts and leverage the combined expertise to handle all aspects of installation, service, and support.

On November 5, 2020, the Company acquired Infomart2000 Corp., which does business as 3DCART, for approximately \$40.0 million in cash and \$19.6 million in shares of the Company's Class A common stock. The acquisition expands the Company's omni-channel transaction capabilities and will enable 3DCART merchants to augment their ecommerce platform experience with the Company's secure integrated payments solutions. In addition, the Company's indirect sales distribution network will be able to offer 3DCART's turnkey ecommerce capabilities to the Company's new and existing POS and payments customers.

Due to the timing of these acquisitions, the initial accounting for the acquisitions, including the valuation of assets and liabilities acquired is incomplete. As such, the Company is not able to disclose certain information including the preliminary fair value of assets acquired and liabilities assumed.

***Debt Issuance***

On October 29, 2020, Shift4 Payments, LLC and Shift4 Payments Finance Sub, Inc., issued \$450.0 million aggregate principal amount of 4.625% Senior Notes due 2026, or the 4.625% Senior Notes. The 4.625% Senior Notes were priced at par value and bear interest annually. Interest will be paid semi-annually in arrears. The proceeds from the 4.625% Senior Notes, together with cash on hand, were used to repay all indebtedness outstanding under the First Lien Term Loan Facility.

***Related party agreements***

On November 10, 2020, the margin loan agreement pursuant to which Rook pledged LLC Interests and shares of the Company's Class A and Class B common stock (collectively, Rook Units) to secure a margin loan was amended and restated to modify the number of units pledged. If Rook were to default on its obligations under the margin loan and fail to cure such default, the lender would have the right to exchange and sell up to 15,227,181 Rook units to satisfy Rook's obligation.

**8,000,000 Shares**



**Shift4 Payments, Inc.**

**Class A Common Stock**

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**PROSPECTUS**

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**Goldman Sachs & Co. LLC**

**Credit Suisse**

**Citigroup**

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, 2020

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

**Item 13. Other expenses of issuance and distribution.**

The following table sets forth all fees and expenses, other than the underwriting discounts and commissions payable by Shift4 Payments, Inc. in connection with the offer and sale of the securities being registered. All amounts shown are estimated except for the SEC registration fee and the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee.

SEC registration fee	\$ 63,917
FINRA filing fee	88,379
Printing and engraving expenses	175,000
Legal fees and expenses	400,000
Accounting fees and expenses	350,000
Miscellaneous fees and expenses	22,704
Total	<u>\$ 1,100,000</u>

**Item 14. Indemnification of directors and officers.**

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation provides that no director of Shift4 Payments, Inc. shall be personally liable to it or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, ending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our amended and restated certificate of incorporation and amended and restated bylaws provides indemnification for our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware. We indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to

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serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our amended and restated certificate of incorporation and amended and restated bylaws provides that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

We have entered into separate indemnification agreements with each of our directors and executive officers. Each indemnification agreement provides, among other things, for indemnification to the fullest extent permitted by law and our amended and restated certificate of incorporation and amended and restated bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements provide for the advancement or payment of all expenses to the indemnitee and for the reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our amended and restated certificate of incorporation and amended and restated bylaws.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of Class A common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act of 1933, as amended, or the Securities Act, against certain liabilities.

### ***Item 15. Recent sales of unregistered securities.***

In connection with the Transactions and our IPO, we issued (a) 528,150 shares of Class A common stock on one-for-one basis to the Former Equity Owner in exchange for 528,150 LLC Interests, (b) 915,503 shares of Class A common stock to P&W Enterprises, Inc. in exchange for 915,503 LLC Interests as satisfaction of Shift4 Payments, LLC's pre-existing obligation to P&W Enterprises, Inc., (c) 39,204,989 shares of Class B common stock and 15,513,817 shares of Class C common stock to the Blocker Shareholders in exchange for 54,718,806 LLC Interests, and (d) 4,625,346 shares of Class C common stock at a price per share of \$21.62 to Rook in a Private Placement. The issuances of shares of Class A common stock, Class B common stock and Class C common Stock described in this paragraph were made in reliance on Section 4(a)(2) of the Securities Act and Rule 506 promulgated thereunder.

In connection with the 3DCART Acquisition, we issued 380,879 shares of Class A common stock at a price per share of \$51.42 to GG Holdings, as partial consideration for the purchase of all outstanding equity interest of INFORMART2000. The issuances of shares of Class A common stock described in this paragraph were made in reliance on Section 4(a)(2) of the Securities Act and Rule 506 promulgated thereunder.

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### ***Item 16. Exhibits and financial statements.***

(a) Exhibits

The following documents are filed as exhibits to this registration statement.

<u>Exhibit No.</u>	
1.1	<a href="#"><u>Form of Underwriting Agreement.</u></a>
3.1	<a href="#"><u>Amended and Restated Certificate of Incorporation of Shift4 Payments, Inc. (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2020).</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws of Shift4 Payments, Inc., effective as of June 4, 2020 (incorporated by reference to Exhibit 3.2 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2020).</u></a>
4.1	<a href="#"><u>Specimen Stock Certificate evidencing the shares of Class A common stock (incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2020).</u></a>
5.1	<a href="#"><u>Opinion of Latham &amp; Watkins LLP.</u></a>
10.1	<a href="#"><u>Tax Receivable Agreement, dated as June 4, 2020 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2020).</u></a>
10.2	<a href="#"><u>LLC Agreement of Shift4 Payments, LLC, dated June 4, 2020 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2020).</u></a>
10.3	<a href="#"><u>Stockholders Agreement, dated June 4, 2020 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2020).</u></a>
10.4	<a href="#"><u>Registration Rights Agreement, dated June 4, 2020 (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2020).</u></a>
10.5	<a href="#"><u>First Lien Credit Agreement, dated as of November 30, 2017, among Shift4 Payments, LLC (f/k/a Lighthouse Network LLC), as borrower, any holder of the borrower's Class A common units and subsidiaries of the borrower identified therein, as guarantors, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and Co-Issuing Bank, Citizens Bank, National Association and Deutsche Bank AG New York Branch as Co-Issuing Banks, the lenders from time to time party thereto and Webster Bank, National Association as Syndication Agent (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.6	<a href="#"><u>First Amendment to First Lien Credit Agreement, dated as of April 23, 2019, among Shift4 Payments, LLC, as borrower, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and Additional Term Lender (incorporated by reference to Exhibit 10.6 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.7	<a href="#"><u>Second Amendment to First Lien Credit Agreement, dated as of August 28, 2019, among Shift4 Payments, LLC, as borrower, any holder of the borrower's Class A common units and subsidiaries of the borrower identified therein, as guarantors, Citizens Bank, National Association and Deutsche Bank AG New York Branch as Co-Issuing Banks, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and Co-Issuing Bank and Goldman Sachs Bank USA and Credit Suisse as 2019 Incremental Revolving Lenders (incorporated by reference to Exhibit 10.7 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.8	<a href="#"><u>Third Amendment to First Lien Credit Agreement, dated as of October 4, 2019, among Shift4 Payments, LLC, as borrower, any holder of the borrower's Class A common units and subsidiaries of the borrower identified therein, as guarantors, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and Additional Term Lender (incorporated by reference to Exhibit 10.8 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>



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<u>Exhibit No.</u>	
10.9	<a href="#"><u>Fourth Amendment to First Lien Credit Agreement, dated as of August 31, 2020, among Shift4 Payments, LLC, as borrower, the Loan Guarantors (as defined therein), Credit Suisse AG, Cayman Islands Branch, as administrative agent, and the Lenders (as defined therein) (incorporated by reference to Exhibit 10.9 to our Registration Statement on Form S-1 filed with the SEC on September 8, 2020).</u></a>
10.10	<a href="#"><u>Second Lien Credit Agreement, dated as of November 30, 2017, among Shift4 Payments, LLC (f/k/a Lighthouse Network, LLC), as borrower, any holder of the borrower's Class A common units and subsidiaries of the borrower identified therein, as guarantors, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and the lenders from time to time party thereto (incorporated by reference to Exhibit 10.9 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.11#	<a href="#"><u>2020 Incentive Award Plan (incorporated by reference to Exhibit 10.10 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.12#	<a href="#"><u>Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement (No Continued Employment) (incorporated by reference to Exhibit 10.11 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.13#	<a href="#"><u>Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement (Continued Employment) (incorporated by reference to Exhibit 10.12 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.14#	<a href="#"><u>Employment Agreement, by and between Shift4 Corporation and Kevin J. Cronic, dated November 30, 2017 (incorporated by reference to Exhibit 10.14 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.15#	<a href="#"><u>Letter Agreement, by and between Shift4 Payments, LLC and Kevin J. Cronic, dated February 7, 2020 (incorporated by reference to Exhibit 10.15 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.16#	<a href="#"><u>Employment Agreement, by and between Shift4 Corporation and Steven M. Sommers, dated November 30, 2017 (incorporated by reference to Exhibit 10.16 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.17#	<a href="#"><u>Letter Agreement, by and between Shift4 Payments, LLC and Steven M. Sommers, dated January 30, 2020 (incorporated by reference to Exhibit 10.17 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.18#	<a href="#"><u>Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.18 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.19#	<a href="#"><u>Form of Indemnification Agreement for Executive Officers and Directors (incorporated by reference to Exhibit 10.19 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.20	<a href="#"><u>Purchase Agreement, by and between Shift4 Payments, Inc. and Rook Holdings, Inc., dated May 31, 2020 (incorporated by reference to Exhibit 10.20 to our Registration Statement on Form S-1/A filed with the SEC on June 3, 2020).</u></a>
10.21#	<a href="#"><u>Employment Agreement, by and between Shift4 Payments, Inc. and Jared Isaacman, dated May 31, 2020 (incorporated by reference to Exhibit 10.11 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2020).</u></a>
10.22	<a href="#"><u>Indenture, by and among Shift4 Payments, LLC, Shift4 Payments Finance Sub, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, dated October 29, 2020 (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on October 29, 2020).</u></a>
21.1	<a href="#"><u>List of Subsidiaries of Shift4 Payments, Inc.</u></a>

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<u>Exhibit No.</u>	
23.1	<a href="#">Consent of PricewaterhouseCoopers LLP, as to Shift4 Payments, Inc.</a>
23.2	<a href="#">Consent of PricewaterhouseCoopers LLP, as to Shift4 Payments, LLC.</a>
23.3	<a href="#">Consent of Latham &amp; Watkins LLP (included in Exhibit 5.1).</a>
24.1	<a href="#">Power of Attorney (included on signature page).</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

# Indicates management contract or compensatory plan

### ***Item 17. Undertakings.***

- (a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.
- (b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of Shift4 Payments, Inc. pursuant to the foregoing provisions, or otherwise, Shift4 Payments, Inc. has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Shift4 Payments, Inc. of expenses incurred or paid by a director, officer or controlling person of Shift4 Payments, Inc. in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Shift4 Payments, Inc. will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction, the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (c) The undersigned hereby further undertakes that:
  - (1) For purposes of determining any liability under the Securities Act the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by Shift4 Payments, Inc. pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
  - (2) For the purpose of determining any liability under the Securities Act each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, Shift4 Payments, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Allentown, state of Pennsylvania, on this 30th day of November, 2020.

Shift4 Payments, Inc.

By: /s/ Jared Isaacman

Jared Isaacman

*Chief Executive Officer*

**POWER OF ATTORNEY**

Each of the undersigned officers and directors of Shift4 Payments, Inc. hereby constitutes and appoints Jared Isaacman and Bradley Herring, and each of them any of whom may act without joinder of the other, the individual's true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign this registration statement of Shift4 Payments, Inc. on Form S-1, and any other registration statement relating to the same offering (including any registration statement, or amendment thereto, that is to become effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended), and any and all amendments thereto (including post-effective amendments to the registration statement), and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on FormS-1 has been signed by the following persons in the capacities set forth opposite their names and on the date indicated above.

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<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Jared Isaacman</u> Jared Isaacman	Chief Executive Officer and Director (Principal Executive Officer)	November 30, 2020
<u>/s/ Bradley Herring</u> Bradley Herring	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	November 30, 2020
<u>/s/ Donald Isaacman</u> Donald Isaacman	Director	November 30, 2020
<u>/s/ Christopher Cruz</u> Christopher Cruz	Director	November 30, 2020
<u>/s/ Andrew Frey</u> Andrew Frey	Director	November 30, 2020
<u>/s/ Nancy Disman</u> Nancy Disman	Director	November 30, 2020
<u>/s/ Sarah Goldsmith-Grover</u> Sarah Goldsmith-Grover	Director	November 30, 2020
<u>/s/ Jonathan Halkyard</u> Jonathan Halkyard	Director	November 30, 2020

**Shift4 Payments, Inc.****8,000,000 Shares of Class A Common Stock**

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**Underwriting Agreement**

[●], 2020

Goldman Sachs & Co. LLC  
Credit Suisse Securities (USA) LLC  
Citigroup Global Markets Inc.,

As representatives (the "Representatives") of the several Underwriters  
named in Schedule I hereto,

c/o Goldman Sachs & Co. LLC,  
200 West Street,  
New York, New York 10282.

c/o Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010-3629

c/o Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

Ladies and Gentlemen:

The stockholders of Shift4 Payments, Inc., a Delaware corporation (the "Company"), named on Schedule II hereto (the "Selling Stockholders") propose, subject to the terms and conditions stated in this agreement (this "Agreement"), to the sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of 8,000,000 shares and, at the election of the Underwriters, up to 1,200,000 additional shares of Class A common stock ("Class A Common Stock") of the Company. The aggregate of 8,000,000 shares of Class A Common Stock to be sold by the Selling Stockholders is herein called the "Firm Shares" and the aggregate of 1,200,000 additional shares of Class A Common Stock to be sold by the Selling Stockholders is herein called the "Optional Shares." The Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the "Shares."

The Company is the sole managing member of Shift4 Payments, LLC, a Delaware limited liability company ("Shift4 LLC"), and operates and controls all of the business and affairs of Shift4 LLC and, through Shift4 LLC and its subsidiaries, conduct its business. The Company and Shift4 LLC are collectively referred to herein as the "Shift4 Parties."

Concurrently with this offering of the Firm Shares, the Company is offering, in an offering exempt from registration under the Act (as defined below), \$400,000,000 principal amount of its [●]% Convertible Senior Notes due 2025 and granting to the initial purchasers of such notes an option to purchase an aggregate of up to an additional \$60,000,000 principal amount of its [●]% Convertible Senior Notes due 2025 (collectively, the "Convertible Notes").

1. (a) Each Shift4 Party, jointly and severally, represents and warrants to, and agrees with, each of the Underwriters that:

(i) A registration statement on Form S-1 (File No. 333-[●]) (the “Initial Registration Statement”) in respect of the Shares, including a related preliminary prospectus or prospectuses, has been filed with the Securities and Exchange Commission (the “Commission”); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you, have been declared effective by the Commission in such form and is not proposed to be amended; other than a registration statement, if any, increasing the size of the offering (a “Rule 462(b) Registration Statement”), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the “Act”), which became effective upon filing, no other document with respect to the Initial Registration Statement has been filed with the Commission; no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or threatened by the Commission; and the Shares all have been or will be duly registered under the Act pursuant to the Registration Statement (any preliminary prospectus or prospectuses included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a “Preliminary Prospectus”; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the “Registration Statement”; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(a)(iii) hereof) is hereinafter called the “Pricing Prospectus”; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act and which discloses the public offering price and other final terms of the Shares and otherwise satisfies Section 10(a) of the Act, is hereinafter called the “Prospectus”; any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act is hereinafter called a “Section 5(d) Communication”; and any Section 5(d) Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a “Section 5(d) Writing”; and any “issuer free writing prospectus” as defined in Rule 433 under the Act relating to the Shares in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433(g) is hereinafter called an “Issuer Free Writing Prospectus”);

(ii) (A) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and (B) each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information (as defined in Section 9(b) of this Agreement);

(iii) For the purposes of this Agreement, the “Applicable Time” is [[\*] a.m./p.m.] (Eastern time) on the date of this Agreement; the Pricing Prospectus, as supplemented by the information listed on Schedule III(c) hereto, taken together (collectively, the “Pricing Disclosure Package”), as of the Applicable Time, did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus and each Section 5(d) Writing does not conflict with the information then contained in the Registration Statement, the Pricing Prospectus or the Prospectus, and each Issuer Free Writing Prospectus and each Section 5(d) Writing, as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not, and as of each Time of Delivery, will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(iv) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement, as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(v) Neither Shift4 Party nor any of its respective subsidiaries has, since the date of the latest audited financial statements included in the Pricing Prospectus, (i) sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court, arbitrator or governmental or regulatory action, order or decree or (ii) entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Shift4 Parties and their subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Shift4 Parties and their subsidiaries taken as a whole, in each case otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been (x) any change in the capital stock (other than as a result of (i) the exercise, if any, of stock options or the award, if any, of stock options or restricted stock in the ordinary course of business pursuant to the Company’s equity compensation plans that are described in the Pricing Prospectus and the Prospectus or (ii) the issuance, if any, of stock upon conversion of Company securities as described in the Pricing Prospectus and the Prospectus), long-term debt of the Shift4 Parties and their respective subsidiaries or (y) any Material Adverse Effect (as defined below); as used in this Agreement, “Material Adverse Effect” shall mean any material adverse change or effect in or affecting (i) the business, properties, general affairs, management, financial position, stockholders’ equity, prospects or results of operations of the Shift4 Parties and their respective subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus, or (ii) the ability of the Shift4 Parties to perform their respective obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus, including the Transactions;

(vi) The Shift4 Parties and their respective subsidiaries do not own any real property; the Shift4 Parties and their respective subsidiaries have good and marketable title to all personal property owned by

them which is material to the business of the Shift4 Parties, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Shift4 Parties and their respective subsidiaries; and any real property and buildings held under lease by the Shift4 Parties and their respective subsidiaries are held by them under, to the Company's knowledge, valid, subsisting and enforceable leases with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Shift4 Parties and their respective subsidiaries;

(vii) Each of the Shift4 Parties and each of their respective subsidiaries has been (i) duly organized and is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, with power and authority (corporate and other) to own, lease and operate its properties and conduct its business as described in the Pricing Prospectus, except in the case of this clause (i) of those subsidiaries listed in Schedule V and (ii) duly qualified as a foreign corporation or other business organization for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification; except, in the case of this clause (ii), where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect;

(viii) The Company has an authorized capitalization as set forth in the Pricing Prospectus, immediately after giving effect to the Transactions (including the issuance of the Firm Shares and the use of the net proceeds therefrom as described in the Pricing Prospectus), the Company would have an issued share capital as set forth under the pro forma as adjusted column of the capitalization table in the section of the Pricing Prospectus entitled "Capitalization," and all of the issued shares of capital stock of the Company, including the Shares to be sold by the Selling Stockholders, have been duly and validly authorized and issued and are fully paid and non-assessable and conform to the description of the Securities contained in the Pricing Disclosure Package and the Prospectus; and all of the issued and outstanding equity interests of Shift4 LLC and each subsidiary of the Shift4 Parties have been duly and validly authorized and issued, are fully paid and non-assessable and all of the issued and outstanding equity interests of each subsidiary of the Shift4 Parties are owned directly or indirectly by the Shift4 Parties, free and clear of all liens, encumbrances, equities or claims, except for such liens or encumbrances described in the Pricing Prospectus and the Prospectus;

(ix) The Shares have been duly and validly authorized; when the Shares have been delivered and paid for in accordance with this Agreement on each Time of Delivery, such Shares will have been, duly and validly issued, fully paid and non-assessable, will conform to the information in the Pricing Disclosure Package and to the description of such Shares contained in the Prospectus; the stockholders of the Company have no preemptive rights with respect to the Shares; and none of the outstanding shares of capital stock of the Company have been issued in violation of any preemptive or similar rights of any security holder of the Company; except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no outstanding (A) securities or obligations of the Company convertible into or exchangeable for any capital stock of the Company, (B) warrants, rights or options to subscribe for or purchase from the Company any such capital stock or any such convertible or exchangeable securities or obligations or (C) obligations of the Company to issue or sell any shares of capital stock, any such convertible or exchangeable securities or obligations or any such warrants, rights or options; and the Company has not, directly or indirectly, offered or sold any of the Shares by means of any "prospectus" (within the meaning of the Act and the rules and regulations of the Commission thereunder) or used any "prospectus" or made any offer (within the meaning of the Act and the rules and regulations of the Commission thereunder) in connection with the offer or sale of the Shares, in each case other than the Preliminary Prospectus, the Pricing Disclosure Package and the Prospectus



(x) The sale of the Shares and the compliance by the Shift4 Parties with this Agreement and the consummation of the transactions contemplated in this Agreement and the Pricing Prospectus will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of either Shift4 Party or any of its respective subsidiaries pursuant to, (A) any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Shift4 Parties or any of their respective subsidiaries are a party or by which the Shift4 Parties or any of their respective subsidiaries are bound or to which any of the property or assets of the Shift4 Parties or any of their respective subsidiaries are subject, (B) the certificate of incorporation or by-laws (or other applicable organizational document) of the Shift4 Parties or any of their respective subsidiaries, or (C) any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over either Shift4 Party or any of its respective subsidiaries or any of their properties, except in the case of clauses (A) and (C) for such defaults, breaches, or violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue of the Shares to be sold by the Company and the sale of the Shares or the consummation by the Shift4 Parties of the transactions contemplated by this Agreement, including the Transactions, except such as have been obtained under the Act, the approval by the Financial Industry Regulatory Authority (“FINRA”) of the underwriting terms and arrangements and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters; a “Debt Repayment Triggering Event” means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by either Shift4 Party or any of its respective subsidiaries;

(xi) Neither Shift4 Party nor any of its respective subsidiaries is (i) in violation of its certificate of incorporation or by-laws (or other applicable organizational document), (ii) in violation of any statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory agency or body having jurisdiction over the Shift4 Parties or any of their respective subsidiaries or any of their properties, or (iii) in default (or with the giving of notice or lapse of time would be in default) in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound except in the case of the foregoing clauses (ii) and (iii), for such violations or defaults as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(xii) The statements set forth in the Registration Statement, Pricing Disclosure Package and the Prospectus under the headings “Description of Capital Stock”, “Material U.S. Federal Income Tax Considerations for Non-U.S. Holders of Class A Common Stock”, and “Underwriting”, insofar as such statements purport to summarize legal matters, agreements, documents or proceedings discussed therein, are accurate and complete in all material respects;

(xiii) Other than as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal or governmental proceedings pending to which either Shift4 Party or any of their respective subsidiaries, or to the Shift4 Parties’ knowledge, any officer or director of the Shift4

Parties is a party or of which any property or assets of the Shift4 Parties, or any of their respective subsidiaries or, to the Shift4 Parties' knowledge, any officer or director of the Shift4 Parties is the subject which, if determined adversely to either Shift4 Party or any of its respective subsidiaries (or such officer or director), would individually or in the aggregate have a Material Adverse Effect or would materially and adversely affect the ability of either of the Shift4 Parties to perform its obligations under this agreement; and, to the Shift4 Parties' knowledge, no such proceedings are threatened or contemplated by governmental authorities or others;

(xiv) Each Shift4 Party is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Registration Statement, Pricing Disclosure Package and the Prospectus, will not be required to register as an "investment company" as defined in the Investment Company Act of 1940, as amended;

(xv) At the time of filing the Initial Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405 under the Act;

(xvi) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company and Shift4 LLC and its subsidiaries, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(xvii) Each Shift4 Party and its subsidiaries maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting, an internal audit function and legal and regulatory compliance controls (collectively, "Internal Controls") that (i) complies with the requirements of the Exchange Act, as applicable, (ii) has been designed by the Shift4 Parties' principal executive officer and principal financial officer, or under their 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 and (iii) is sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorization, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (C) access to assets is permitted only in accordance with management's general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and any Shift4 Party's internal control over financial reporting is effective and each Shift4 Party is not aware of any significant deficiencies, material weaknesses in its internal control over financial reporting;

(xviii) Since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Internal Controls that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Internal Controls;

(xix) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply with the requirements of the Exchange Act applicable to the Shift4 Parties; such disclosure controls and procedures have been designed to ensure that material information relating to each Shift4 Party and its subsidiaries is made known to such Shift4 Party's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective;

(xx) This Agreement has been duly authorized, executed and delivered by each Shift4 Party;

(xxi) No Unlawful Payments. Neither the Company, nor any of its subsidiaries, directors or officers or, to the knowledge of the Company or any of its subsidiaries, any agent, employee, affiliate or other person associated with or acting on behalf of the Company or of any of its subsidiaries or affiliates has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any government official, including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office to influence official action or secure an improper advantage, (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom or any other applicable antibribery or anti-corruption law; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit, to any Government Official or other person or entity. The Company and its subsidiaries and affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintain, and will continue to maintain, policies and procedures designed to promote and achieve compliance with all applicable anti-bribery and anti-corruption laws;

(xxii) Compliance with Anti-Money Laundering Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act of 1970, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering, anti-terrorist financing and “know your customer” statutes, rules and regulations of all jurisdictions to which the Company and its subsidiaries are subject, and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency having jurisdiction over the Company or any of its subsidiaries (collectively, the “Anti-Money Laundering Laws”), and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company or its subsidiaries, threatened.

(xxiii) Economic Sanctions. Neither the Company nor any of its subsidiaries, nor any director or officer, nor, to the knowledge of the Company, or any of its subsidiaries, any employee, agent, affiliate or representative of the Company or any of its subsidiaries, is an individual or entity (“Person”) that is, or is owned or controlled by a Person that is: the subject or target of any sanctions administered or enforced by the U.S. government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Swiss Secretariat of Economic Affairs or other relevant sanctions authority (collectively, “Sanctions”), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or target of Sanctions including, without limitation, Cuba, Iran, North Korea, Syria and Crimea (each a “Sanctioned Country”); and the Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person: (i) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of

such funding or facilitation, is the subject or target of any Sanctions; (ii) to fund or facilitate any activities or business in any Sanction Country; or in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise). For the past five years, the Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject or target of any Sanctions;

(xxiv) The financial statements included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of Shift4 LLC and the Company and its subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in all material respects and in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Pricing Prospectus and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable;

(xxv) From the time of initial confidential submission of a registration statement relating to the Shares with the Commission (or, if earlier, the first date on which a Section 5(d) Communication was made) through the date hereof, the Company has been and is an "emerging growth company" as defined in Section 2(a)(19) of the Act (an "Emerging Growth Company");

(xxvi) Neither Shift4 Party nor any affiliate of the Shift4 Parties has taken, nor will either Shift4 Party nor any affiliate of the Shift4 Parties take, directly or indirectly, any action that is designed, or would be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Shift4 Parties to facilitate the sale or resale of the Shares or to result in a violation of Regulation M under the Exchange Act;

(xxvii) Any third-party statistical and market-related data included in a Registration Statement, Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus or any Section 5(d) Communication is based on or derived from sources that the Shift4 Parties believe to be reliable and accurate;

(xxviii) The Shift4 Parties have taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, the Company will be in compliance with all provisions of the Sarbanes-Oxley Act that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement, and is actively taking steps to ensure that it will be in compliance with other provisions of the Sarbanes-Oxley Act not currently in effect, upon the effectiveness of such provisions, or which will become applicable to the Company at all times after the effectiveness of the Registration Statement;

(xxix) The Shift4 Parties and each of their respective subsidiaries have filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement, subject to permitted extensions, and have paid all taxes required to be paid thereon (except (a) taxes currently being contested in good faith and for which reserves required by GAAP have been created in the financial statements of the Shift4 Parties or (b) where failure to file or pay would not reasonably be expected to have a Material Adverse Effect), and no material tax deficiency has been, or could reasonably be expected to be, asserted against the Shift4 Parties and any of their respective subsidiaries that would reasonably be expected to have a Material Adverse Effect;

(xxx) The Shift4 Parties and each of their respective subsidiaries possess, and are in compliance with the terms of, all applicable certificates, authorizations, franchises, licenses and permits issued by applicable federal, state, local or foreign regulatory bodies (collectively, "Licenses") necessary or material to the conduct of the business now conducted or proposed in the Registration Statement, the Pricing Disclosure Package and the Prospectus to be conducted by them, except where failure to so possess or be in compliance would not reasonably be expected to have a Material Adverse Effect. The Shift4 Parties and each of their respective subsidiaries have not received any notice of proceedings relating to the revocation or modification of any Licenses that, in each case, if determined adversely to the Shift4 Parties and each of their respective subsidiaries, would individually or in the aggregate reasonably be expected to have a Material Adverse Effect;

(xxxi) No labor disturbance by or dispute with the employees of the Shift4 Parties or their subsidiaries exists or, to the knowledge of the Shift4 Parties, is imminent that would reasonably be expected to have a Material Adverse Effect;

(xxxii) The Shift4 Parties and their respective subsidiaries take commercially reasonable actions to protect the security, integrity and continuous operation of the material software, code, systems, networks, websites, databases and other information technology assets and equipment used in their businesses (and the data stored therein or processed thereby) (the "*IT Assets*"). Such IT Assets are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Shift4 Parties and their respective subsidiaries as currently conducted, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants and there have been no violations, breaches, instances of unauthorized access to or outages of same (other than those that were resolved without material cost or liability or the duty to notify any person). The business of the Shift4 Parties and their respective subsidiaries are and have been conducted at all times in material compliance with all applicable laws, rules, regulations, directives, judgments, orders, industry standards and self-regulatory frameworks (including but not limited to the Payment Card Industry Data Security Standard) concerning the processing, privacy or security of data (including personally identifiable information, sensitive, confidential and regulated data) (collectively, "*Privacy Requirements*"). No action, suit, investigation, inquiry or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving either Shift4 Party or any of its respective subsidiaries with respect to any Privacy Requirement is pending or, to the knowledge of either Shift4 Party or any of its respective subsidiaries, threatened by any person, and the Shift4 Parties and their respective subsidiaries have taken commercially reasonable actions to prepare to comply with all material pending Privacy Requirements;

(xxxiii) Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect (i) the Shift4 Parties and their respective subsidiaries own or have the rights to use all trademarks, trade names, patent rights, copyrights, domain names, trade secrets, inventions, know-how and other intellectual property rights, whether or not subject to registrations or applications for registration (collectively, "*Intellectual Property Rights*") necessary for or used in the conduct of their businesses; (ii)

neither the Shift4 Parties nor their respective subsidiaries is infringing, misappropriating or otherwise violating any Intellectual Property Rights of any third party; (iii) there is no pending or, to the knowledge of either Shift4 Party or any of its respective subsidiaries, threatened action, suit, proceeding or claim by others challenging the Shift4 Parties' or any of their respective subsidiaries' rights in or to any of their Intellectual Property Rights; (iv) there is no pending or threatened action, suit, proceeding or claim by others challenging the validity, enforceability or scope of any Intellectual Property Rights owned by the Shift4 Parties or any of their subsidiaries; and (v) there is no pending or, to the knowledge of either Shift4 Party or any of its respective subsidiaries, threatened action, suit, proceeding or claim by others that the Shift4 Parties or any of their subsidiaries infringes, misappropriates or otherwise violates any Intellectual Property Rights of others;

(xxxiv) Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no contracts, agreements or understandings between either Shift4 Party and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act (collectively, "registration rights"), and any person to whom either Shift4 Party has granted registration rights has agreed not to exercise such rights until after the expiration of the Lock-Up Period referred to in Section 5(e) hereof;

(xxxv) The Shift4 Parties (a) have not alone engaged in any Section 5(d) Communication and (b) have not authorized anyone other than the Representatives to engage in Section 5(d) Communication; the Shift4 Parties reconfirm that the Representatives have been authorized to act on the Company's behalf in undertaking any Section 5(d) Communication; and the Shift4 Parties has not presented to any potential investors or otherwise distributed any Section 5(d) Communication;

(xxxvi) The Company has insurance covering its properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks as are adequate to protect the Company and its business; and the Company (i) has not received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) does not have any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business; and

(xxxvii) Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) neither the Company nor any of its subsidiaries (i) is or has been in violation of any foreign, federal, state or local statute, law, rule, regulation, judgment, order, decree, decision, ordinance, code or other legally binding requirement (including common law) relating to the pollution, protection or restoration of the environment, wildlife, or natural resources; human health or safety, or the generation, use, handling, transportation, treatment, storage, discharge, disposal or release of, or exposure to, any Hazardous Substance (as defined below) (collectively, "Environmental Laws"), (ii) is conducting or funding, in whole or in part, any investigation, remediation, monitoring or other corrective action pursuant to any Environmental Law, including to address any actual or suspected Hazardous Substance, (iii) has received notice of, or is subject to any action, suit, claim or proceeding alleging, any actual or potential liability under, or violation of, any Environmental Law, including with respect to any Hazardous Substance, (iv) is party to any order, decree or agreement that imposes any obligation or liability under any Environmental Law, or (v) is or has been in violation of, or has failed to obtain and maintain, any permit, license, authorization, identification number or other approval required under applicable

Environmental Laws; (b) to the knowledge of the Company and its subsidiaries, there are no facts or circumstances that would reasonably be expected to result in any violation of or liability under any Environmental Law, including with respect to any Hazardous Substance, except in the case of clause (a) and (b) above, for such matters as would not individually or in the aggregate have a Material Adverse Effect; and (c) neither the Company nor any of its subsidiaries (i) is subject to any pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating to any Environmental Law against the Company or any of its subsidiaries, nor does the Company or any of its subsidiaries know any such proceeding is contemplated, (ii) is aware of any material effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries resulting from compliance with Environmental Laws, or (iii) anticipates any material capital expenditures relating to any Environmental Laws. For purposes of this subsection, "Hazardous Substance" means (A) any pollutant, contaminant, petroleum and petroleum products, by-products or breakdown products, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls or toxic mold, and (B) any other toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous chemical, material, waste or substance.

(b) Each of the Selling Stockholders severally represents and warrants to, and agrees with, each of the Underwriters and the Company that:

(i) All consents, approvals, authorizations and orders necessary for the execution and delivery by such Selling Stockholder of this Agreement, and for the sale and delivery of the Shares to be sold by such Selling Stockholder hereunder, have been obtained; and such Selling Stockholder has full right, power and authority to enter into this Agreement, and to sell, assign, transfer and deliver the Shares to be sold by such Selling Stockholder hereunder;

(ii) The sale of the Shares to be sold by such Selling Stockholder hereunder and the compliance by such Selling Stockholder with this Agreement, and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder is bound or to which any of the property or assets of such Selling Stockholder is subject, nor will such action result in any violation of the provisions of the partnership agreement of such Selling Stockholder (or similar applicable organizational document) or any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over such Selling Stockholder or any of its subsidiaries or any property or assets of such Selling Stockholder; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental body or agency is required for the performance by such Selling Stockholder of its obligations under this Agreement, and the consummation by such Selling Stockholder of the transactions contemplated by this Agreement, in connection with the Shares to be sold by such Selling Stockholder hereunder, except the registration under the Act of the Shares and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(iii) Immediately prior to each Time of Delivery (as defined in Section 4 hereof) such Selling Stockholder will have, good and valid title to, or a valid "security entitlement" within the meaning of Section 8-501 of the New York Uniform Commercial Code in respect of, the Shares to be sold by such Selling Stockholder hereunder at such Time of Delivery, free and clear of all liens, encumbrances, equities or claims; and, upon delivery of such Shares and payment therefor pursuant hereto, good and valid title to such Shares, free and clear of all liens, encumbrances, equities or claims, will pass to the several Underwriters;

(iv) On or prior to the date of the Pricing Prospectus, such Selling Stockholder has executed and delivered to the Underwriters an agreement substantially in the form of Annex I hereto;

(v) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action that is designed to or that has constituted or might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(vi) To the extent that any statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto are made in reliance upon and in conformity with written information furnished to the Company by such Selling Stockholder expressly for use therein, such Registration Statement and Preliminary Prospectus did, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will, when they become effective or are filed with the Commission, as the case may be, conform in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(vii) In order to document the Underwriters' compliance with the reporting and withholding provisions of the Tax Equity and Fiscal Responsibility Act of 1982 with respect to the transactions herein contemplated, such Selling Stockholder will deliver to the Representatives prior to or at the First Time of Delivery a properly completed and executed United States Treasury Department Form W-9 or applicable W-8 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof); and

(viii) Such Selling Stockholder will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, (i) to fund or facilitate any activities of or business with any person, or in any country or territory, that, at the time of such funding, is the subject or the target of Sanctions, or in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions, or (ii) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any Money Laundering Laws or any applicable anti-bribery or anti-corruption laws.

2. On the basis of the representations, warranties and agreements and subject to the terms and conditions herein set forth, (a) each of the Selling Stockholders agrees, severally and not jointly, to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from each of the Selling Stockholders, at a purchase price per share of \$[●], the number of Firm Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the aggregate number of Firm Shares to be sold by each of the Selling Stockholders as set forth opposite their respective names in Schedule II hereto by a fraction, the numerator of which is the aggregate number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Firm Shares to be purchased by all of the Underwriters from all of the Selling Stockholders hereunder and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, each of the Selling Stockholders agrees, severally and not jointly, to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from each of the Selling Stockholders, at the purchase price per share set forth in clause (a) of this Section 2 (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the



numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Selling Stockholders, as and to the extent indicated in Schedule II hereto, hereby grant, severally and not jointly, to the Underwriters the right to purchase at their election up to 1,200,000 Optional Shares, at the purchase price per share set forth in the paragraph above (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares). Any such election to purchase Optional Shares shall be made in proportion to the number of Optional Shares to be sold by each Selling Stockholder. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company and the Selling Stockholders, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company and the Selling Stockholders otherwise agree in writing, earlier than two or later than ten business days after the date of such notice. The right to purchase the Optional Shares or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by the Representatives to the Company.

3. Upon the authorization by the Selling Stockholders of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours' prior notice to the Company and the Selling Stockholders, shall be delivered by or on behalf of the Selling Stockholders to the Representatives, through the facilities of the Depository Trust Company ("DTC"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the accounts specified by the Selling Stockholders to the Representatives at least forty-eight hours in advance. The Selling Stockholders will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the "Designated Office"). The time and date of such delivery and payment shall be, with respect to the Firm Shares, [[●] a.m./p.m.], New York time, on [●], 2020 or such other time and date as the Representatives, the Company and the Selling Stockholders may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by the Representatives in each written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery," each such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "Second Time of Delivery," and each such time and date for delivery is herein called a "Time of Delivery."

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters will be delivered at the offices of Simpson Thacher & Bartlett LLP: 425 Lexington Avenue, New York, New York 10017 (the "Closing Location"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A meeting will be held at the Closing Location at 4:00 p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

5. Each of the Company and, for purposes of Sections 5(e), 5(l) and 5(m) only, Shift4 LLC agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by you and to file such Prospectus pursuant to and in Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be disapproved by you promptly after reasonable notice thereof; to advise you of any proposal to amend or supplement at any time the Registration Statement or any Preliminary Prospectus and shall not effect such amendment or supplementation without your consent; to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish you with copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus relating to the Shares or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order;

(b) To arrange for the qualification of the Shares for sale under the laws of such jurisdictions as the Representatives designate and will continue such qualifications in effect so long as required for the distribution; provided, however, that, the Company shall not be required to qualify or register as a foreign corporation in any jurisdiction in which it is not so qualified, file a general consent to service of process in any such jurisdiction or take any action that would subject it to taxation in any such jurisdiction where it is not presently subject to taxation;

(c) Prior to 10:00 a.m., New York City time, on the New York Business Day next succeeding the date of this Agreement (or such later time and date as the Representatives and the Company may agree upon) and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus and all amendments and supplements to such documents, in each case in such quantities as you may reasonably request; and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify you and upon your request to prepare and furnish without charge to each Underwriter and to any dealer (whose name and address the Underwriters shall furnish to the Company in connection with such request) in securities as many written and electronic copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon your request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its securityholders as soon as practicable (which may be satisfied by filing with the Commission's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR")), but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries, if any, (which need not be audited) complying with Section 11(a) of the Act, and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) During the period beginning from the date hereof and continuing to and including the date 60 days after the date of the Prospectus (the "Lock-Up Period"), not to, directly or indirectly: (i) offer, sell, issue, loan, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of or file with or confidentially submit to the Commission a registration statement under the Act relating to, any securities of the Company or Shift4 LLC that are substantially similar to the Class A Common Stock or common units of Shift4 LLC (the "LLC Units" and, together with the Class A Common Stock, the "Securities"), including but not limited to any options or warrants to purchase Securities or any securities that are convertible into or exchangeable for, or that represent the right to receive, Securities or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (ii) enter into any swap, hedge or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Securities or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Securities or such other securities, in cash or otherwise (other than the Shares to be sold hereunder or pursuant to the Company's equity compensation plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date of this Agreement or in connection with the exchange of Class B Stock or Class C Stock, and the equivalent number of LLC Units for Class A Common Stock in accordance with the terms of the Amended and Restated Limited Liability Company Agreement of Shift4 LLC), without the prior written consent of at least two of the Representatives; provided, however, the foregoing restrictions shall not apply to (a) the Shares to be sold hereunder; (b) the offering of the Convertible Notes; (c) the issuance and transfer of shares of Class A common stock upon conversion of the Convertible Notes; (d) the grant of awards to purchase or the issuance by the Company of shares or any securities (including without limitation, options, restricted stock or restricted stock units) convertible into, or exercisable for, Class A Common Stock pursuant to the Company's equity compensation plans disclosed in the Pricing Prospectus; (e) the filing of a registration statement on Form S-8 in connection with the registration of securities granted or to be granted under the Company's equity compensation plans that are described in the Pricing Prospectus; and (f) the issuance of up to 10% of the outstanding shares of the Company in connection with the acquisition of the assets of, or a majority or controlling portion of the equity of, or a joint venture with another entity in connection with its acquisition by the Company or any of its Subsidiaries of such entity; provided that each recipient of shares issued or sold pursuant to clause (f) above executes and delivers to the Representatives prior to such issuance or sale (as the case may be) a lock-up agreement having substantially the same terms as the lock-up agreements described in Section 8(h) of this Agreement for the remainder of the Lock-Up Period, including, without limitation, entering stop transfer instructions with the Company's transfer agent and registrar on such share capital, which the Company agrees it will not waive or amend without the written consent of (at least two of) the Representatives; provided, however, that the Company agrees to (x) request any written consent for a waiver or an amendment under this section 5(e) from each of the Representatives substantially concurrently and (y) provide notice of any consent for a waiver or amendment, as applicable, to each of the Representatives reasonably promptly following receipt of such consent and, in any case, prior to the occurrence of the transaction for which such waiver or amendment, as applicable, was sought.

(f) To furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Shift4 Parties and their consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its stockholders consolidated summary financial information of the Shift4 Parties and their subsidiaries for such quarter in reasonable detail; provided that no report or other information need to be furnished pursuant to this Section 5(f) to the extent that it is available on EDGAR;

(g) During a period of two years from the effective date of the Registration Statement, to furnish to you copies of all reports, definitive proxy statements or other communications (financial or other) furnished to stockholders, and to deliver to you (i) as soon as they are available, copies of any reports, definitive proxy statements and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission); provided that no report, communication or other information need to be furnished pursuant to this section 5(g) to the extent that it is available on EDGAR;

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(i) To use its best efforts to list for trading, subject to official notice of issuance, the Shares on The New York Stock Exchange (the "Exchange");

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 p.m., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 3a(c) of the Commission's Informal and Other Procedures (16 CFR 202.3a);

(l) To refrain from taking, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Shares;

(m) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Shift4 Parties' trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "License"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred; and

(n) To promptly notify you if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Shares within the meaning of the Act and (ii) the completion of the Lock-Up Period.

(o) The Shift4 Parties will use their reasonable best efforts to ensure that each of the subsidiaries listed in Schedule V will be duly organized and validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, with power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Pricing Prospectus.

6. (a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; each Selling Stockholder represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus; and each Underwriter represents and agrees that, without the prior

consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule III(a) or Schedule III(c) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Section 5(d) Writing any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Section 5(d) Writing would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, Section 5(d) Writing or other document which will correct such conflict, statement or omission; provided, however, that this covenant shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information;

(d) The Company represents and agrees that (i) it has not engaged in, or authorized any other person to engage in, any Section 5(d) Communications, other than Section 5(d) Communications with the prior consent of the Representatives with entities that are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Section 5(d) Writings, other than those distributed with the prior consent of the Representatives that are listed on Schedule III(d) hereto; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Section 5(d) Communications; and

(e) Each Underwriter represents and agrees that any Section 5(d) Communications undertaken by it were with entities that such Underwriter reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act.

7. The Shift4 Parties covenant and agree with the several Underwriters that (a) the Shift4 Parties will, jointly and severally, pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Shift4 Parties' counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Section 5(d) Writing, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (iv) all fees and expenses in connection with listing the Shares on the Exchange; (v) the filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by the Financial Industry Regulatory Authority ("FINRA") of the terms of the sale of the Shares; (vi) the cost of preparing stock certificates, if applicable; (vii) the cost and charges of any transfer agent or registrar, (viii) any transfer taxes payable, (ix) all of the Company's (but not the Underwriters') travel expenses in connection with any "roadshow" presentation to investors, including 50% of

the cost of any chartered plane, chartered jet or other chartered aircraft used in connection with any “roadshow” presentation to investors; and (x) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; provided that the aggregate amount payable by the Company pursuant to subsections (iii) and (v) (excluding filing fees and disbursements) shall not exceed \$25,000. It is understood, however, that, except as provided in this Section, and Sections 9 and 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

8. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Shift4 Parties and the Selling Stockholders herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Shift4 Parties and the Selling Shareholders shall have performed all of their respective obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 p.m., New York time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened or, to the knowledge of the Shift4 Parties or the Representatives, contemplated by the Commission; no stop order suspending or preventing the use of the Pricing Prospectus, Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened or, to the knowledge of the Shift4 Parties or the Representatives, contemplated by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) Simpson Thacher & Bartlett LLP, counsel for the Underwriters, shall have furnished to you such written opinion and negative assurance letter, dated such Time of Delivery, in form and substance satisfactory to you, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) (i) Latham & Watkins LLP, counsel for the Shift4 Parties and the Selling Stockholders, shall have furnished to you their written opinion and negative assurance letter, dated such Time of Delivery, in form and substance satisfactory to you; (ii) Walkers, Cayman Islands counsel for certain of the Selling Stockholders, shall have furnished to you their written opinion, dated such Time of Delivery, in form and substance satisfactory to you; and (iii) Houston Harbaugh, P.C., special counsel for certain of the Selling Stockholders, shall have furnished to you their written opinion, dated such Time of Delivery, in form and substance satisfactory to you.

(d) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and in form and substance satisfactory to you, containing statements and information of the type customarily included in accountants’ “comfort letters” to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus (except that, in any letter dated at a Time of Delivery, the specified “cut-off” date referred to in the comfort letters shall be a date no more than three business days prior to such Time of Delivery);

(e) (i) Neither Shift4 Party nor any of its respective subsidiaries shall have sustained, since the date of the latest audited financial statements included in the Pricing Prospectus, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or court, arbitrator or governmental or regulatory action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there shall not have been any change in the capital stock (other than as a result of (i) the exercise, if any, of stock options or the award, if any, of stock options or restricted stock in the ordinary course of business pursuant to the Company's equity compensation plans that are described in the Pricing Prospectus and the Prospectus or (ii) the issuance, if any, of stock upon conversion of Company securities as described in the Pricing Prospectus and the Prospectus) or long-term debt of the Shift4 Parties and their respective subsidiaries or any change or effect in or affecting (x) the business, properties, general affairs, financial position, stockholders' equity, prospects or results of operations of the Shift4 Parties and their respective subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus and the Prospectus, or (y) the ability of the Shift4 Parties to perform their obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus, including the Transactions, the effect of which, in any such case described in clause (i) or (ii), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(f) On or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded the Company's indebtedness by any "nationally recognized statistical rating organization," as defined in Section 3(a)(62) of the Exchange Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's indebtedness (other than an announcement with positive implications of a possible upgrading);

(g) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange, or any setting of minimum or maximum prices for trading on such exchange; (ii) a suspension or material limitation in trading in the Company's securities on the Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in your judgment, impractical to market or to enforce contracts for the sale of the Shares, whether in the primary market or in respect of dealings in the secondary market; (v) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States or the declaration by the United States of a national emergency or war or (vi) the occurrence of any other calamity, emergency or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (v) or (vi) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(h) The Shares to be sold at such Time of Delivery shall have been duly listed, subject to official notice of issuance, on the Exchange;

(i) The Shift4 Parties shall have obtained and delivered to the Underwriters executed copies of an agreement from each director, officer and equityholder of the Shift4 Parties listed on Schedule IV hereto, substantially to the effect set forth in Annex I hereto in form and substance satisfactory to you;

(j) The Shift4 Parties shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement;

(k) The Shift4 Parties and the Selling Stockholders shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Shift4 Parties and the Selling Stockholders, respectively, satisfactory to you stating that: the representations and warranties of the Shift4 Parties and the Selling Stockholders, respectively, in this Agreement are true and correct; and the Shift4 Parties have complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Time of Delivery; and, in the case of the Shift4 Parties, that no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of their knowledge and after reasonable investigation, are contemplated by the Commission; and as to the matters set forth in subsections (a) and (c) of this Section 8;

(l) The Transactions (other than the sale of the Shares and use of proceeds therefrom) shall have been consummated as described in the Prospectus; and

(m) On or before the date of this Agreement, the Representatives shall have received a certificate satisfying the beneficial ownership due diligence requirements of the Financial Crimes Enforcement Network ("FinCEN") from the Shift4 Parties in form and substance reasonably satisfactory to the Representatives, along with such additional supporting documentation as the Representatives have requested in connection with the verification of the foregoing certificate.

9. (a) The Shift4 Parties will, jointly and severally, indemnify and hold harmless each Underwriter and its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each an "Indemnified Party") against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "roadshow" as defined in Rule 433(h) under the Act (a "roadshow"), or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act or any Section 5(d) Writing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Shift4 Parties shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus or any Section 5(d) Writing, in reliance upon and in conformity with the Underwriter Information.

(b) Each of the Selling Stockholders will indemnify and hold harmless each Indemnified Party against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any roadshow, or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act or any Section 5(d) Writing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements



therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto or any Issuer Free Writing Prospectus, or any roadshow or any Section 5(d) Writing, in reliance upon and in conformity with written information furnished to the Company by such Selling Stockholder expressly for use therein; and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that such Selling Stockholder shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus or any Section 5(d) Writing, in reliance upon and in conformity with the Underwriter Information. The liability of each Selling Shareholder under the indemnity agreement contained in this paragraph shall be several and not joint and limited to an amount equal to the aggregate offering price of the Shares sold by such Selling Shareholder under this Agreement (before any taxes and expenses which may be payable by such Selling Shareholder).

(c) Each Underwriter, severally and not jointly, will indemnify and hold harmless each Shift4 Party and each Selling Stockholder, each of its directors and each of its officers who signs a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an "Underwriter Indemnified Party") against any losses, claims, damages or liabilities to which such Underwriter Indemnified Party may become subject, under the Act, the Exchange Act, or other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, or any Section 5(d) Writing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, or any Section 5(d) Writing, in reliance upon and in conformity with the Underwriter Information; and will reimburse such Underwriter Indemnified Party for any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Underwriter and an applicable document, "Underwriter Information" shall mean the written information furnished to the Shift4 Parties by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the [seventh, eighth and ninth] paragraphs under the caption "Underwriting".

(d) Promptly after receipt by an indemnified party under subsection (a), (b) or (c) of this Section 9 or Section 11 hereof of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 or Section 11 hereof except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under the preceding paragraphs of this Section 9 or Section 11 hereof. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate

therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(e) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Shift4 Parties and the Selling Stockholders on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Shift4 Parties and the Selling Stockholders on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Shift4 Parties and the Selling Stockholders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Shift4 Parties and the Selling Stockholders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Shift4 Parties or the Selling Stockholders on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Shift4 Parties, each of the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (e) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (e), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (e) to contribute are several in proportion to their respective underwriting obligations and not joint.

(f) The obligations of the Shift4 Parties and the Selling Stockholders under this Section 9 shall be in addition to any liability which the Shift4 Parties and the Selling Stockholders may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer and director of each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer or other affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Shift4 Parties (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company or any Selling Stockholder within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares that it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Selling Stockholders shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Shift4 Parties and the Selling Stockholders that you have so arranged for the purchase of such Shares, or a Shift4 Party or a Selling Stockholder notifies you that it has so arranged for the purchase of such Shares, you or the Shift4 Parties or the Selling Stockholders shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you, the Selling Stockholders as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Selling Stockholders shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you, the Selling Stockholders as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Selling Stockholders shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to a Second Time of Delivery, the obligations of the Underwriters to purchase and of the Selling Stockholders to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter, the Shift4 Parties or the Selling Stockholders, except for the expenses to be borne by the Shift4 Parties, the Selling Stockholders and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. [Reserved]

12. The respective indemnities, agreements, representations, warranties and other statements of the Shift4 Parties, the Selling Stockholders and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Shift4 Parties, or any of the Selling Stockholders, or any officer or director or controlling person of the Shift4 Parties, or any of the Selling Stockholders, and shall survive delivery of and payment for the Shares.

13. If this Agreement shall be terminated pursuant to Section 10 hereof, neither the Shift4 Parties nor the Selling Stockholders shall then be under any liability to any Underwriter except as provided in Sections 7, 9 and 11 hereof; but, if for any other reason (other than those set forth in clauses (i), (iii), (iv), (v) or (vi) of Section 8(g)) any Shares are not delivered by or on behalf of the Shift4 Parties and the Selling Stockholders as provided herein, the Shift4 Parties will, jointly and severally, reimburse the Underwriters through you for all out-of-pocket expenses approved in writing by you, including reasonable and documented fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Shift4 Parties and the Selling Stockholders shall then be under no further liability to any Underwriter except as provided in Sections 7, 9 and 11 hereof.

14. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you jointly.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Shift4 Parties and the Selling Stockholders, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Registration Department, Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, New York 10010, Attention: IBCM-Legal and Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York, 10013, Attention: General Counsel; if to any Selling Stockholder shall be delivered or sent by mail, telex or facsimile transmission to counsel for such Selling Stockholder at its address set forth in Schedule II hereto; if to the Shift4 Parties shall be delivered or sent by mail, telex or facsimile transmission to the address of Shift4 LLC set forth on the cover of the Registration Statement, Attention: Secretary; and if to any stockholder that has delivered a lock-up letter described in Section 8(i) hereof shall be delivered or sent by mail to his or her respective address provided in his or her respective lock-up agreement or such other address as such stockholder provides in writing to the Shift4 Parties; provided, however, that any notice to an Underwriter pursuant to Section 9(d) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire or telex constituting such Questionnaire, which address will be supplied to the Shift4 Parties or the Selling Stockholders by you on request; provided further that notices under subsection 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you at Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Control Room, Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, New York 10010, Attention: IBCM-Legal and Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York, 10013, Attention: General Counsel. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

15. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Shift4 Parties and the Selling Stockholders and, to the extent provided in Sections 9, 11 and 12 hereof, each broker

dealer or other affiliate of any Underwriter, the officers and directors of the Shift4 Parties (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and each person who controls the Shift4 Parties, any Selling Stockholder or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

16. Time shall be of the essence of this Agreement. As used herein, the term “business day” shall mean any day when the Commission’s office in Washington, D.C. is open for business.

17. The Shift4 Parties and the Selling Stockholders acknowledge and agree that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm’s-length commercial transaction between the Selling Stockholders, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of any Shift4 Party or any Selling Stockholder, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of any Shift4 Party or any Selling Stockholder with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising any Shift4 Party or any Selling Stockholder on other matters) or any other obligation to any Shift4 Party or any Selling Stockholder except the obligations expressly set forth in this Agreement and (iv) each of the Shift4 Parties and each Selling Stockholder has consulted its own legal and financial advisors to the extent it deemed appropriate. Each Shift4 Party and each Selling Stockholder agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to any Shift4 Party or any Selling Stockholder, in connection with such transaction or the process leading thereto. None of the activities of the Underwriters in connection with the transactions contemplated herein constitutes a recommendation, investment advice or solicitation of any action by the Underwriters with respect to any entity or natural person.

18. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Shift4 Parties, the Selling Stockholders and the Underwriters, or any of them, with respect to the subject matter hereof.

19. This Agreement and any transaction contemplated by this Agreement and any claim, controversy or dispute arising under or related thereto shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would result in the application of any other law than the laws of the State of New York. The Shift4 Parties and each Selling Stockholder agree that any suit or proceeding arising in respect of this Agreement or any transaction contemplated by this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York and the Shift4 Parties and each Selling Stockholder agree to submit to the jurisdiction of, and to venue in, such courts.

The obligation of any Selling Stockholder pursuant to this Agreement in respect of any sum due to any Underwriter shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day, following receipt by such Underwriter of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Underwriter may in accordance with normal banking procedures purchase United States dollars with such other currency; if the United States dollars so purchased are less than the sum originally due to such Underwriter hereunder, such Selling Stockholder agree, as a separate obligation and notwithstanding any such judgment, to indemnify such Underwriter against such loss. If the United States dollars so purchased are greater than the sum originally due to such Underwriter hereunder, such Underwriter agrees to pay to the Selling Stockholder an amount equal to the excess of the dollars so purchased over the sum originally due to such Underwriter hereunder.

20. Each Shift4 Party, each Selling Stockholder and each of the Underwriters hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

21. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

22. Notwithstanding anything herein to the contrary, the Shift4 Parties and the Selling Stockholders are authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Shift4 Parties and the Selling Stockholders relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax structure” is limited to any facts that may be relevant to that treatment.

23. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(c) As used in this Section 23:

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

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“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters, each of the Shift4 Parties and each of the Selling Stockholders in accordance with its terms.

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Very truly yours,

**Shift4 Payments, Inc.**

By: \_\_\_\_\_  
Name: Bradley Herring  
Title: Chief Financial Officer

**Shift4 Payments, LLC**

By: \_\_\_\_\_  
Name: Bradley Herring  
Title: Chief Financial Officer

**Searchlight Capital II, L.P.**

**By its general partner Searchlight Capital Partners II GP, L.P.**

**By: Searchlight Capital Partners II GP, LLC, its general partner**

By: \_\_\_\_\_  
Name: Andrew Frey  
Title: Authorized Person

**Searchlight Capital II PV, L.P.**

**By its general partner Searchlight Capital Partners II GP, L.P.**

**By: Searchlight Capital Partners II GP, LLC, its general partner**

By: \_\_\_\_\_  
Name: Andrew Frey  
Title: Authorized Person

**Searchlight II GWN, L.P.**

**By: Searchlight II GWN GP, LLC its General Partner**

By: \_\_\_\_\_  
Name: Andrew Frey  
Title: Authorized Person

*[Signature Page to Underwriting Agreement]*



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Accepted as of the date hereof [●], 2020

**Goldman Sachs & Co. LLC**

**By:** \_\_\_\_\_  
**Name:**  
**Title:**

**Credit Suisse Securities (USA) LLC**

**By:** \_\_\_\_\_  
**Name:**  
**Title:**

**Citigroup Global Markets Inc.**

**By:** \_\_\_\_\_  
**Name:**  
**Title:**

On behalf of each of the Underwriters

*[Signature Page to Underwriting Agreement]*

SCHEDULE I

	<u>Underwriter</u>	<u>Total Number of Firm Shares to be Purchased</u>	<u>Number of Optional Securities to be Purchased if Maximum Option Exercised</u>
	Goldman Sachs & Co. LLC		
	Credit Suisse Securities (USA) LLC		
	Citigroup Global Markets Inc.		
[•]			
	Total	<u>8,000,000</u>	<u>1,200,000</u>

**SCHEDULE II**

	<b>Total Number of Firm Shares to be Sold</b>	<b>Number of Optional Securities to be Sold if Maximum Option Exercised</b>
<b>The Selling Stockholder(s):</b>		
Searchlight Capital II, L.P.(a)	348,329	52,250
Searchlight Capital II PV, L.P.(b)	3,947,671	592,150
Searchlight II GWN, L.P.(c)	3,704,000	555,600
<b>Total</b>	<b>8,000,000</b>	<b>1,200,000</b>

(a) The address of this Selling Stockholder for purposes of the Agreement, including Section 14, is 745 Fifth Avenue, 27th Floor, New York, New York 10151. This Selling Stockholder irrevocably appoints Searchlight Capital Partners, L.P., as its authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Selling Stockholder by the person serving the same to the address provided in the foregoing sentence.

(b) The address of this Selling Stockholder for purposes of the Agreement, including Section 14, is 745 Fifth Avenue, 27th Floor, New York, New York 10151. This Selling Stockholder irrevocably appoints Searchlight Capital Partners, L.P., as its authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Selling Stockholder by the person serving the same to the address provided in the foregoing sentence.

(c) The address of this Selling Stockholder for purposes of the Agreement, including Section 14, is 745 Fifth Avenue, 27th Floor, New York, New York 10151. This Selling Stockholder irrevocably appoints Searchlight Capital Partners, L.P., as its authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Selling Stockholder by the person serving the same to the address provided in the foregoing sentence.

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**SCHEDULE III**

- (a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package  
Electronic Roadshow relating to the Shares, dated [●], 2020
  
- (b) Additional documents incorporated by reference  
None
  
- (c) Information other than the Pricing Prospectus that comprise the Pricing Disclosure Package  
Pricing Term Sheet, substantially in the form of Annex II
  
- (d) Section 5(d) Writings  
None.

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**SCHEDULE IV**

**Name of Stockholder**

Searchlight Capital Partners, L.P. [REDACTED]

Searchlight II GWN, L.P.

Searchlight Capital II, L.P. [REDACTED]

Searchlight Capital II PV, L.P.

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**SCHEDULE V**

Independant Resources Network, LLC

POSiTouch, LLC

Shift4 Payments, Inc.  
2202 N. Irving St.  
Allentown, Pennsylvania 18109

Goldman Sachs & Co. LLC  
Credit Suisse Securities (USA) LLC  
Citigroup Global Markets, Inc.

c/o Goldman Sachs & Co. LLC  
200 West Street  
New York, NY 10282-2198

c/o Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, NY 10010-3629

c/o Citigroup Global Markets, Inc.  
388 Greenwich Street  
New York, NY 10013

Ladies and Gentlemen:

As an inducement to you to execute the underwriting agreement or purchase agreement, as applicable (collectively, the “**Agreements**”), pursuant to which offerings (collectively, the “**Offerings**”) of Class A common stock (the “**Class A Shares**”) and convertible senior notes of Shift4 Payments, Inc., and any successor (by merger or otherwise) thereto, (the “**Company**”), will be made and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby agrees that during the period specified below (the “**Lock-Up Period**”), the undersigned will not, and will not cause or direct any of its affiliates to, offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of, directly or indirectly, any common stock of the Company (“**Common Shares**”), or any options or warrants to purchase any Common Shares, or any or securities convertible into, exchangeable or exercisable for or that represent the right to receive any Common Shares (including, for the avoidance of doubt, common units (the “**LLC Units**”) and, together with the Common Shares, the “**Securities**”) of Shift4 Payments, LLC (“**Shift4 LLC**”) (such options, warrants or other securities, other than the Securities, collectively, “**Derivative Instruments**”), enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition (whether by the undersigned or someone other than the undersigned) or that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any Securities or Derivative Instruments, whether any such aforementioned transaction or arrangement (or instrument provided for thereunder) is to be settled by delivery of Securities or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, loan, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of at least two of Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc.

In addition, the undersigned agrees that, without the prior written consent of at least two of Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc., it will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Securities or any Derivative Instruments. The undersigned represents and warrants that the undersigned is not, and has not caused or directed any of its affiliates to be or

become, currently a party to any agreement or arrangement that provides for, is designed to or which reasonably could be expected to lead to or result in any of the foregoing during the Lock-Up Period. Any Securities received upon exercise of options granted to the undersigned will also be subject to this agreement (this “**Lock-Up Agreement**”).

In the event the undersigned seeks the prior written consent of any of Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc. pursuant to this Lock-Up Agreement, the undersigned agrees to (i) request any written consent from each of Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc. substantially currently and (y) provide notice of any consent to each of Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc. reasonably promptly following receipt of such consent and, in any case, prior to the occurrence of the transaction for which such consent was sought.

The foregoing restrictions shall not apply to:

(a) the sale of Class A Shares in the Offering of Class A Common Stock as described in the final prospectus relating to such Offering;

(b) any Securities acquired by the undersigned in the open market; *provided* that in the case of any transfer pursuant to this clause (b), no filing by any party (donor, donee, transferor or transferee) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the Lock-Up Period);

(c) any transfer or disposition of Securities (i) made as a bona fide gift or charitable contribution, or for bona fide estate planning purposes; (ii) if the undersigned is a natural person, to any family member of the undersigned or trust for the direct or indirect benefit of the undersigned or a family member of the undersigned or if the undersigned is a trust, to a trustor, a trustee or a beneficiary of the trust or to the estate of a trustor, trustee or beneficiary of such trust; (iii) if the undersigned is a corporation, partnership, limited liability company or other business entity, made to (A) any wholly-owned subsidiary of such corporation, partnership, limited liability company or other business entity, (B) limited partners, members, stockholders or holders of similar equity interests in the undersigned (or in each case its nominee or custodian) or (C) another corporation, partnership, limited liability company, trust or other business entity (or in each case its nominee or custodian) that is an affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of the undersigned, or to any investment fund or other entity controlled or managed by the undersigned or affiliates of the undersigned; (iv) upon death or by will, testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the undersigned; or (v) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (c)(i) through (c)(iv); *provided* that in the case of any transfer or distribution pursuant to clause (c)(i) through (c)(v), (x) the transferee agrees to be bound in writing by the terms of this Lock-Up Agreement prior to such transfer, (y) such transfer shall not involve a disposition for value; and (z) no filing by any party (donor, donee, transferor or transferee) under the Exchange Act shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the Lock-Up Period);

(d) the establishment of a written trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Shares, *provided* that (i) during the Lock-Up Period, no direct or indirect offers, pledges, sales, contracts to sell, sales of any option or contract to purchase, purchases of any option or contract to sell, grants of any option, right or warrant to purchase, loans, or other transfers or disposals of any Securities or any securities convertible into or exercisable or exchangeable for Securities may be effected pursuant to such plan during the Lock-Up Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Common Shares may be made under such plan during the Lock-Up Period;

(e) transfers or sales to the Company in connection with the repurchase of Securities granted under any stock incentive plan or stock purchase plan of the Company, which plan is described in the final prospectus or final offering memorandum, as applicable, relating to each such Offering (collectively, the “**Offering Documents**”), in each case, upon termination of the undersigned’s relationship with the Company; *provided* that no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of the underlying shares, or other public announcement reporting, shall be required or shall be voluntarily made during the Lock-Up Period (other than a filing on a Form 5);



(f) (i) the receipt by the undersigned from the Company of Securities upon the exercise, vesting or settlement of options, restricted stock units or other equity awards granted under a stock incentive plan or other equity award plan, which plan is described in the Offering Documents, or warrants to purchase Common Shares, insofar as such options or warrants are outstanding as of the date of the Offering Documents and are disclosed in the Offering Documents; or (ii) the transfer of Securities to the Company upon a vesting or settlement event of the Company's restricted stock units or other securities or upon the exercise of options to purchase the Company's securities on a "cashless" or "net exercise" basis to the extent permitted by the instruments representing such options (and any transfer to the Company necessary in respect of such amount needed for the payment of taxes, including estimated taxes and withholding tax and remittance obligations, due as a result of such vesting, settlement or exercise whether by means of a "net settlement" or otherwise) so long as such vesting, settlement, "cashless" exercise or "net exercise" is effected solely by the surrender of outstanding options (or the Common Shares issuable upon the exercise thereof) or Common Shares to the Company and the Company's cancellation of all or a portion thereof to pay the exercise price and/or withholding tax and remittance obligations in connection with the vesting, settlement or exercise of the restricted stock unit, option or other equity award; *provided* (A) that the shares received upon vesting, settlement or exercise of the restricted stock unit, option or other equity award are subject to this Lock-Up Agreement, (B) in the case of clause (f)(ii), the settlement or exercise of any restricted stock unit, option or other equity award on a "cashless" or "net exercise" basis shall only be permitted if such restricted stock unit, option or other equity award would otherwise expire during the Lock-Up Period and (C) that in the case of clauses (f)(i) or (f)(ii), any filing required under Section 16 of the Exchange Act to be made during the Lock-Up Period shall include a statement to the effect that (1) such transaction reflects the circumstances described in (f)(i) or (f)(ii), as the case may be, (2) such transaction was only with the Company and (3) in the case of clause (f)(i), the Common Shares received upon exercise or settlement of the option, restricted stock units or other equity awards are subject to this Lock-Up Agreement;

(g) the transfer or disposition of the undersigned's Securities that occurs by operation of law, pursuant to the rules of descent and distribution or pursuant to a qualified domestic order or in connection with a divorce settlement, *provided* that each transferee shall sign and deliver a lock-up letter substantially in the form of this letter, *provided further* that any associated filing under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause (g);

(h) in connection with the conversion or reclassification or the outstanding shares of preferred units of Shift4 LLC into Common Shares in connection with the consummation of either Offering, *provided* such conversion is described in the Offering Documents and *provided further* that any such Common Shares received upon such conversion (other than Class A Shares to be sold by the undersigned in the Offering) shall be subject to the terms of this Lock-Up Agreement;

(i) transfers to the Company upon death or disability, in each case, of the undersigned;

(j) the transfer of Common Shares (or any security convertible into or exercisable or exchangeable for Common Shares) pursuant to a bona fide third party tender offer, merger, consolidated or other similar transaction made to all holders of the capital stock of the Company involving a change of control (as defined below) of the Company which occurs after the consummation of each Offering, is open to all holders of the Company's capital stock and has been approved by the board of directors of the Company; *provided* that in the event that the tender offer, merger, consolidation or other such transaction is not completed, the Common Shares owned by the undersigned shall remain subject to the restrictions contained in this Lock-Up Agreement; and

(k) (i) any transfer or disposition of Securities pursuant to a bona fide loan or pledge (A) pursuant to clause (k)(ii) below or (B) that is in effect on the date hereof and has been disclosed in writing to Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc. and (ii) the grant and maintenance of a bona fide lien, security interest, pledge or other similar encumbrance of any Securities owned by the undersigned to a nationally or internationally recognized financial institution with assets of not less than \$10 billion in connection with a loan to the undersigned; *provided* that the undersigned or the Company, as the case may be, shall provide Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc. prior written notice informing them of any public filing, report or announcement made by or on behalf of the undersigned or the Company with respect thereto.

For purposes of this Lock-Up Agreement, a “family member” shall mean any relationship by blood, marriage, domestic partnership or adoption, not more remote than first cousin, and “change of control” shall mean the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any “person” (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, other than the Company, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of 90% of the total voting power of the voting stock of the Company, occurring after the consummation of each Offering, that has been approved by the board of directors of the Company.

If the undersigned is not a natural person, the undersigned represents and warrants that no single natural person, entity or “group” (within the meaning of Section 13(d)(3) of the Exchange Act), other than a natural person, entity or “group” (as described above) that has executed a Lock-Up Agreement in substantially the same form as this Lock-Up Agreement, beneficially owns, directly or indirectly, 50% or more of the common equity interests, or 50% or more of the voting power, in the undersigned.

The Lock-Up Period will commence on the date of this Lock-Up Agreement and continue and include the date that is 60 days after the latest date of any Offering Document (the “**Offering Date**”) pursuant to the applicable Agreement, to which you are or expect to become parties.

In furtherance of the foregoing, the Company and its transfer agent and registrar are hereby authorized by the undersigned to decline to make any transfer of Securities if such transfer would constitute a violation or breach of this Lock-Up Agreement.

The undersigned acknowledges and agrees that none of the parties to the Agreements has made any recommendation or provided any investment or other advice to the undersigned with respect to this Lock-Up Agreement, the subject matter hereof or either Offering, and the undersigned has consulted its own legal, accounting, financial, regulatory, tax and other advisors with respect to this Lock-Up Agreement, the subject matter hereof and each Offering to the extent the undersigned has deemed appropriate. The undersigned further acknowledges and agrees that, although Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc. may be required or choose to provide certain Regulation Best Interest and Form CRS disclosures to the undersigned in connection with either Offering, Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc. and the other parties to each Agreement are not making a recommendation to the undersigned to enter into this Lock-Up Agreement, and nothing set forth in such disclosures is intended to suggest that Goldman Sachs & Co. LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets, Inc. or any other party to such Agreement is making such a recommendation.

The undersigned understands that the Company and the other parties to the Agreements are relying upon this Lock-Up Agreement in proceeding toward consummation of each Offering. This Lock-Up Agreement is irrevocable and shall be binding on the undersigned and the successors, heirs, personal representatives and assigns of the undersigned. This Lock-Up Agreement shall lapse and become null and void if no Offering Date shall have occurred on or before December 31, 2020. **This Lock-Up Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.**

---

Very truly yours,

**IF AN INDIVIDUAL:**

By: \_\_\_\_\_  
(duly authorized signature)

Name: \_\_\_\_\_  
(please print full name)

Address:

\_\_\_\_\_  
\_\_\_\_\_

**IF AN ENTITY:**

\_\_\_\_\_  
(please print complete name of entity)

By: \_\_\_\_\_  
(duly authorized signature)

Name: \_\_\_\_\_  
(please print full name)

Address:

\_\_\_\_\_  
\_\_\_\_\_

PRICING TERM SHEET

53rd at Third  
 885 Third Avenue  
 New York, New York 10022-4834  
 Tel: +1.212.906.1200 Fax: +1.212.751.4864  
 www.lw.com

## LATHAM & WATKINS LLP

November 30, 2020

Shift4 Payments, Inc.  
 2202 N. Irving Street  
 Allentown, PA 18109

Re: 8,000,000 shares of Class A common stock, par value \$0.0001 per share

FIRM /AFFILIATE OFFICES

Beijing	Moscow
Boston	Munich
Brussels	New York
Century City	Orange County
Chicago	Paris
Dubai	Riyadh
Düsseldorf	San Diego
Frankfurt	San Francisco
Hamburg	Seoul
Hong Kong	Shanghai
Houston	Silicon Valley
London	Singapore
Los Angeles	Tokyo
Madrid	Washington, D.C.
Milan	

Ladies and Gentlemen:

We have acted as special counsel to Shift4 Payments, Inc., a Delaware corporation (the “*Company*”), in connection with the proposed offering and sale of up to 8,000,000 shares of Class A common stock, \$0.0001 par value per share (the “*Shares*”), which are being offered by certain selling stockholders of the Company (the “*Selling Stockholders*”). The Shares are included in a registration statement on Form S-1 under the Securities Act of 1933, as amended (the “*Act*”), initially filed with the Securities and Exchange Commission (the “*Commission*”) on November 30, 2020 (as amended, the “*Registration Statement*”). The Shares consist of (i) up to 3,704,000 Shares that are issuable upon the exchange of common units (“*common units*”) of Shift4 Payments, LLC, a Delaware limited liability company (“*Shift4 LLC*”) together with a corresponding number of shares of Class B common stock, \$0.0001 par value per share of the Company, held by certain of the Selling Stockholders, and (ii) up to 4,296,000 Shares that are issuable upon the conversion of shares of Class C common stock, \$0.0001 par value per share of the Company, held by certain Selling Stockholders in each case as set forth in the Registration Statement. The term “*Shares*” shall include any additional shares of Class A common stock registered by the Company pursuant to Rule 462(b) under the Act in connection with the offering contemplated by the Registration Statement. This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related Prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to General Corporation Law of the State of Delaware, and we express no opinion with respect to any other laws.

**LATHAM & WATKINS** LLP

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof, (i) such Shares have been duly authorized by all necessary corporate action of the Company, and such Shares are validly issued, fully paid and non-assessable and (ii) when such Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the Selling Stockholders, and have been issued by the Company against payment therefor (not less than par value) in the circumstances contemplated by the Registration Statement, the issue and sale of the Shares will have been duly authorized by all necessary corporate action of the Company, and the Shares will be validly issued, fully paid and non-assessable. In rendering the foregoing opinions in clauses (ii), we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the General Corporation Law of the State of Delaware.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm in the Prospectus under the heading "Legal Matters." We further consent to the incorporation by reference of this letter and consent into any post-effective amendment to the Registration Statement filed pursuant to Rule 462(b) with respect to the Shares. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Latham & Watkins LLP

## Subsidiaries of Shift4 Payments, Inc.

<b>Legal Name</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>
Future POS, LLC	Pennsylvania
Harbortouch Financial, LLC	Pennsylvania
Harbortouch Lithuania, UAB	Lithuania
Independant Resources Network, LLC	New York
INFOMART2000, Corp. (d/b/a 3DCART)	Florida
Merchant Link, LLC	Delaware
Micros Retail Systems, LLC	New Jersey
MSI Merchant Services Holdings, LLC	New Jersey
POSiTouch, LLC	Rhode Island
Restaurant Manager, LLC	Delaware
S4-ML Holdings, LLC	Delaware
Shift4 Corporation	Nevada
Shift4 Payments Finance Sub, Inc.	Delaware
Shift4 Payments, LLC	Delaware
The Customer Connection II Limited Liability Company	New Jersey
20910 ML USA IP Company, LLC	Delaware

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the use in this Registration Statement on Form S-1 of Shift4 Payments, Inc. of our report dated March 6, 2020 relating to the financial statements of Shift4 Payments, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
November 30, 2020



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the use in this Registration Statement on Form S-1 of Shift4 Payments, Inc. of our report dated March 6, 2020, except with respect to the events and conditions from COVID-19 discussed in Note 2, as to which the date is May 15, 2020, relating to the financial statements of Shift4 Payments, LLC, which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
November 30, 2020