



Rev/Employee: n/a

Number of Employees: n/a

Avg ROIC: n/a

Commercial Services

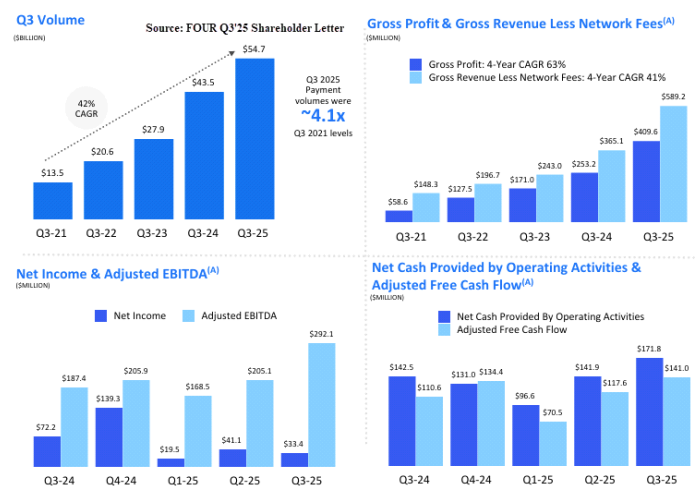
FOUR: Pivot as Often as the World Requires

President & CEO Taylor Lauber (42) has run Shift4 Payments since June when Founder Jared Isaacman (43) became the Executive Chairman after 6 years as CEO and bringing it public.

Former CFO Nancy Disman retired in September, after 3 years in the role and 5 at the firm, and the new CFO is Chris Cruz (40) who was formerly a Director of the Company for 9 years. We think these important leadership changes signal a benign change and improvement in the investor thesis. Benign in that all of the players have worked together closely for years. Isaacman and Disman remain on the Board and new CFO Chris Cruz has been intimately involved in the firm's finances and strategy for years when he was a Director representing a major FOUR investor. We also think the new CEO and CFO combination may result in a less risky capital allocation plan as FOUR shifts from headlong growth (and the recent closing of its largest largest acquisition ever, Swiss-based, NYSE listed, payments company [Global Blue](#) for \$1.5 billion) to a more shareholder friendly focus on free cash flow and debt reduction. Also, this week's expected Senate confirmation of Executive Chairman Isaacman as the new head administrator of NASA means that the firm's 3 classes of stock will be consolidate into a single 1 share, 1 vote A class that dramatically simplifies and improves the governance and capital structure of the firm.



Executive Team Skills Fit Shift4 was born in the SMB Restaurant payments world and has grown quickly to encompass three other digital payments verticals: Stadiums/Entertainment, Hotels & Hospitality, and high-end Retailers. David "Taylor" Lauber was previously Shift4's President & Chief Strategy Officer since 2018 and has been integral to the firm's strategy and execution. He is a childhood friend of founder and Exec Chair Jared Isaacman and joined FOUR from the Blackstone Group where he was the COO for the Total Alternative Solutions fund and worked for eight years. We think Lauber has been the shadow CEO at FOUR for at least 18 months and is well qualified to take on the formal role. His quarterly



shareholder letter is a model of clear, concise, communication of important developments. Lauber likes to say the "bigger the problem, the thinner the air" and that he remains focused on the big PayTech issues and staying on the leading edge. Scale and flexibility are key to his view of the firm as it increasingly becomes an enterprise player in the industry. See an interesting and substantive [interview with the new CEO by Grey Myers in August here](#). Lauber holds a BSc from Bentley University. We note that the CEO's brother, Brian Lauber, is a director of operations and administration at FOUR. He is a former US Navy Commander and F18 pilot and had total pay of less than \$500k last year. Executive Chairman Jared Isaacman remains the controlling shareholder and active in the strategy and operations of the firm. The management team and their founder are an unusual mix of highly successful but modestly credentialed people to run a public company with over 6k employees. That said, there is no denying their visionary success and operational focus and execution. New CFO Chris Cruz (40) is not a CPA but we like that he has previously been a Director of FOUR since its founding and previously led private equity firm Searchlight Capital's VC rounds in FOUR's early days (Searchlight has since exited). We see his willingness to take an operating role as an endorsement of the firm's current financial and tactical footing. On the Q3 call in November, the CFO told investors "Since the third quarter of 2022, we have grown gross revenue less network fees by 3x, expanded adjusted EBITDA margins by 600 basis points, and achieved the balanced transformation of becoming a more diversified and globally scaled provider of software integrated payments." The CFO is guiding for continued robust cash flow growth with year-end EBITDA in the the range \$980 million, representing about 45%



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Y/Y growth and the firm's net leverage has dropped to $\sim 3.2\times$ EBITDA, from $\sim 4\times$ immediately after the Global Blue close. Previously, Cruz worked at Oaktree Capital and was in the leveraged finance and restructuring group at UBS Investment Bank, from 2006-08. Even as a Director, Cruz (a former member of the Audit Committee) worked closely with his predecessor CFO Nancy Disman (57) and articulated a strategy of focused bets made large. We consider Cruz to be a seasoned expert in the Company's finances, FP&A, and capital structure. Cruz is a Canadian and holds a BA/HBA from Western University, in London, Ontario. COO Doug Demko (46) has been COO since late 2019 and is the point person on integrating the firm's serial acquisitions. The firm is already showing tangible results from its Global Blue acquisition which brings both scale and a new vertical to its international operations. Demko started with Jared Isaacman at Draken International. We like FOUR's flexible approach to integration which focuses on maintaining revenues and gradual integration into the product family. COO Demko holds a BA from Vassar College and an MBA from Penn State. We note that Michael Isaacman (46), Jared's half-brother, continues to lead sales as FOUR's Chief Commercial Officer. The sales model is a digital version of land-and-expand and Michael is a strong, execution focused, commercial leader with a strong track record of leading the GTM elements of the Company. We also credit him with building Shift4's valuable college stadium franchise which has become the core of the entertainment vertical. Michael previously worked for his brother at Draken from 2015-19 and holds a BSc from the University of Rhode Island.

Compensation and Alignment Analysis Management's pay plan is cash lite and equity heavy but notably uses only time vesting RSU equity grants. We think the plan should evolve to have at least 50% of the LTIP equity awards made in standard 3 year, performance vesting PSUs. Executive Chair Jared Isaacman's salary is only \$50k annually, and he does not receive cash bonuses, but last year, he also received \$9 million in time vesting A share RSUs. New CEO Lauber is paid a reasonable salary of \$600k and received a promotion RSU award worth \$2.8 million this year. His future annual equity LTIP grant is targeted at \$9.8 million in 3 year, time vesting, RSUs. In the event of a change-in-control, he would receive modest severance (18 months salary and full vesting) and Lauber would be subject to a 12 month post-termination non-compete, non-solicit, as well as a perpetual confidentiality covenant. Last year, as President, Lauber was paid a salary of \$350k and had total pay worth \$6.6 million. The Board did not hesitate to demonstrate the importance of finance to the firm's strategy. New CFO Chris Cruz's employment agreement provides for an initial 3 year term with automatic 1 year renewal terms. The CFO is paid a salary of \$500k and has a 1x annual cash bonus target. He also received a sizeable \$2 million cash signing bonus this year and an initial \$18 million RSU equity grant that will vest over the next 5 years, subject to his continued employment, and he is eligible for additional equity LTIP incentive awards consistent with the other executives annually. Former CFO and ongoing Director Disman remains a paid advisor to the CEO until the end of April next year for total fees of about \$380k. Last year, she was paid a salary of \$350k and had total pay worth \$3.5 million. CCO Michael Isaacman is not one of the top 5 executives whose pay is reported in the proxy but it was about \$1.1 million in 2024. The Board benchmarks pay versus a reasonable 16 company peer group. Management's annual cash bonuses are determined by a good equally-weighted mix of operating metrics: gross Revenue less network fees, Payment volume, and EBITDA with each having minimum annual hurdle rates for vesting. The equity LTIP is awarded purely in time-vesting 3 year RSUs based on 3 weighted factors: Results v Plan (66.67%), Strategic direction (16.67%), and Operational execution (16.67%).

Equity Ownership Analysis The founder and management team are well aligned with outside investors through their equity holdings but Exec Chair Isaacman's beneficial stake is of an order of magnitude larger than any other entity or person. With Jared Isaacman's likely appointment to head NASA, it is also probable that Shift4's triple-class share structure will consolidate into a single 1 share, 1 vote structure (codification pending) but the founder will remain the largest shareholder at about 26% (versus 76% voting control under the "old" super-voting structure, see below). FOUR was originally part of an "Up-C" IPO structure, wherein 10:1 super-voting Class B shares corresponded to Jared Isaacman's retained LLC units and Class C shares to certain pre-IPO investors. Isaacman's "Rook LLC" entity will now likely exchange shares for Class A stock, and convert the super-votes into single-vote shares. Rook has the right to designate 2 "Founder Directors" as long as Rook beneficially



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owns at least 25%. The CEO and his EVPs are required to beneficially own at least 3x their salaries in stock. CEO Lauber beneficially owns about 500k shares and new CFO Cruz about 300k A shares. Former CFO Disman beneficially owns about 150k shares and she has been the only material net insider seller over the last 18 months with net proceeds to her worth about \$10.7 million. Directors and officers may not trade in any instrument or position relating to the future price of Company securities. Notably, Searchlight Capital, the private equity firm that was an early investor in Shift4, exited its once 12% position in 2021. CFO Chris Cruz's original Director affiliation was with Searchlight (he joined the board as their designee). Among active share institutional investors, Wasatch Advisors is the largest with about 6.2 million A shares or about 5.7%, Bethesda based Durable Capital Partners 5.2%, and hedge fund Darlington Partners Capital ~4.7%. Voya Investment and BlackRock are the largest bond holders.

Capital Allocation Practices Shift4's management has historically been assertive in deploying capital for growth and serial acquisitions. Management's discipline in making those acquisitions quickly accretive is notable and operating cash flow growth has been strong. As of Q3 '25, FOUR held about \$1.51 billion in cash and equivalents and is on target to finish the year with net debt at or below 3.5x EBITDA even after an anticipated \$1 billion stock buyback (~13% of A shares) in the fourth quarter this year. In July 2025, Shift4 completed its largest acquisition ever of Global Blue for \$7.50 per share in cash increasing its total debt to \$4.72 billion as of Q3 2025 from \$2.84 billion at the end of 2024. Operating cash flow for the first 9 months of 2025 was \$416 million (GAAP) and about \$329 million in free cash flow, reflecting a 27% Y/Y increase in FCF. The Global Blue acquisition was financed with new debt and a \$1 billion convertible preferred and for investors nervous about Global Blue integration risk and softening consumer spending we think FOUR's three year 6% coupon, cumulative convertible preferred, notes are a compelling alternative to the common. Management says that FCF for 2025 will be about \$500 million, which management states will go toward both debt reduction and the newly authorized opportunistic stock buybacks. On December 8, 2025, CFO Cruz completed the issuance and sale of €435 million of 5.5% Senior Notes due in May 2033 (the "New Notes") saying that the net proceeds of the offering will be used for general corporate purposes, including repayment of debt, strategic acquisitions, and the potential repurchase of outstanding A shares.

Material Fiduciary Issues In contrast to the young and modestly credentialed executive officers, FOUR's Board is very seasoned and well qualified. Chairman Jared Isaacman's father, Donald Isaacman (78), retired as a Director this summer which is a tangible governance improvement and was replaced by former CFO Disman. Directors are grouped into three classes serving 3 year terms and are required to beneficially own at least 5x their cash retainers in stock. New this year, Director Seth Dallaire (54) is the Chief Business Officer at Walmart. Karen Roter Davis (53) joined in 2021 is a former Google/Alphabet executive with prior VC experience, Sarah Grover (60, director since 2020) is a former EVP and chief brand officer of California Pizza Kitchen. Director Jonathan Halkyard (61) is the Audit Chair and is the CFO of MGM Resort Int'l. PwC has been Shift4's auditor since prior to the IPO. Last year Audit fees were ~\$4.51 million.

ENDING BALANCE					
Class A Common Shares	66,942,326	67,737,305	67,470,986	66,376,228	67,451,984
Class B Common Shares	19,801,028	19,801,028	19,801,028	19,801,028	19,801,028
Class C Common Shares	1,635,770	1,519,826	1,347,373	1,338,907	1,253,566
TOTAL COMMON SHARES OUTSTANDING - ENDING	88,379,124	89,058,159	88,619,387	87,516,163	88,506,578
Committed but Unissued Shares - Finaro Acquisition	1,244,443	—	—	—	—
Unvested RSUs - Acquisition-related awards	471,253	256,973	247,709	242,257	381,174
Unvested RSUs - Ongoing compensation	1,130,797	974,376	1,112,755	1,148,606	1,263,848
Unvested RSUs - One-time discretionary awards (A)	1,148,856	937,994	849,129	827,130	784,110
Contribution from Founder (A)	(574,428)	(468,997)	(424,565)	(418,466)	(412,759)
FULLY DILUTED COMMON SHARES OUTSTANDING (B)	91,800,045	90,758,505	90,404,415	89,315,690	90,522,951
EQUITY-BASED COMPENSATION EXPENSE INCURRED ON:					
	Twelve Months Ended 9/30/24	Twelve Months Ended 12/31/24	Twelve Months Ended 3/31/25	Twelve Months Ended 6/30/25	Twelve Months Ended 9/30/25
Acquisition-related awards	\$ 8.6	\$ 10.9	\$ 9.9	\$ 8.5	\$ 7.4
Ongoing compensation	44.5	45.9	52.3	53.7	56.1
One-time discretionary awards	10.6	11.1	9.7	10.5	10.7
TOTAL EQUITY-BASED COMPENSATION EXPENSE	\$ 63.7	\$ 67.9	\$ 71.9	\$ 72.7	\$ 74.2

(A) In Q4 2021, Shift4 implemented a one-time discretionary equity award program for non-management employees. Shift4's Founder and Executive Chairman, Jared Isaacman, will fund half of this program through a contribution of the Founder's Class C shares.
(B) Excludes 10.0 million shares of Mandatory Convertible Preferred Stock.

Source: Shift4 Q3 10Q