20250521190027

ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr 556632-9891

Räkenskapsår 2023/2024

Undertecknad styrelseledamot i ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 28.04.2025 .

Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Stockholm, 28.04.2025

.....

Martin Gutekunst

20250521119009

ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr. 556632-9891

ÅRSREDOVISNING

2023/2024

Styrelsen för Electronic Transaction Group Nordic Holding AB får härmed avge årsredovisning för räkenskapsåret 2023-11-01 -- 2024-10-31.

Årsredovisningen omfattar

Sid 2 **FÖRVALTNINGSBERÄTTELSE**

Sid 4 **RESULTATRÄKNING**

Sid 5 **BALANSRÄKNING**

Sid 7 **FÖRÄNDRINGAR I EGET KAPITAL**

Sid 8 **REDOVISNINGSPRINCIPER OCH NOTER**

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ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr. 556632-9891

F Ö R V A L T N I N G S B E R Ä T T E L S E

20250521119010

Om inte annat anges redovisas alla belopp i svenska kr (kr).

Verksamhetens art och inriktning

Electronic Transaction Group Nordic Holding AB ("ETG Nordic Holding AB") med dotterbolag bedriver verksamhet inom marknaden för elektroniska betalningslösningar för konsumenthandel- och servicebranschen.

Koncernen utvecklar programvara för både integrerade och fristående lösningar, samt erbjuder även tjänster knutna till drift av betalningsterminaler samt lösningar för mobila betalningar och betalningar på internet. Koncernen levererar lösningar för elektroniska betalningar till alla sorters miljöer – allt ifrån den lilla kvartersbutiken, till butiker i den stora internationella koncernen. Som del av lösningarna ingår egenutvecklad mjukvara samt terminaler från ledande leverantörer.

Koncernen är en helhetsleverantör av produkter och tjänster för säkra betalkortstransaktioner samt närliggande tilläggstjänster. I nära samarbete med handeln och bankerna har bolaget under 2023/2024 fortsatt sitt arbete med att ta fram nya tekniska lösningar baserat på ett nytänkande och säkerhet.

Bolaget är ett holdingbolag för Verifones nordiska verksamhet och har sitt säte i Stockholm.

Viktiga förhållanden

Electronic Transaction Group Nordic Holding AB är helägt dotterbolag till Verifone Nordic AB, org.nr 556868-5274, i Stockholm.

Koncernen har sitt huvudkontor i Stockholm och dotterbolag i Sverige, Norge, Danmark, Finland, Island, Lettland och Storbritannien.

Förväntad framtida utveckling

Företagets räkenskaper för 2023/2024 är avlämnade under förutsättning för fortsatt drift. Koncernens styrelse anser att koncernen är mycket väl positionerad vad gäller produkter och kompetens för fortsatt framgång och förväntad organisk tillväxt, försäljning och resultat för innevarande år.

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20250521190011

ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr. 556632-9891

F Ö R V A L T N I N G S B E R Ä T T E L S E

Flerårsjämförelse *

		2023/2024	2022/2023	2021/2022	2020/2019	2019/2018
Nettoomsättning	tkr	—	—	—	—	—
Resultat efter finansiella poster	tkr	1 884	10 284	4 452	(823)	4 064
Balansomslutning	tkr	955 405	954 756	949 488	945 991	976 004
Soliditet	%	92.6 %	92.5 %	92.4 %	92,4%	89,7%

* För definitioner av nyckeltal, se not.

Resultatdisposition	**SEK**
Från föregående år balanserad vinst	703 694 079
Årets vinst	967 006
Vinstmedel till förfogande	**704 661 085**
Styrelsens förslag till disposition	
Balanseras i ny räkning	704 661 085
Summa	**704 661 085**

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20250521119012

ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr. 556632-9891

RESULTATRÄKNINGAR

KR	Not	1/11/2023-31/10/2024-	1/11/2022-31/10/2023-
Rörelsens kostnader			
Övriga externa kostnader		(155 566)	(279 317)
Övriga rörelsekostnader		(8 086)	—
		(163 652)	**(279 317)**
Rörelseresultat		**(163 652)**	**(279 317)**
Resultat från finansiella poster			
Ränteintäkter och liknande	3	2 469 712	11 133 556
Räntekostnader och liknande	4	(421 740)	(570 219)
		2 047 972	**10 563 337**
Resultat efter finansiella poster		**1 884 320**	**10 284 020**
Lämnat koncernbidrag	5	(241 278)	(188 668)
Förändring av periodiseringsfond		(400 000)	(2 500 000)
Bokslutsdispositioner		**(641 278)**	**(2 688 668)**
Resultat före skatt		**1 243 042**	**7 595 352**
Skatt på årets resultat	6	(276 036)	(1 571 506)
Årets resultat		**967 006**	**6 023 846**

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ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr. 556632-9891

BALANSRÄKNINGAR

KR	Not	31/10/2024	31/10/2023
Tillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	7	793 376 994	793 376 994
Fordringar hos koncernföretag		93 160 294	94 036 771
		886 537 288	**887 413 765**
Summa anläggningstillgångar		**886 537 288**	**887 413 765**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		68 339 503	67 237 947
Aktuella skattefordringar		16 644	16 644
Övriga fordringar		8 476	1 872
		68 364 623	**67 256 463**
Kassa och bank		**502 655**	**85 735**
Summa *omsättningstillgångar*		**68 867 278**	**67 342 198**
Summa tillgångar		**955 404 566**	**954 755 963**

*Det totala beloppet på förutbetalda kostnader och upplupna intäkter avser förutbetald skatt och omklassificeras därför till Aktuell skattefordran.

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20250521119014

ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr. 556632-9891

B A L A N S R Ä K N I N G A R

KR	Not	31/10/2024	31/10/2023
Eget kapital och skulder			
Eget kapital			
Bundet eget kapital			
Aktiekapital	8	1 358 094	1 358 094
Reservfond		178 304 286	178 304 286
		179 662 380	**179 662 380**
Fritt eget kapital (eller Ansamlad förlust)			
Överkursfond		19 435 587	19 435 587
Balanserad vinst eller förlust		684 258 492	678 234 646
Årets resultat		967 006	6 023 846
		704 661 085	**703 694 079**
Summa eget kapital		**884 323 465**	**883 356 459**
Obeskattade reserver		**2 900 000**	**2 500 000**
Kortfristiga skulder			
Leverantörsskulder		11 078	15 559
Skulder till koncernföretag		67 932 722	68 208 444
Upplupna kostnader och förutbetalda intäkter	9	83 828	225 607
Aktuella skatteskulder		153 473	449 894
Summa kortfristiga skulder		**68 181 101**	**68 899 504**
Summa eget kapital och skulder		**955 404 566**	**954 755 963**

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ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr. 556632-9891

FÖRÄNDRINGAR I EGET KAPITAL

KR	Aktiekapital	Reservfond	Överkursfond	Fritt eget kapital	Årets resultat	Summa eget kapital
Belopp vid årets ingång	1 358 094	178 304 286	19 435 587	678 234 646	6 023 846	**883 356 459**
Resultatdisp. Enl.beslut av årsstämma				6 023 846	(6 023 846)	—
Årets resultat					967 006	**967 006**
Belopp vid årets utgång	**1 358 094**	**178 304 286**	**19 435 587**	**684 258 492**	**967 006**	**884 323 465**

	31/10/2024	31/10/2023
Villkorlig återbetalningsskyldighet för aktieägartillskott uppgår till.	835 801 999	835 801 999

REDOVISNINGSPRINCIPER OCH NOTER

20250521190016

Not 1 Redovisnings- och värderingsprinciper

Företagets årsredovisning har upprättats i enlighet med årsredovisningslagen och BFNAR 2012:1 (K3). Tillämpade principer är oförändrade jämfört med föregående år.
De viktigaste redovisnings- och värderingsprinciperna som har använts vid upprättande av de finansiella rapporterna sammanfattas nedan.

Principer resultaträkningen

Ränteintäkter
Ränteintäkter redovisas i takt med att de intjänas. Beräkning av ränteintäkter görs på basis av den underliggande tillgångens avkastning enligt effektivräntemetoden.

Koncernbidrag
Samtliga lämnade och erhållna koncernbidrag redovisas som bokslutsdispositioner.

Principer balansräkningen

Immateriella anläggningstillgångar
Immateriella anläggningstillgångar redovisas till anskaffningsvärde med avdrag för ackumulerad värdeminskning och eventuella nedskrivningar. Tillgångarna skrivs av linjärt över tillgångarnas nyttjandeperiod.

Låneutgifter inkluderas inte i anskaffningsvärdet.

Avskrivningar
Avskrivningar baseras på beräknad nyttjandeperiod och görs med procentsatser enligt nedan.

	2023/2024	2022/2023
	—%	—%
Licenser		

Avskrivningar framgår av not för balansposten.
Tillgången är sedan 2016/2017 fullt avskriven.

Borttagande från balansräkningen

Immateriella anläggningstillgångar tas bort från balansräkningen vid utrangering eller avyttring eller när inte framtida ekonomiska fördelar väntas från användning, utrangering eller avyttring av tillgången.

När immateriella anläggningstillgångar avyttras bestäms realisationsresultatet som skillnaden mellan försäljningspriset och tillgångens redovisade värde och redovisas i resultaträkningen i någon av posterna *Övriga rörelseintäkter* eller *Övriga rörelsekostnader* .

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REDOVISNINGSPRINCIPER OCH NOTER

20250521119017

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde med avdrag för ackumulerad värdeminskning och eventuella nedskrivningar. Tillgångarna skrivs av linjärt över tillgångarnas nyttjandeperiod.

Låneutgifter inkluderas inte i anskaffningsvärdet.

Korttidsinventarier och inventarier av mindre värde kostnadsförs löpande. Utgifter för löpande reparationer och underhåll redovisas som kostnader.

Avskrivningar

Avskrivningar baseras på beräknad nyttjandeperiod och görs med procentsatser enligt nedan.

	2023/2024	2022/2023
Inventarier, verktyg och installationer	— %	— %

Borttagande från balansräkningen
Materiella anläggningstillgångar tas bort från balansräkningen vid utrangering eller avyttring eller när inte framtida ekonomiska fördelar väntas från användning, utrangering eller avyttring av tillgången.
När materiella anläggningstillgångar avyttras bestäms realisationsresultatet som skillnaden mellan försäljnings- priset och tillgångens redovisade värde och redovisas i resultaträkningen i någon av posterna *Övriga rörelseintäkter* eller *Övriga rörelsekostnader* .

Fordringar och skulder i utländsk valuta
Fordringar och skulder i utländsk valuta har omräknats till balansdagens kurs. Kursdifferenser på rörelsefordringar och rörelseskulder ingår i rörelseresultatet medan differenser på finansiella fordringar och skulder redovisas bland finansiella poster.

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REDOVISNINGSPRINCIPER OCH NOTER

20250521119018

Inkomstskatter
Redovisning av inkomstskatt inkluderar aktuell skatt och uppskjuten skatt. För poster som redovisas i resultaträkningen redovisas därmed sammanhängande skatt i resultaträkningen. För poster som redovisas direkt mot eget kapital redovisas även skatten direkt mot eget kapital. Uppskjuten skatt beräknas på alla temporära skillnader. En temporär skillnad finns när det redovisade värdet på en tillgång eller skuld skiljer sig från det skattemässiga värdet. Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott. Bolaget har ej redovisat någon uppskjuten skattefordran avseende underskottsavdrag.

Likvida medel
Likvida medel består av kassamedel och disponibla tillgodohavanden hos banker och andra kreditinstitut och andra kortfristiga, likvida placeringar som lätt kan omvandlas till känt belopp och som är utsatta för obetydlig risk för värdefluktuationer. Sådana placeringar har en löptid på maximalt tre månader.

Not 2 Uppskattningar och bedömningar

När finansiella rapporter upprättas måste styrelsen och den verkställande direktören i enlighet med tillämpade redovisnings- och värderingsprinciper göra vissa uppskattningar, bedömningar och antaganden som påverkar redovisning och värdering av tillgångar, avsättningar, skulder, intäkter och kostnader. De områden där sådana uppskattningar och bedömningar kan ha stor betydelse för företaget, och som därmed kan påverka resultat- och balansräkningarna i framtiden, beskrivs nedan.

Betydande bedömningar
Följande är betydande bedömningar som har gjorts vid tillämpning av de av företagets redovisningsprinciper som har den mest betydande effekten på de finansiella rapporterna.

Värdering av aktier i dotterföretag
Moderbolaget gör varje år per bokslutsdatum en bedömning av huruvida bokfört värde på aktier i dotterföretag över- eller understiger återvinningsvärdet på respektive dotterföretag. Om det visar sig att återvinningsvärdet understiger det bokförda värdet i något fall så skrivs detta bokförda värde ned till återvinningsvärdet.

Not 3 Ränteintäkter och liknande

	2023/2024	2022/2023
Ränteintäkter från koncernföretag	2 875 080	2 883 618
Ränteintäkter från övriga företag	6 604	1 291
Valutakursvinster	(411 972)	8 248 647
	2 469 712	**11 133 556**

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Not 4 Räntekostnader och liknande

	2023/2024	2022/2023
Räntekostnader från koncernföretag	(421 740)	(420 588)
Valutakursförluster	—	(149 631)
	(421 740)	**(570 219)**

Not 5 Bokslutsdispositioner

	2023/2024	2022/2023
Koncernbidrag betalat	(241 278)	(188 668)
Anslag till periodiseringsfond för skatt	(400 000)	(2 500 000)
	(641 278)	**(2 688 668)**

Not 6 Skatt på årets result

De huvudsakliga komponenterna i skattekostnaden för räkenskapsåret och förhållandet mellan förväntad skattekostnad baserat på svensk effektiv skattesats och redovisad skattekostnad i resultaträkningen är enligt följande:

	2023/2024	2022/2023
Resultat före skatt	1 243 042	7 595 352
Skatt enligt gällande skattesats 20.6% (20,6%)	(256 067)	(1 564 643)
Skatteeffekt av:		
Ej avdragsgilla kostnader	(14 132)	(13 619)
Ej skattepliktiga intäkter	(5 837)	6 756
Redovisad skatt	**(276 036)**	**(1 571 506)**
Skattekostnaden består av följande komponenter:		
På årets resultat	(276 036)	(1 571 506)
Redovisad skatt	**(276 036)**	**(1 571 506)**

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Not 7 Andelar i koncernföretag

	31/10/2024	31/10/2023
Ingående anskaffningsvärde	793 376 994	793 376 994
Fusion	—	—
Tillkommande genom fusionen	—	—
Utgående ackumulerade anskaffningsvärden	**793 376 994**	**793 376 994**
Redovisat värde	**793 376 994**	**793 376 994**

	Organisationsnummer	Företagets säte	Antal andelar	Kapitalandel	Bokfört värde
Direkt ägda:					
VeriFone Nordic Holding AS	946 924 563	Norge	242 515	100 %	793 284 541
Verifone Finland Holding Oy	2414961-9	Finland	1 000	100 %	92 453
					793 376 994

Tillägg för företag som inte konsolideras:		Eget kapital	Årets resultat
VeriFone Nordic Holding AS	NOK	80 040 567	2 032 806
Verifone Finland Holding Oy	EUR	9 324 465	(288 232)

Not 8 Aktiekapital

Aktiekapitalet i företaget består enbart av till fullo betalda stamaktier med ett nominellt värde om 1 kr. Alla aktier har samma rätt till utdelning och återbetalning av insatt kapital samt motsvarar en röst på företagets bolagsstämma

	2023/2024	2022/2023
Antal aktier vid årets ingång	1 358 094	1 358 094
Antal aktier vid årets utgång	**1 358 094**	**1 358 094**

Not 9 Upplupna kostnader och förutbetalda intäkter

	2023/2024	2022/2023
Upplupna kostnader	80 000	70 000
Övriga poster	3 828	155 607
	83 828	**225 607**

Not 10 Ställda säkerheter och eventualförpliktelser

	2023/2024	2022/2023
Ställda säkerheter	*Inga*	*Inga*
Eventualförpliktelser	*Inga*	*Inga*

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Not 11 Koncernuppgifter

Bolaget är helägt dotterbolag till Verifone Nordic AB, org.nr 556632-9891, med säte i Stockholm.

Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning

Övergripande koncernredovisning upprättas av:
VeriFone Systems Inc., reg no 04-3692546,. 2560 N First Street, Suite 220, San José, CA 95131, USA

Not 12 Väsentliga händelser efter räkenskapsårets slut

Det finns inga väsentliga händelser efter räkenskapsårets utgång att rapportera.

Not 13 Definitioner av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning.

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ELECTRONIC TRANSACTION GROUP NORDIC HOLDING AB

Org. nr. 556632-9891

U N D E R S K R I F T E R

20250521119022

Stockholm 2025-

Martin Gutekunst

Ordförande

Vår revisionsberättelse har lämnats 2025

Grant Thornton Sweden AB

Johan Grudet

Auktoriserad revisor

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20250521190023

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Activity log

RECIPIENT	ACTION*	TIMESTAMP (CET)	METHOD	DETAILS
1. MARTIN FREDRIK MIKAEL GUTEKUNST	**Signed**	**28.04.2025 14:48**	**eID**	**eIDs Finland (SSN: 060575-013N)**
Martin.Gutekunst@VERIFONE.com	Authenticated	28.04.2025 14:47	Low	IP: 194.111.210.195
2. JOHAN PAUL CHRISTOPHE GRUDET	**Signed**	**28.04.2025 15:20**	**eID**	**Swedish BankID (DOB: 1978/10/02)**
johan.grudet@se.gt.com	Authenticated	28.04.2025 15:11	Low	IP: 194.14.78.10

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20250521119024

Revisionsberättelse

Till bolagsstämman i Electronic Transaction Group Nordic Holding AB

Org.nr. 556632 - 9891

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Electronic Transaction Group Nordic Holding AB för räkenskapsåret 2023-11-01 - 2024-10-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Electronic Transaction Group Nordic Holding ABs finansiella ställning per den 31 oktober 2024 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Electronic Transaction Group Nordic Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

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• utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Electronic Transaction Group Nordic Holding AB för räkenskapsåret 2023-11-01 - 2024-10-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Electronic Transaction Group Nordic Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

• företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
• på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm, enligt datum som framgår av elektronisk signering.
Grant Thornton Sweden AB

Johan Grudet
Auktoriserad revisor

Fotokopians överensstämmelse med originalet intygas:

Johan Grudet

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Activity log

RECIPIENT	ACTION*	TIMESTAMP (CET)	METHOD	DETAILS
JOHAN PAUL CHRISTOPHE GRUDET	**Signed**	**28.04.2025 15:17**	**eID**	**Swedish BankID (DOB: 1978/10/02)**
johan.grudet@se.gt.com	Authenticated	28.04.2025 15:16	Low	IP: 194.14.78.10

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Consolidated Financial Statements

VERIFONE SYSTEMS, INC.

For the Years Ended October 31, 2024 and 2023
With Report of Independent Certified Public Accountants

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VERIFONE SYSTEMS, INC.

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GRANT THORNTON LLP
10 Almaden Blvd., Suite 800
San Jose, CA 95113

D +1 408 275 9000
F +1 408 279 4817

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
VeriFone Systems, Inc.

Opinion

We have audited the consolidated financial statements of VeriFone Systems, Inc., and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of October 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are issued.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

San Jose, California
April 4, 2025

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VERIFONE SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended October 31,	
	2024	2023
	(in thousands)	
Net revenues:		
Systems	$ 475,100	$ 754,409
Services	694,403	716,607
Total net revenues	1,169,503	1,471,016
Cost of net revenues:		
Systems	315,735	454,562
Services	371,561	379,856
Restructuring charges	3,953	—
Amortization of purchased intangible assets	35,001	79,373
Total cost of net revenues	726,250	913,792
Gross margin	443,253	557,224
Operating expenses:		
Research and development	78,875	130,375
Sales and marketing	109,396	123,296
General and administrative	137,939	141,972
Restructuring charges	15,729	—
Amortization of purchased intangible assets	130,497	130,467
Total operating expenses	472,436	526,110
Operating income (loss)	(29,183)	31,114
Interest expense, net	(197,249)	(190,672
Gain on sale of investment	—	62,570
Other income (expense), net	(17,734)	9,953
Loss before income taxes	(244,166)	(87,035
Income tax provision (benefit)	(8,304)	37,782
Consolidated net loss	(235,862)	(124,817
Net income attributable to noncontrolling interests	156	150
Net loss attributable to VeriFone Systems, Inc. stockholders	$ (236,018)	$ (124,967

The accompanying notes are an integral part of these consolidated financial statements.

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VERIFONE SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years ended October 31	
	2024	2023
	(in thousands)	
Consolidated net loss	$ (235,862)	$ (124,81
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	1,321	21,60
Unrealized income (loss) on derivatives designated as cash flow hedges		
Change in unrealized income (loss) on derivatives designated as cash flow hedges	(5,160)	7,07
Amounts reclassified out of Accumulated other comprehensive loss	(12,640)	(8,22
Net change in unrealized income (loss) on derivatives designated as cash flow hedges	(17,800)	(1,14
Net change in other	(199)	69
Other comprehensive income (loss)	(16,678)	21,15
Total comprehensive loss	(252,540)	(103,66
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of tax	773	(1,21
Comprehensive loss attributable to VeriFone Systems, Inc. stockholders	$ (253,313)	$ (102,45

The accompanying notes are an integral part of these consolidated financial statements.

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VERIFONE SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS

	As of October 31, 2024	2023
	(in thousands, except par value and share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 81,631	$ 99,132
Accounts receivable, net of allowances of $14,530 and $11,883	207,390	247,522
Inventories	102,035	120,382
Cash held for merchants	77,250	79,060
Prepaid expenses and other current assets	73,794	113,439
Total current assets	542,100	659,535
Property and equipment, net	85,981	93,722
Purchased intangible assets, net	554,349	712,125
Goodwill	1,554,255	1,561,979
Deferred tax assets, net	26,554	24,712
Right-of-use assets	41,925	44,884
Other long-term assets	186,495	144,215
Total assets	$ 2,991,659	$ 3,241,172
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 125,873	$ 169,401
Accruals and other current liabilities	342,836	348,636
Contract liabilities	44,948	42,466
Short-term debt	125,817	21,616
Total current liabilities	639,474	582,119
Long-term contract liabilities	31,620	32,502
Deferred tax liabilities, net	81,846	91,641
Long-term lease liabilities	35,511	37,810
Long-term debt	2,016,075	2,030,248
Other long-term liabilities	78,252	109,817
Total liabilities	2,882,778	2,884,137
Stockholders' equity:		
Common Stock: $0.001 par value, 1,000 shares authorized, issued and outstanding	—	—
Additional paid-in capital	1,731,481	1,726,508
Accumulated deficit	(1,456,949)	(1,220,931)
Accumulated other comprehensive loss	(170,716)	(153,421)
Total stockholders' equity	103,816	352,156
Noncontrolling interests in subsidiaries	5,065	4,879
Total equity	108,881	357,035
Total liabilities and equity	$ 2,991,659	$ 3,241,172

The accompanying notes are an integral part of these consolidated financial statements.

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VERIFONE SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF EQUITY

	Common Stock Voting		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non-controlling interests in subsidiaries	Total Equity
	Shares	Amount						
					(In thousands)			
Balance as of October 31, 2022	**1**	**$ —**	**$ 1,722,199**	**$ (1,095,964)**	**$ (175,937)**	**$ 450,298**	**$ 6,937**	**$ 457,235**
Stock-based compensation expense	—	—	3,880	—	—	3,880	—	3,880
Capital contribution from investor group	—	—	429	—	—	429	—	429
Dividends paid to noncontrolling interest stockholders	—	—	—	—	—	—	(844)	(844)
Total comprehensive loss	—	—	—	(124,967)	22,516	(102,451)	(1,214)	(103,665)
Balance as of October 31, 2023	**1**	**$ —**	**$ 1,726,508**	**$ (1,220,931)**	**$ (153,421)**	**$ 352,156**	**$ 4,879**	**$ 357,035**
Stock-based compensation expense	—	—	4,973	—	—	4,973	—	4,973
Dividends paid to noncontrolling interest shareholders	—	—	—	—	—	—	(587)	(587)
Total comprehensive loss	—	—	—	(236,018)	(17,295)	(253,313)	773	(252,540)
Balance as of October 31, 2024	**1**	**$ —**	**$ 1,731,481**	**$ (1,456,949)**	**$ (170,716)**	**$ 103,816**	**$ 5,065**	**$ 108,881**

The accompanying notes are an integral part of these consolidated financial statements.

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VERIFONE SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended October 31,	
	2024	2023
	(in thousands)	
Cash flows from operating activities		
Consolidated net loss	$ (235,862)	$ (124,817)
Adjustments to reconcile consolidated net loss to net cash provided by (used in) operating activities:		
Depreciation	43,767	33,892
Amortization of purchased intangible assets	165,497	209,840
Stock-based compensation expense	4,973	3,880
Amortization of debt issuance costs	9,184	9,166
Gain on sale of investment	—	(62,570)
Deferred income tax	(13,271)	(33,111)
Other	18,978	9,893
Net cash provided by (used in) operating activities before changes in operating assets and liabilities	(6,734)	46,173
Changes in operating assets and liabilities:		
Accounts receivable, net	41,499	(33,989)
Inventories	15,895	22,520
Prepaid expenses and other assets	(6,630)	(6,247)
Accounts payable	(44,532)	19,073
Contract liabilities	869	(1,051)
Other current and long-term liabilities	(41,963)	663
Net change in operating assets and liabilities	(34,862)	969
Net cash provided by (used in) operating activities	(41,596)	47,142
Cash flows from investing activities		
Capital expenditures	(51,172)	(64,931)
Capitalized expenditures for software development	(32,259)	—
Consideration from investment sale	27,000	74,250
Other investing activities, net	80	(5,337)
Net cash provided by (used in) investing activities	(56,351)	3,982
Cash flows from financing activities		
Proceeds from debt	280,300	202,000
Repayments of debt	(197,971)	(252,772)
Change in cash held for merchants	(1,810)	(20,981)
Other financing activities, net	(3,073)	539
Net cash provided by (used in) financing activities	77,446	(71,214)
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	783	(768)
Net decrease in cash, cash equivalents and restricted cash	(19,718)	(20,858)
Cash, cash equivalents and restricted cash, beginning of period	189,455	210,313
Cash, cash equivalents and restricted cash, end of period	$ 169,737	$ 189,455
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 191,859	$ 174,949
Cash paid for income taxes (See Note 3 Income Taxes)	$ 63,557	$ 38,279

The accompanying notes are an integral part of these consolidated financial statements.

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VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Principles of Consolidation and Summary of Significant Accounting Policies

Business Description

VeriFone Systems, Inc. (Verifone, Company, us, we, and our) is a FinTech leader providing valuable end-to-end payment and commerce solutions to the world's best-known retail brands, major financial institutions, distribution partners, other companies within the Fintech industry, and all types and sizes of merchants. The Company's payment devices and global services platform are built on a four-decade history of innovation and uncompromised security. Trusted and recognized by consumers for its growing footprint of devices and ecommerce services in more than 150 countries, Verifone is chosen by businesses for its global scale, local capabilities, omnichannel prowess and solution flexibility.

We are a privately held company and a wholly-owned subsidiary of Vertex Holdco, Inc ("Vertex Holdco"). Vertex Holdco is owned by an investor group led by Francisco Partners and British Columbia Investment Management Corporation ("Investor group").

Basis of Presentation

The accompanying Consolidated Financial Statements include the accounts of VeriFone Systems, Inc. and our wholly-owned and majority-owned subsidiaries. Amounts pertaining to the noncontrolling ownership interests held by third parties in the operating results and financial position of our majority-owned subsidiaries are reported as noncontrolling interests. All intercompany accounts and transactions have been eliminated. The Consolidated Financial Statements also include the results of companies acquired by us from the date of each acquisition. Investments in businesses that we do not control, but in which we have the ability to exercise significant influence over operating and financial matters, are accounted for using the equity method.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions about future events that affect the amounts reported in our Consolidated Financial Statements and accompanying notes. These estimates and assumptions take into account historical and forward looking factors that the Company believes are reasonable. The Company's estimates and assumptions may evolve as conditions change. Actual results could differ materially from these estimates.

Significant Accounting Policies

Foreign Currency

We determine the functional currency for Verifone and our subsidiaries by reviewing the currencies in which their respective operating activities occur. For our subsidiaries whose functional currencies are not the U.S. Dollar, we generally translate assets and liabilities using exchange rates in effect as of the applicable balance sheet dates. Revenue and expenses for these subsidiaries are translated using average rates which approximate those in effect during the period. Foreign currency translation gains and losses are included in stockholders' equity as a component of Accumulated other comprehensive income (loss) in our Consolidated Balance Sheets.

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Monetary assets and liabilities denominated in currencies other than the functional currency of that subsidiary are remeasured to the functional currency using exchange rates in effect as of the applicable balance sheet dates. We recognized a remeasurement loss of $14.7 million and a gain of $2.5 million for the fiscal years ended October 31, 2024 and 2023 that were recorded as Other income (expense), net in our Consolidated Statements of Operations.

Revenue Recognition

The following is a description of principal activities from which the Company generates its revenues.

Products and services	Nature, timing of satisfaction of performance obligations, and significant payment terms
Systems	Systems revenues include the sales of Point of Sale (POS) terminal devices, essential perpetual software licenses and related accessories and are generally provided at a point in time. The Company recognizes revenues when the control of the systems transfers to the customer. This usually occurs when the product is shipped to the customer. The hardware is typically billed upon shipment and the standard payment terms of the Company is Net 30 days.
Services	Services include but are not limited to payment services, leases of our products, term based software licenses, custom software development, repair, extended warranty and installation of devices. The Company recognizes revenue as services are provided to the customer. Billings for services vary but typically occur as the services are performed and the standard payment terms of the Company is Net 30 days.

We sell our products to customers under a contract or by purchase order. Agreements with end users, resellers, value-added resellers, and distributors generally have no rights of return, stock rotation rights, or price protection. We consider a contract to have been established when it has been approved, we can identify each party's rights and obligations, we can identify the payment terms for the goods or services to be transferred, the contract has commercial substance and it is probable that we will collect substantially all of the consideration to which we expect to be entitled.

In contracts with multiple performance promises, we identify each promise and evaluate whether each is distinct at contract inception. Performance promises that are not distinct at contract inception are combined until a group of performance promises is distinct. POS terminal equipment systems are typically sold with embedded essential software. The equipment and the embedded essential software licenses are not distinct because neither is ever sold separately and each are considered inputs to a combined output for which our customers contract. Thus, these two performance promises are combined as a single performance obligation.

We often sell POS equipment together with other related services such as installation, optional software, warehousing and/or maintenance and support services. We consider the installation, optional software, warehousing, maintenance and support services to be separate performance obligations since they are both capable of being distinct (as they are useful to the customers together with the POS equipment that we sell on a standalone basis) and distinct within the context of the contract.

The transaction price is frequently a fixed fee due at contract inception or periodically during the period of performance for related services. Certain contracts for transaction processing and payment services may include variable consideration, either a fixed rate per transaction or in the form of tiered discounts that may apply, depending on the transaction levels the customer generates each month or year, on a prospective basis. The Company assesses whether the customer has a material right on a contract by contract basis.

We allocate the transaction price to each distinct performance obligation based on the relative standalone selling price for each performance obligation. Our transaction processing and payment services constitute a series, and the variable consideration associated with transaction processing services will generally be allocated to each distinct time increment (typically a day or a

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month) of the series since the variable payments in these cases relate specifically to our efforts to process transactions in each distinct time increment of the series and we believe that such allocation generally is consistent with the allocation objective.

We typically have observable evidence of the standalone selling price for POS equipment and related accessories as these are sold frequently on a standalone basis and services are subject to optional renewal periods. When we are unable to establish selling price using observable evidence, we use cost plus margin or adjusted market approach.

Net revenues from sales to end-users, resellers, value-added resellers, and distributors are generally recognized upon shipment of the product. Revenues for related services are recognized as those services are delivered since the customer benefits from the services as we perform them.

We recognize revenue from operating lease arrangements over the term of the applicable lease arrangements. Net revenues from operating lease arrangements represent less than five percent of our total net revenues and are classified as Services net revenues.

Net revenue from service obligations are generally provided over a period of time. Net revenues from services obligations, to be provided over a period of time, are initially deferred and then recognized over the contract period as customers simultaneously consume and receive benefits, given that the services comprise distinct performance obligations that are satisfied over time. Variable fees for transaction processing and payment services are recognized in the month in which they are earned because the terms of the variable payments relate specifically to the outcome from transferring the distinct time increment (typically a day or month) of service and because such amounts reflect the fees to which the Company expects to be entitled for providing the access to services for that period, consistent with the allocation objective. Transaction processing and payment services are a series of distinct services that are substantially the same and have the same pattern of transfer to the customer, which is an output method based on passage of time as this is the method that best depicts the Company's pattern of performance.

We periodically enter into software development contracts with our customers that we recognize as net revenues at a point in time upon transfer of control to the customer when the software development promise qualifies as a separate performance obligation (generally when customization is not significant). Provisions for losses on software development contracts are recorded in the period they become evident. Net revenues from software development contracts comprise approximately two percent of our total net revenues.

Warranty

Our equipment is generally sold with an included 12-month warranty which includes provision for unconditional replacement or repair of equipment that fails during the warranty period. We do not treat included basic warranty as a separate performance obligation. We accrue for estimated warranty obligations when revenue is recognized based on an estimate of future warranty costs for delivered products. Such estimates are based on historical experience and expectations of future costs. At least annually or whenever circumstances warrant, we evaluate and adjust the accrued warranty costs to the extent actual warranty costs vary from the original estimates. We also sell extended warranties, usually for terms of two to four years. Fees for extended warranty are considered separate performance obligations. The service is billed at contract inception and are recorded as a contract liability which is amortized and recognized as revenue over the service period using the time elapsed method.

Contract Assets and Liabilities

Billing requirements for equipment vary by contract but are generally structured around the completion of certain performance obligations, such as installation and integration occurring after delivery of equipment. Billing requirements for services depend upon the service category. For specific service obligations, billing occurs upon completion of the service. For transaction service subscriptions, billing is generally a periodic pre-determined amount based on the nature of the service. In the case of contracted software/systems development projects, billing generally occurs upon achievement of certain milestones defined in the contract. Our payment terms vary by contract but are generally between 30 and 60 days after invoicing.

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When we receive consideration, or when such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, we record a contract liability. This typically results from billings in advance of completing our performance obligations under the contract.

Allowance for credit losses

An allowance for credit losses is established with respect to those amounts that we determine to be doubtful of collection using credit loss history, specific identification of doubtful accounts and an aging of receivables analysis based on invoice due dates. Actual collection losses may differ materially from management's estimates. Uncollectible receivables are written off against the allowance for credit losses when all efforts to collect them have been exhausted. Accounts receivable payment terms are generally between net 30 to 60 days, unless special payment terms are arranged.

Shipping and Handling Costs

We have elected to account for shipping and handling as activities to fulfill the promise to transfer the goods. As such, the shipping and handling costs incurred for delivery to customers are expensed as incurred and are included in Cost of net revenues in our Consolidated Statements of Operations. In those instances where we bill shipping and handling costs to customers, the amounts billed are classified as Net revenues in our Consolidated Statements of Operations.

Contract costs

Costs associated with maintenance contracts, including extended warranty contracts, are expensed when they are incurred. Commissions paid for equipment sales are not material to our financial results and are expensed in the period in which related equipment is delivered to the customer. External legal fees, travel and other costs that would have been incurred regardless of whether the contract was obtained are expensed when incurred. Incremental costs of obtaining a contract are expensed as incurred if the amortization period of the asset that otherwise would have been recognized is estimated to be one year or less.

Stock-Based Compensation

We measure stock-based compensation cost at the grant date, based on the estimated fair value of the award and the estimated number of shares we ultimately expect will vest. Stock-based compensation cost is recognized as expense on a straight-line basis over the requisite service period. Cash flows resulting from the tax benefits due to tax deductions in excess of the compensation cost recognized for those awards are classified as financing cash flows.

Advertising Costs

Advertising costs are expensed as incurred and were immaterial for all periods presented in our Consolidated Statements of Operations.

Research and Software Development Costs

Research and development costs are generally expensed when incurred.

Software development costs incurred to develop software products for resale, including the costs of software components of our products, are subject to capitalization beginning when a product's technological feasibility has been established and ending when a software or product is available for general release to our customers. Capitalized costs of software for resale are amortized on a straight-line basis over the estimated life of the software or associated product, generally three to six years, commencing when the respective software or product is available to our customers.

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Software development costs for internal use software are subject to capitalization during the application development stage, beginning when a project, that will result in additional functionality, is approved and ending when the software is put into productive use. Capitalized internal use software costs are amortized on a straight-line basis over the estimated life of the software, generally three to six years, commencing when the respective software is put into productive use.

Restructuring

The determination of when we accrue for employee involuntary termination benefits depends on whether the termination benefits are provided under a one-time benefit arrangement or under an on-going benefit arrangement. We record charges for one-time benefit arrangements in accordance with Accounting Standard Codification (ASC) 420 *Exit or Disposal Cost Obligations* and charges for on-going benefit arrangements in accordance with ASC 712 *Nonretirement Postemployment Benefits*.

We recognize a liability for costs associated with cancellation of contracts when the liability is incurred. We measure these liabilities at fair value. Costs to terminate a contract before the end of its term are recognized when we terminate the contract in accordance with the contract terms. Costs that will continue to be incurred under a contract for its remaining term without economic benefit are recognized at the contract cancellation date.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities, and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. In evaluating our ability to recover our deferred tax assets management considers all available positive and negative evidence including the past operating results, the existence of cumulative losses in past fiscal years, and the forecasted future taxable income in the jurisdictions in which we have operations.

We have established valuation allowances on U.S. deferred tax assets and certain non-U.S. deferred tax assets because realization of these tax benefits through future taxable income is not more likely than not as of October 31, 2024 and October 31, 2023. We intend to maintain the valuation allowances until sufficient positive evidence exists to support the reversal of the valuation allowances. We make estimates and judgments about our future taxable income that are based on assumptions that are consistent with our plans and estimates. Should the actual amounts differ from the estimates, the amount of the valuation allowance could be materially impacted. An increase in the valuation allowance would result in additional tax expense in such period.

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits and deductions, and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenues and expenses for tax and financial statement purposes, as well as the interest and penalties relating to these uncertain tax positions. Significant changes to these estimates may result in an increase or decrease to our tax provision in a subsequent period.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws. Our estimate for the potential outcome of any uncertain tax issue is based on detailed facts and circumstances of each issue. Resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our results of operations and financial condition.

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In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as this requires us to determine the probability of various possible outcomes. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision in the period.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, money market funds, and time deposits with maturities of three months or less when purchased.

Inventories

Inventories are stated at the lower of standard cost or net realizable value. We compute inventory cost using standard costs, primarily on a FIFO method. Standard costs approximate actual costs, including materials, manufacturing costs, in-bound freight costs, and inbound-related supply chain costs. We regularly monitor inventory quantities on hand and committed orders with contract manufacturers, and record write-downs for excess and obsolete inventories based primarily on usage and our estimated forecast of product demand. Such write-downs establish a new cost basis of accounting for the related inventory.

Consigned inventories from our contract manufacturers where title has not been transferred to us are excluded from our inventories. In certain circumstances, we are obligated to prepay deposits to our contract manufacturers based on a percentage of the value of the inventories consigned to us, and after a certain period of time has elapsed, we may be required to prepay the full amount if we have not taken title to the inventory. Prepayments for consigned inventory are included in Prepaid expenses and other current assets in our Consolidated Balance Sheets.

Generally, we take title to consigned inventories when we ship to our customers, and record the full cost of the inventories as Cost of net revenues at that time. We must purchase the consigned inventories from our contract manufacturers after a certain agreed-upon period of time, ranging from 30 days to one year. Consigned inventories are included in our calculation of minimum order commitments from our contract manufacturers.

Fair Value Measurements

We measure and record certain of our financial assets and liabilities at fair value on a recurring basis. We also apply the provisions of fair value measurement to various non-recurring measurements for our financial and non-financial assets and liabilities.

We define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When estimating fair value, we consider the principal or most advantageous market in which we would transact, and we consider assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, credit risk, and risk of non-performance.

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In measuring fair value, we follow a three-level hierarchy based on the inputs used:

Level 1 — Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2 — Other inputs that are directly or indirectly observable in the marketplace, such as similar instruments in an active market, or computations using, among other inputs, forward pricing curves, credit default spreads, or the Black-Scholes-Merton valuation model.
Level 3 — Unobservable inputs that are supported by little or no market activity.

Equity Investments

We evaluate our equity investments to determine whether an investee is a variable interest entity (VIE). If we conclude that an investee is a VIE and we are the primary beneficiary of a VIE, we consolidate such entity and reflect the noncontrolling interest of other beneficiaries of that entity. If an entity fails to meet the characteristics of a VIE, then we evaluate such entity under the voting model. Under the voting interest entity model, we consolidate the entity if we have a controlling financial interest of more than 50 percent and the noncontrolling shareholders do not have substantive participating rights.

If we do not consolidate the investee, we account for the investment under either the equity method or fair value alternative. Equity investments are accounted for under the equity method if we are able to exert significant influence over the investee but do not have a controlling financial interest. If we do not have significant influence over the investee, we account for it under the fair value alternative. The carrying value of equity investments are included in Other long-term assets in our Consolidated Balance Sheets.

Equity method investments are initially recorded at fair value and are adjusted for our proportionate share of the earnings and losses of the equity method investee. Earnings and losses of equity method investments are included in Other income (expense), net in our Consolidated Statements of Operations. Basis differences between the cost of an equity method investment and the underlying equity in the long-lived assets are amortized over the estimated economic useful life of the underlying long-lived asset and the amortization expense is included in Other income (expense), net in our Consolidated Statements of Operations. We measure our fair value alternative equity investments which do not have a readily determinable fair value at cost less impairment and adjust for observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Such investments are evaluated for impairment each reporting period.

Derivative Financial Instruments

We use derivative financial instruments to manage exposures to interest rate risks. Our primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in interest rates.

We do not use derivative financial instruments for speculative or trading purposes, nor do we hold or issue leveraged derivative financial instruments. Our derivative financial instruments do not include a right of offset, and we do not offset derivative financial assets against derivative financial liabilities.

Our derivative financial instruments consist of interest rate swaps and caps, which we use to hedge a portion of the variability in cash flows related to our interest payments. Our derivative financial instruments are reported at fair value at the end of each reporting period. We use the income approach to value the interest rate swaps and caps, using observable Level II inputs at the measurement date and discount future amounts to a single present amount reflecting current market expectations. Level II inputs for the valuations include London Interbank Offered Rate (USD LIBOR) and Secured Overnight Financing Rate (SOFR) rate curves, futures, volatilities and basis spreads at each period end date. Derivative asset and liability fair values are adjusted for credit quality.

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The variable cash flow on our term debt and derivative financial instruments was based upon USD LIBOR rates which was discontinued on June 30, 2023 and replaced by a spread-adjusted SOFR rate. When we enter into hedges we formally assess hedge effectiveness. In our initial assessment, we applied several optional expedients provided under ASU 2020-04 Reference Rate Reform (Topic 848) to disregard the impact of the rate changes due to reference rate reform.

After our initial effectiveness assessment, we assess the effectiveness qualitatively on an ongoing basis. When an anticipated transaction is no longer likely to occur, the corresponding derivative instrument is ineffective as a hedge, and changes in fair value of the instrument are recognized in Other income (expense), net in the Consolidated Statements of Operations.

We record the estimated fair value of our outstanding derivative financial instruments on our Consolidated Balance Sheets at the end of each reporting period as either assets or liabilities. Gains and losses arising from derivative financial instruments that are designated as cash flow hedges are recorded in Accumulated other comprehensive income (loss) on our Consolidated Balance Sheets, and are subsequently reclassified into earnings in the period or periods during which the underlying transactions affect earnings. Cash flows from our interest rate caps are included in Cash Flows from Operating Activities in the Consolidated Statements of Cash Flows.

Long-Lived Assets

Fixed assets are stated at cost, net of accumulated depreciation and amortization. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the assets, generally ranging from three to ten years, except buildings which are depreciated over 50 years. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful life of the asset.

Revenue generating assets are comprised of tangible assets that are generating revenues under rental or service based arrangements. Revenue generating assets are stated at cost, net of accumulated depreciation, and are depreciated on a straight-line basis over the estimated useful lives of the assets, generally five years. Payments to acquire revenue generating assets are included in Capital expenditures within cash flows from investing activities on our Consolidated Statements of Cash Flows.

Equipment under finance type leases is recorded at the lesser of the present value of the minimum lease payments at the beginning of the lease term or the fair value of such equipment. Leased equipment is amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of such equipment.

Purchased intangible assets that have finite useful lives are amortized on a straight-line basis over their estimated period of benefit, generally ranging from one to 15 years. Intangible assets with indefinite lives such as In-process research and development (IPR&D) are not amortized, but subject to an impairment assessment annually on August 1. If the project is completed, the carrying value of the related intangible asset is amortized over the estimated life of the asset beginning in the period in which the project is completed and sales of the related product commenced.

If the estimated period of benefit for any of our long-lived assets is determined to have changed, we amortize the remaining net book values over the revised period of benefit.

We periodically evaluate whether changes have occurred that would render our long-lived assets not recoverable. If such circumstances arise, we use an estimate of the undiscounted value of expected future operating cash flows to determine whether the long-lived assets are impaired. If the aggregate undiscounted cash flows are less than the carrying amount of the assets, the resulting impairment charge to be recorded is calculated based on the excess of the carrying amount of the assets over the fair value of such assets, with the fair value generally determined based on an estimate of discounted future cash flows. For assets held for sale, to the extent the carrying value is greater than the asset's fair value less costs to sell, an impairment loss is recognized for the difference.

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Goodwill

Goodwill is measured as the excess of consideration transferred and the net of the acquisition date fair value of assets acquired and liabilities assumed in a business acquisition. Goodwill is not amortized for accounting purposes.

We review the goodwill allocated to each of our reporting units for possible impairment annually on August 1 and whenever events or changes in circumstances indicate its carrying amount may not be recoverable. We have two reporting units: Systems and Services. When assessing goodwill for impairment, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform a quantitative impairment test. If, we conclude otherwise, then no further action is taken. In a quantitative impairment test, we measure the recoverability of goodwill by comparing a reporting unit's carrying amount, including goodwill, to the estimated fair value of the reporting unit, and record an impairment charge for any excess.

In assessing the qualitative factors, we assess relevant events and circumstances that may impact the fair value and the carrying amount of the reporting unit. The identification of relevant events and circumstances, and how these may impact a reporting unit's fair value or carrying amount involve significant judgments and assumptions. The judgments and assumptions include the identification of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, VeriFone specific events, and share price trends, and making the assessment as to whether each relevant factor will impact the impairment test positively or negatively and the magnitude of any such impact.

The carrying amount of each reporting unit is determined based upon the assignment of our assets and liabilities, including existing goodwill and other intangible assets, to the identified reporting units. Where an acquisition benefits only one reporting unit, we assign, as of the acquisition date, all goodwill for that acquisition to the reporting unit that will benefit. Where we have an acquisition that benefited more than one reporting unit, we allocate the goodwill to our reporting units as of the acquisition date such that the goodwill assigned to a reporting unit is the excess of the fair value of the acquired business, or portion thereof, to be included in that reporting unit over the fair value of the individual assets acquired and liabilities assumed that are assigned to the reporting unit.

Debt Issuance Costs and Original Issue Discounts

Costs incurred in connection with the issuance of new debt are generally capitalized and amounts paid in connection with the modification of existing debt are generally expensed as incurred. Capitalizable debt issuance costs paid to third parties and original issue discounts paid to creditors, net of amortization, are offset against the associated Short-term and Long-term debt on our Consolidated Balance Sheets.

Amortization expense on capitalized debt issuance costs and original issue discounts related to loans with fixed payment terms is calculated using the effective interest method over the term of the associated loans. Amortization expense on capitalized debt issuance costs and original issue discounts related to revolving loans are calculated using the straight-line method over the term of the revolving loan commitment. Amortization expense is recorded in Interest expense, net in our Consolidated Statements of Operations. When debt is extinguished prior to the maturity date, any remaining associated debt issuance costs or original issue discounts are expensed to Interest expense, net in our Consolidated Statements of Operations.

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VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Leases

We determine whether an arrangement is a lease for accounting purposes at contract inception. For our operating leases, we record a right-of-use (ROU) assets in our Consolidated Balance Sheets, which represents our right to control the use of an underlying asset for the lease term. Control of an underlying asset is conveyed if we obtain the rights to direct the use of the asset, and if the company obtains substantially all of the economic benefits from the use of the asset. Lease expense for variable leases and short-term leases is recognized when the obligation is incurred. A corresponding lease liability, which represents our obligation to make fixed lease payments arising from lease, is recorded in Accrued and other liabilities and Long-term lease liability in our Consolidated Balance Sheets.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. We use our incremental borrowing rate to calculate the present value of the lease payments. The incremental borrowing equals the rate of interest we would have to pay or borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The incremental borrowing rate is determined at the beginning of each fiscal period, and is applied to all leases entered in that fiscal period.

We elected the short-term lease exception and will not recognize ROU assets or lease liabilities for qualifying leases with a term of less than 12 months from lease commencement. Lease payments for short-term leases are recognized on straight-line basis.

Business Combinations

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of the identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from our estimates. During the measurement period, which is not to exceed one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Uncertain tax positions and tax-related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. We reevaluate these items quarterly with any adjustments to our preliminary estimates being recorded to goodwill provided that we are within the measurement period, and we continue to collect information in order to determine their estimated values. Subsequent to the measurement period or our final determination of the tax allowance's estimated value, changes to these uncertain tax positions and tax-related valuation allowances will affect our Income tax provision in our Consolidated Statements of Operations and could have a material impact on our results of operations and financial position.

Acquisition-related costs are expensed as incurred.

Concentrations of Credit Risk

Our ability to generate revenues can be impacted by a variety of economic factors, such as country specific and global economic growth, infrastructure development, expanding presence of Internet and wireless connectivity and support from governments seeking to modernize their economies and to encourage electronic payment transactions as a means of driving commerce and improving tax collection. In addition, factors such as the advancement in payment technologies, price sensitivities, country specific compliance requirements or regulatory mandates and customer preferences for point of sale experiences also impact our ability to generate revenues. These factors can affect the nature, amount, timing and uncertainty of our revenues and cash flows.

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Cash is placed on deposit in major financial institutions around the world. Some of these deposits may be in excess of insured limits. We believe that the financial institutions that hold our cash are financially sound and, accordingly, minimal credit risk exists with respect to these balances.

We invest cash not required for use in operations in high credit quality securities based on our investment policy. The investment policy has limits based on credit quality, investment concentration, investment type, and maturity that we believe reduce the risk of loss. Investments are of a short-term nature and include investments in money market funds and time deposits.

Our derivative financial instruments expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement when we have an unrealized gain on the instrument. We believe the counterparties for our outstanding contracts are large, financially sound institutions, and thus we do not anticipate nonperformance by these counterparties. However, given the high debt levels of many countries and institutions worldwide, the failure of the counterparties is possible. We have not experienced any investment losses due to institutional failure or bankruptcy.

Our accounts receivable are derived from sales to a large number of direct customers, resellers, and distributors globally. We perform ongoing evaluations of our customers' financial condition and limit the amount of credit extended when deemed necessary, but generally require no collateral. As of October 31, 2024 and 2023, no single customer accounted for more than 10% of our total Accounts receivable, net. For fiscal years ended October 31, 2024 and 2023, no single customer accounted for more than 10% of our total Net revenues.

We utilize a limited number of third parties to manufacture our products, and rely upon these contract manufacturers to produce and deliver products on a timely basis and at an acceptable cost. Furthermore, a majority of our manufacturing activities are concentrated in China, Thailand, Malaysia, Vietnam and Brazil. As a result, disruptions to the business or operations of the contract manufacturers or to their ability to produce the required products in a timely manner could significantly impact our business and operations. In addition, a number of components that are necessary to manufacture and assemble our systems are specifically customized for use in our products and are obtained from sole source suppliers on a purchase order basis. Because of the customized nature of these components and the limited number of available suppliers, if we were to experience a supply disruption, it would be difficult and costly to find alternative sources in a timely manner.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses" (as amended by ASU 2018-19, 2019-10 and 2019-11), which introduces new guidance for the accounting for credit losses on financial instruments and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The standard was effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. ASU 2016-13 provides a framework to determine our allowance for credit losses on the consolidated balance sheets. We adopted this standard effective November 1, 2023 with no impact to consolidated financial statements.

In October 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No 2021-08, "Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities for Contracts with Customers" ("ASU 2021-08"). ASU 2021-08 requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606 "Revenue from Contracts with Customers" instead of fair value as required by current GAAP rules. We adopted this standard effective November 1, 2022 with no impact to consolidated financial statements.

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Recently Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures, primarily related to the rate reconciliation and income taxes paid disclosures as well as certain other amendments to income tax disclosures. Entities will be required on an annual basis to consistently categorize and provide greater disaggregation of rate reconciliation information and further disaggregate their income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 31, 2025 for non-public entities; early adoption permitted. The ASU should be applied on a perspective basis, although retrospective application is permitted. The Company is currently evaluating the impact of adopting the standard and has not early adopted the ASU.

Note 2. Employee Benefit Plans

Retirement and Post-employment Plans

We maintain defined contribution retirement plans in certain countries, including a 401(k) plan for our U.S. employees. During the fiscal years 2024 and 2023, we contributed $8.3 million and $9.1 million to these plans.

We have defined benefit pension plans, as required by local laws, for our employees in certain countries, and non-retirement post-employment benefit plans for our employees in certain countries. These plans are not considered material to our financial position or results of operations.

Equity Incentive Plan

2018 Equity Incentive Plan

On August 20, 2018, Vertex Holdco, Inc. approved the 2018 Vertex Holdco, Inc. Stock Incentive Plan (the 2018 Plan) pursuant to which Vertex Holdco may grant options, stock appreciation rights, and other stock-based awards to its employees and those of its affiliates, for up to an aggregate of 22.3 million shares plus any shares purchased at fair market value under a share purchase program. Under this equity incentive plan, time-based stock options of 1.2 million and 1.9 million and performance based stock options of 1.2 million and 1.9 million were granted to key employees, directors, and other service providers of the Company during the fiscal years ended October 31, 2024 and 2023.

The Plan is administered by a committee of the Vertex Holdco board of directors. Such committee determines the terms of each stock-based award grant under the 2018 Equity Incentive Plan, except that the exercise price of any granted options and the grant price of any granted stock appreciation rights may not be lower than the fair market value of one share of common stock of Holdco as of the grant date. Vertex Holdco is the parent entity of VeriFone Systems, Inc.

Stock option awards are granted with an exercise price equal to or greater than the grant date fair value of the common stock and have a maximum term of ten years. Time-based awards have a vesting term over a period of 1 to 4 years from the grant date.

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VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table provides a summary of stock option activity for the fiscal year 2024:

	Number of Shares (in thousands)	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)
Outstanding at beginning of period	13,132	$ 10.39	
Granted	2,423	$ 10.00	
Canceled	(2,456)	$ 10.47	
Expired	(547)	$ 10.34	
Outstanding at end of period	12,552	$ 10.30	6.79
Vested or expected to vest at October 31, 2024	9,289	$ 10.30	6.52
Exercisable at October 31, 2024	4,640	$ 10.31	5.49

As of October 31, 2024, 9.7 million shares remained available for future grants under this plan.

We estimate the grant-date fair value of stock options using the Black-Scholes-Merton valuation model, using the following weighted-average assumptions:

	Year ended October 31, 2024
Expected term (in years)	1.50
Risk-free interest rate	4.28 %
Expected dividend rate	— %
Expected stock price volatility	58.0 %

These assumptions used to value our awards are determined as follows:

- The term of the options is based on managements' estimates due to the lack of sufficient historical exercise data to provide a reasonable basis.
- The expected stock price volatility is derived by using the historical volatility of a group of peer companies since our shares are not traded publicly.
- The average risk-free interest rate is based on the U.S. Treasury zero-coupon issues with a remaining term equal to the expected term of the awards.
- The dividend yield assumption is based on our dividend history and future expectations of dividend payouts. We do not expect to have dividends in the future.

As of October 31, 2024, total unrecognized stock-based compensation expense for unvested options was $6.8 million and is expected to be recognized over a weighted average period of approximately 2.7 years. The weighted-average grant-date fair value for stock options granted during the fiscal years ended October 31, 2024 and 2023 was $0.84 and $4.07. The total fair value of stock options vested during the fiscal years ended October 31, 2024 and 2023 was $5.0 million and $2.9 million.

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Topco Profit Interest Units

During the fiscal year ending October 31, 2024, Vertex Topco LP ("Topco") issued a total of 5.4 million profit interest units in Topco including 2.2 million time-based units and 3.2 million performance units. The units entitled the holder the rights to Topco distributions in excess of the threshold ranging from $10.00 to $20.00 per unit. Time-based units vest over a four year service period from the date of grant and the performance units vest upon the achievement of a two times total equity return to the existing Topco partners. The units have a maximum term of ten years.

The fair value attributed to the time-based units was $1.8 million and $2.5 million for awards granted during the fiscal years ending October 31, 2024 and 2023. The fair value of the time-based units will be recognized over the remaining service period. The fair value of the performance units will not be recognized until it is probable the performance conditions will be satisfied.

Stock-Based Compensation Expense

The following table presents the stock-based compensation expense recognized in our Consolidated Statements of Operations (in thousands):

	Years ended October 31,	
	2024	2023
Cost of net revenues	$ 599	$ 573
Research and development	671	626
Sales and marketing	1,650	1,515
General and administrative	2,053	1,166
Total stock-based compensation expense	$ 4,973	$ 3,880

Our computation of stock-based compensation expense includes an estimate of award forfeitures based on historical experience. We record compensation expense only for those awards that are expected to vest.

Performance-based stock options ultimately vest depending upon satisfaction of conditions that only arise in the event of a sale of the Company. No compensation expense will be recognized on these stock options unless it becomes probable the performance conditions will be satisfied.

Note 3. Income Taxes

Income (loss) before income taxes consisted of the following (in thousands):

	Years ended October 31,	
	2024	2023
United States	$ (193,486)	$ (60,412)
Foreign	(50,680)	(26,623)
Income (loss) before income taxes	$ (244,166)	$ (87,035)

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The provision for (benefit from) income taxes consisted of the following (in thousands):

	Years Ended October 31,	
	2024	2023
Current:		
Federal	$ 2,294	$ 17,480
State	(53)	1,288
Foreign	2,726	52,125
Total current provision for income taxes	4,967	70,893
Deferred:		
Federal	799	(2,787)
State	(1,449)	(973)
Foreign	(12,621)	(29,351)
Total deferred benefit from income taxes	(13,271)	(33,111)
Income tax provision (benefit)	$ (8,304)	$ 37,782

A reconciliation of taxes computed at the federal statutory income tax rate to the provision for (benefit from) income taxes is as follows (in thousands):

	Years Ended October 31,	
	2024	2023
Provision for (benefit from) income taxes computed at the federal statutory rate	$ (51,275)	$ (18,277)
State income tax, net of federal tax benefit	(1,455)	475
Foreign income taxes at other than U.S. rates	(4,302)	29,849
Valuation allowance, net	36,581	44,349
Israel settlement deferred tax liability	(440)	(10,140)
Base Erosion and Anti-Abuse Tax (BEAT) Disallowance	7,833	6,195
Unrecognized tax benefit	(8,289)	(5,165)
Prior Period True Ups	9,783	(6,654)
Other	3,260	(2,850)
Income tax provision (benefit)	$ (8,304)	$ 37,782

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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of our deferred tax assets and liabilities were as follows (in thousands):

	October 31,	
	2024	2023
Deferred tax assets:		
Loss carry forwards	$ 328,375	$ 418,811
Basis differences in deductible goodwill and purchased intangibles	40,877	48,822
Foreign tax credit carry forwards	5,658	8,533
Accrued expenses and reserves	37,361	50,768
Contract liabilities	9,607	9,629
Unrealized foreign currency losses	11,079	14,814
Right of use lease liabilities	5,343	5,647
R&D credit carry forwards	2,140	2,064
Interest carry forwards	149,542	104,273
Inventories	14,378	12,882
Section 174 Capitalization	57,208	45,432
Other deferred tax assets	33,370	32,708
Total deferred tax assets	694,938	754,383
Valuation allowance	(605,243)	(660,540)
Deferred tax liabilities:		
Basis differences on purchased intangibles	(66,421)	(80,481)
Basis differences in investments in foreign subsidiaries	(9,621)	(9,522)
Other deferred tax liabilities	(68,945)	(70,769)
Total deferred tax liabilities	(144,987)	(160,772)
Net deferred tax liabilities	$ (55,292)	$ (66,929)

The realization of deferred tax assets is dependent primarily on generating sufficient U.S. and foreign taxable income in future fiscal years. We regularly assess the need for a valuation allowance against deferred tax assets. In making that assessment, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more-likely-than-not that some or all of the deferred tax assets will not be realized. In evaluating the need for a valuation allowance, we consider the cumulative loss in the U.S. as a significant piece of negative evidence. We will continue to assess the realizability of the deferred tax assets in each of the applicable jurisdictions going forward and adjust the valuation allowance accordingly. We intend to maintain the valuation allowances until sufficient positive evidence exists to support the reversal of the valuation allowance.

The valuation allowance decreased by $55.3 million in fiscal year 2024 primarily due to utilization of U.S. tax attributes as a result of U.S. taxable income offset by capitalized research expenditures and disallowed interest expense carryforward.

The tax loss carry forwards as of October 31, 2024 were related primarily to tax losses of $848.1 million in the U.S. federal jurisdiction, of which $417.5 million can be carried forward indefinitely, $1,028.1 million in Luxembourg, $100 million in Ireland, $63.8 million in France, $14.1 million in Romania, $8.2 million in Germany, and $19.5 million in various other non-U.S. countries. Approximately $1,210.3 million of foreign tax losses may be carried forward indefinitely. The remaining approximately $23.5 million of foreign tax losses is subject to limited carry forward terms of 5 to 15 years, and will expire at

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various dates in fiscal year 2025, if not utilized. Various states have tax loss carry forwards of $458.2 million that will expire at various dates beginning in fiscal year 2025 if not utilized.

Due to our acquisition by the Investor group in FY18, utilization of $632.4 million of our U.S. NOL and $14.1 million of our tax credit carryforwards may be subject to annual limitation due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code and similar state provisions. Such an annual limitation may result in the expiration of certain NOLs and tax credits before future utilization. Under Section 382 of the Tax Code, the ability to utilize NOL carryforwards or other tax attributes, such as research tax credits, in any taxable year may be limited if we have experienced an "ownership change." Generally, a Section 382 ownership change occurs if there is a cumulative increase of more than 50 percentage points in the stock ownership of one or more stockholders or groups of stockholders who own at least 5% of a corporation's stock within a specified testing period. Similar rules may apply under state tax laws. During FY23, we have performed an analysis under Internal Revenue Code Sections 382 and 383 through October 31, 2023 to determine the amount of our net operating loss carryforwards and research development credit carryforwards that will be subject to annual limitation. The analysis concluded that we have experienced one or more such ownership changes prior to October 31, 2023 and the Company's net operating losses and tax credit carryforwards generated prior to the identified ownership changes are subject to limitation under Sections 382 and 383. Due to the Section 382 limits, $5.1 million of the Federal research and development credits are expected to expire unused. Net operating losses generated after December 31, 2017 are not subject to expiration, but the utilization of these net operating losses will be limited to 80% of the taxable income in the years in which they are utilized. We may experience ownership changes as a result of future financing or other changes in the stock ownership.

As of October 31, 2024, we have recorded U.S. foreign tax credit carry forwards of $5.6 million which will expire at various dates beginning in fiscal year 2025, if not utilized. In addition, we have recorded U.S. federal and state research and development tax credit carry forwards of $14.2 million and $5.0 million, which will expire at various dates beginning in fiscal year 2034, if not utilized. State R&D credits will be carried forward indefinitely.

Cash Paid for Income Taxes

Cash paid for income taxes consisted of the following (in thousands):

	Years ended October 31,	
	2024	2023
Global Income Taxes	$ 23,790	$ 28,821
Israel Tax Settlement	39,767	9,458
Cash Paid for Income Taxes	$ 63,557	$ 38,279

Israel Tax Audit Assessment

On November 14, 2022, we entered into a final agreement with the Israeli Tax Authorities (ITA) to settle all tax related disputes. We were under audit by the Israeli Tax Authorities for fiscal years 2011 through 2015.

As part of the Settlement Agreement, we agreed to pay the ITA in a total sum of 347.5 million NIS (approximately $91.7 million in USD at the foreign exchange rate as of October 31, 2024) in installments starting in FY2023 through FY2026, in addition to interest and CPI on the unpaid tax liability. During fiscal year 2024, we paid 146.7 million NIS in total to the ITA ($39.8 million USD) including taxes, interest and CPI. We have reversed the uncertain tax position reserve during FY23 and have recorded short-term and long-term liabilities associated with the settlement payments and interest as of the fiscal year ended October 31, 2024.

Other Audits

We have certain other foreign subsidiaries under audit by foreign tax authorities, including Germany for years 2013 through 2016 and 2019 through 2021, India for years 2009 through 2020 and 2023, Indonesia for year 2023, Israel for years 2017

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through 2020, Romania for years 2011 through 2016, Thailand for year 2020 and 2022, and UK for the year 2022. Although we believe we have appropriately provided for income taxes for the years subject to audit, local taxing authorities may adopt different interpretations. We have not yet received any final determinations with respect to these audits. We have accrued tax liabilities associated with these audits, except for UK and Indonesia where the audits are still in initial proceedings. We are no longer subject to tax examination for periods prior to 2009.

We are subject to income tax in many jurisdictions in and outside of the U.S. Our operations in the U.S. and certain state and local jurisdictions remain subject to examination for years 2004 to 2024, some of which are currently under audit by local tax authorities. The resolution of each of these audits is not expected to be material to our consolidated financial statements.

The aggregate changes in the balance of gross unrecognized tax benefits were as follows (in thousands):

	October 31,	
	2024	2023
Balance at beginning of period	$ 321,764	$ 350,110
Lapse of statute of limitations	(1,239)	(1,484)
Increases in balances related to tax positions taken during prior periods	1,378	14,175
Decreases in balances related to tax positions taken during prior periods	(22,193)	(3,397)
Increases in balances related to tax positions taken during current period	4,194	21,636
Settlements	(747)	(59,276)
Balance at end of period	$ 303,157	$ 321,764

Of the total $303.2 million gross unrecognized tax benefits, $25.1 million, if recognized, will affect our effective tax rate. The amount of unrecognized tax benefits could be reduced upon closure of tax examinations or if the statute of limitations on certain tax filings expires without assessment from the tax authorities. In addition, we believe that it is reasonably possible that there could be an immaterial reduction in unrecognized tax benefits due to statute of limitation expirations in multiple tax jurisdictions during the next 12 months. Interest and penalties accrued on these uncertain tax positions will also be released upon the expiration of statutes of limitations. Interest and penalties recognized in each statement of operations were not material. As of October 31, 2024, we have accrued $3.3 million for the payment of interest and penalties related to unrecognized tax benefits. We recognize interest and penalties related to unrecognized tax benefit on the income tax line in the accompanied consolidated statement of operations. Accrued interest and penalties are included on the related liability lines in the consolidated balance sheet.

Note 4. Balance Sheet and Income Statement Components

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows (in thousands):

	October 31,	
	2024	2023
Cash and cash equivalents	$ 81,631	$ 99,132
Cash held for merchants	77,250	79,060
Restricted cash included in Prepaid expenses and other current assets	8,858	8,101
Restricted cash included in Other long-term assets	1,998	3,162
Total cash, cash equivalents and restricted cash	$ 169,737	$ 189,455

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Restricted cash was mainly comprised of cash held on behalf of customers as part of our transaction processing services.

As of October 31, 2024 and 2023, $53.8 million and $70.9 million of our cash and cash equivalents were held by our foreign subsidiaries. If we decide to distribute or use such cash and cash equivalents outside those foreign jurisdictions, including a distribution to the U.S., we may be subject to additional taxes or costs.

Allowances for credit losses

Activity related to the allowances for credit losses consisted of the following (in thousands):

	Years Ended October 31,	
	2024	2023
Balance at beginning of period	$ 11,883	$ 7,843
Charges to bad debt expense	8,465	7,166
Write-offs, recoveries and adjustments	(5,818)	(3,126)
Balance at end of period	$ 14,530	$ 11,883

Inventories

Inventories consisted of the following (in thousands):

	October 31,	
	2024	2023
Raw materials	$ 18,420	$ 19,759
Work-in-process	1,068	1,596
Finished goods	82,547	99,027
Total inventories	$ 102,035	$ 120,382

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	October 31,	
	2024	2023
Prepaid expenses	$ 30,463	$ 33,198
Prepaid taxes	25,441	26,076
Restricted cash	86,108	87,161
Derivative financial instruments	—	15,329
Other current assets	9,032	30,735
Total prepaid expenses and other current assets	$ 151,044	$ 192,499

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VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	Estimated Useful Life (Years)	October 31, 2024	October 31, 2023
Revenue generating assets	5	$ 143,669	$ 131,690
Computer hardware and software	3-5	39,528	37,241
Machinery and equipment	3-10	30,685	27,584
Leasehold improvements	Lesser of the term of the lease or the estimated useful life	12,330	13,295
Office equipment, furniture, and fixtures	3-5	6,910	6,159
Buildings	50	1,896	1,896
Total depreciable property and equipment, at cost		235,018	217,865
Accumulated depreciation		(157,133)	(130,522)
Depreciable property and equipment, net		77,885	87,343
Construction in progress		6,926	5,209
Land		1,170	1,170
Total property and equipment, net		$ 85,981	$ 93,722

Software to be Sold, Leased or Otherwise Marketed

As of October 31, 2024, unamortized development costs associated to software to be sold, leased or otherwise marketed of $30.9 million was included in Other long-term assets on the Consolidated Balance Sheets. For the fiscal year ending October 31, 2024, amortization of software development costs of $1.3 million was included in Cost of net revenues.

Accruals and Other Current Liabilities

Accruals and other current liabilities consisted of the following (in thousands):

	October 31, 2024	October 31, 2023
Accrued expenses	$ 80,885	$ 75,541
Merchant payable	68,761	82,093
Other current liabilities	59,445	46,446
Income taxes	44,571	50,593
Accrued interest	35,533	37,803
Accrued compensation	31,010	34,203
Short-term lease liability	12,379	11,701
Accrued contingent liabilities	10,252	10,256
Total accruals and other current liabilities	$ 342,836	$ 348,636

Other current liabilities were comprised primarily of sales and value-added taxes payable, customer deposits, vendor payables, restructuring liabilities, derivative liabilities, and accrued warranty.

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Accrued Warranty

Activity related to accrued warranty consisted of the following (in thousands):

	Years Ended October 31,	
	2024	2023
Balance at beginning of period	$ 5,748	$ 6,423
Warranty charged to Cost of net revenues	3,276	8,295
Utilization of warranty accrual and others	(5,024)	(8,970)
Balance at end of period	4,000	5,748
Less: current portion	(3,702)	(5,190)
Long-term portion	$ 298	$ 558

Accumulated Other Comprehensive Loss

Activity related to Accumulated other comprehensive loss consisted of the following (in thousands):

	Foreign currency translation adjustments [1]	Unrealized gain (loss) on derivatives designated as cash flow hedges [2]	Other [3]	Total
Balance as of October 31, 2022	$ (200,759)	$ 18,927	$ 5,895	$ (175,937)
Gains before reclassifications, net of tax	21,605	7,073	591	29,269
Amounts reclassified out of Accumulated other comprehensive loss, net of tax	1,364	(8,221)	104	(6,753)
Other comprehensive income (loss)	22,969	(1,148)	695	22,516
Balance as of October 31, 2023	$ (177,790)	$ 17,779	$ 6,590	$ (153,421)
Gains (losses) before reclassifications, net of tax	1,321	(5,160)	(128)	(3,967)
Amounts reclassified out of Accumulated other comprehensive loss, net of tax	(617)	(12,640)	(71)	(13,328)
Other comprehensive income (loss)	704	(17,800)	(199)	(17,295)
Balance as of October 31, 2024	$ (177,086)	$ (21)	$ 6,391	$ (170,716)

(1) Amounts reclassified from Accumulated other comprehensive loss, net of tax, were recorded in Noncontrolling interests in subsidiaries in the Consolidated Balance Sheets.
(2) Amounts reclassified from Accumulated other comprehensive loss, net of tax, were recorded in Interest expense, net in the Consolidated Statements of Operations. The related tax impacts were insignificant.
(3) Amounts reclassified from Accumulated other comprehensive loss, net of tax, were recorded in General and administrative expenses in the Consolidated Statements of Operations. The related tax impacts were insignificant.

Foreign Currency Transactions Gains and Losses

Foreign currency losses, net of gains were $19.3 million for the fiscal year ending October 31, 2024 and foreign currency gains, net of losses were $4.4 million for the fiscal year ending October 31, 2023. Foreign currency gains and losses are included in Other income (expense), net on the Consolidated Statement of Operations.

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Note 5. Financial Instruments

Fair Value Measurements

Our financial assets and liabilities consist principally of cash, accounts receivable, accounts payable, debt, interest rate swap and caps and are reported at fair value. The estimated fair value of cash, accounts receivable, and accounts payable approximates their carrying value. The estimated fair value of our debt approximates the carrying value because the interest rate on such debt adjusts to market rates on a periodic basis. Interest rate swaps and caps are recorded at estimated fair value on a recurring basis.

Interest Rate Cap Agreements Designated as Cash Flow Hedges

Prior to fiscal year ending October 31, 2023, we used interest rate swaps to hedge the variability in cash flows related to interest payments of our term loans. These interest rate swaps expired in November 2022. In our fiscal quarter ending on October 31, 2022, we entered into interest rate caps to replace the expiring interest rate swaps. Six interest rate caps have a notional value of $1.2 billion and a cap rate of 4.0% and one interest rate cap has a notional value of $0.25 billion and a cap rate of 4.5%. The 4% interest rate caps mature on August 20, 2025 and the 4.5% interest rate cap matured on March 25, 2024. All interest rate caps were effective on November 30, 2022. The interest rate cap agreements require us to pay premiums of $15.6 million in the fiscal year ending October 31, 2025.

The interest rate caps qualify for hedge accounting treatment as cash flow hedges. We excluded the time value from our initial assessment of hedge effectiveness and will recognize the interest rate cap premiums in Interest expense, net on a straight line basis over the term of the interest rate caps.

We recorded liabilities related to our interest rate caps of $5.8 million as of October 31, 2024 and assets of $15.4 million as of October 31, 2023. The assets and liabilities are measured at fair value on a recurring basis and are classified in Level 2 within the fair value hierarchy. There were no transfers in fair value hierarchy in the fiscal years ended October 31, 2024 and 2023.

As of October 31, 2024, the estimated net derivative gain related to our cash flow hedges included in Accumulated other comprehensive loss that will be reclassified into earnings in the next 12 months is $2.5 million. The derivative gains reclassified from Accumulated other comprehensive loss to Interest expense, net were $12.6 million and $8.2 million for the fiscal year ended October 31, 2024 and 2023.

Note 6. Equity Investments

Equity Method Investments

We had a 25.3% equity interest in Gas Media Holdings, LLC ("Gas Media"). We accounted for its equity interest in Gas Media under the equity method of accounting. On June 21, 2023, we sold our entire equity interest in Gas Media for $104.0 million in cash consideration with $70.0 million received at close and $34.0 million in non-interest bearing installment payments due from September 2023 to November 2024. Gas Media entered into a credit agreement to finance the transaction and we signed a subordination agreement that limited our rights to receive future installment payments in certain instances and prohibited liens to secure the installment payments. After the close, we have no involvement in or obligations to the Gas Media business and our rights are limited to the future installment payments.

The carrying value of our Gas Media investment was $37.6 million on the sale close date. We estimated the fair value of the total consideration to be $100.2 million and recognized a gain on sale of the equity investment of $62.6 million during the fiscal year ending October 31, 2023.

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Fair Value Alternative Investments

We have investments accounted for under the fair value alternative that have a carrying value of $34.0 million as of October 31, 2024 and 2023 and were included in Other long-term assets in our Consolidated Balance Sheets. One of these investments is in variable interest entity where we are not the primary beneficiary. Our known maximum exposure to loss on the variable interest entity is our carrying value of the investments of $30.3 million on October 31, 2024. These investments do not have a readily determinable fair values and we did not record any other-than-temporary impairments for the fiscal years ended October 31, 2024 and 2023.

Note 7. Goodwill and Purchased Intangible Assets

Goodwill

Activity related to goodwill for the fiscal years ended October 31, 2024 and 2023 consisted of the following (in thousands):

	Years Ended October 31,	
	2024	2023
Balance at the beginning of period	$ 1,561,979	$ 1,549,157
Currency translation adjustments	(7,724)	12,822
Balance at the end of period	$ 1,554,255	$ 1,561,979

During the fourth quarter of fiscal year 2024, we completed our annual impairment assessment and concluded that there was no impairment to goodwill. We used the qualitative method in our 2024 annual assessment related to both of our reporting units.

Purchased Intangible Assets, Net

Purchased intangible assets, net consisted of the following (in thousands):

	October 31, 2024			October 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 1,162,927	$ (712,646)	$ 450,281	$ 1,149,753	$ (587,178)	$ 562,575
Developed technology	70,745	(59,851)	10,894	258,977	(213,522)	45,455
Trade name	158,800	(65,626)	93,174	158,800	(55,039)	103,761
Other	—	—	—	2,942	(2,608)	334
Total	$ 1,392,472	$ (838,123)	$ 554,349	$ 1,570,472	$ (858,347)	$ 712,125

Activity related to the gross carrying amount of purchased intangible assets during the fiscal year ended October 31, 2024 includes $192.7 million in retirements offset by $14.7 million related to currency translation adjustments. Activity related to accumulated amortization amount of purchased intangible assets during the fiscal year ended October 31, 2024 included $192.7 million in retirements offset by $165.5 million in amortization and $7.0 million in currency translation adjustments.

Activity related to the gross carrying amount of purchased intangible assets during the fiscal year ended October 31, 2023 includes $8.6 million in acquisition additions and $8.4 million in currency translation adjustments offset by $216.8 million in retirements and $10.7 million related to an impairment of a technology intangible. Activity related to accumulated amortization amount of purchased intangible assets during the fiscal year ended October 31, 2023 included $209.8 million in amortization and $1.7 million in currency translation adjustments offset by $216.8 million in retirements and $5.9 million related to an impairment of a technology intangible.

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VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The intangible amortization related to cost of systems and service revenues for the fiscal years ended October 31, 2024 and 2023 is as follows (in thousands):

	Years Ended October 31,	
	2024	2023
Systems	$ 15,769	$ 56,402
Services	19,232	22,971
Total	$ 35,001	$ 79,373

Total future amortization expense for purchased intangible assets that have finite lives, based on our existing intangible assets and their current estimated useful lives as of October 31, 2024, is estimated as follows (in thousands):

	Cost of Net Revenues	Operating Expenses	Total
Fiscal Years Ending October 31:			
2025	$ 8,677	$ 129,196	$ 137,873
2026	2,217	128,823	131,040
2027	—	127,702	127,702
2028	—	105,354	105,354
2029	—	12,144	12,144
Thereafter	—	40,236	40,236
Total future amortization expense	$ 10,894	$ 543,455	$ 554,349

Note 8. Financings

Amounts outstanding under our financing arrangements consisted of the following (in thousands):

	October 31,	
	2024	2023
Credit Agreements		
First lien term loan	$ 2,046,508	$ 2,068,279
Revolving credit facilities	104,100	—
Total principal payments due	2,150,608	2,068,279
Less: original issue discount and debt issuance costs	(8,716)	(16,415)
Total amounts outstanding	2,141,892	2,051,864
Less: current portion	(125,817)	(21,616)
Long-term portion	$ 2,016,075	$ 2,030,248

Trade Receivable Securitization Arrangement

On July 2, 2024, we entered into a Receivables Financing Agreement to provide a three year revolving credit facility. Borrowings are secured by allowable domestic trade accounts receivable and the borrowing base is limited to current collateral levels with a maximum of $75.0 million. We continue to service the trade receivables held as collateral. Outstanding borrowings incur interest at SOFR plus 2.25%. The facility includes fees on the unused portion of the facility commitment ranging from 0.35% to 0.5%. We incurred debt issuance costs of $0.8 million related to the facility. As of October 31, 2024, trade accounts receivable pledged as collateral were $99.5 million and outstanding borrowings were $60.1 million which represented the maximum available borrowing base based upon collateral levels.

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We accounted for this arrangement as a secured borrowing. Borrowings under this revolving credit facility net of issuance costs are presented in Short-term debt on our Consolidated Balance Sheets. Trade receivables held as collateral are presented in Accounts receivable, net on our Consolidated Balance Sheets.

Credit Agreements

Our first lien credit agreement provides for (i) $2.175 billion seven-year first priority secured term loan facility and (ii) $175.0 million on a seven-year first priority secured revolving credit facility.

Borrowings under the credit agreement bear interest at an Alternate Base Rate or SOFR at our option plus applicable margin based upon certain leverage ratios, determined and payable quarterly. Applicable margin on borrowings under the revolving loan range from 2.0% to 2.5% on the alternate base rate loan and 3.0% to 3.5% on the SOFR loan depending upon the leverage ratios. Borrowings under the letters of credit shall bear interest at the same rate applicable to revolving loans. In addition, we pay a commitment fee on the aggregate outstanding revolving commitments ranging from 0.25% to 0.50% per annum, depending upon the leverage ratio.

As of October 31, 2024, we elected the SOFR loan option on all of our borrowings. SOFR loans bear interest at a market interest rate plus a margin according to the credit agreement. As of October 31, 2024, the market interest rate was 5.3% on the first lien term loan with an applicable margin of 4.0%.

As of October 31, 2024, the commitment fee for the aggregate outstanding revolving commitment was 0.5% per annum, payable quarterly, and the amount available to draw under the revolving facility was $131.0 million.

The outstanding principal balance of the term loans is required to be repaid in quarterly installments for an amount equal to 1% per annum of the aggregate principal amounts of the initial and incremental term loans with the final balance to be paid at maturity on August 20, 2025. The withdrawals under the revolving loan shall be due and payable on August 20, 2025.

Borrowings under the credit agreement are guaranteed by certain of our wholly owned domestic subsidiaries and secured by a first priority lien and security interest in certain of our assets, subject to customary exceptions.

We were in compliance with the financial covenants as of October 31, 2024. The credit agreement also contains representations and warranties, affirmative covenants, negative covenants, financial covenants and conditions that are customarily required for similar financings.

See Note 13. Subsequent Events for discussion on extension of this credit agreement.

Note 9. Leases

We have operating leases for certain facilities throughout our global operations. The lease term for all of our leases includes the non-cancellable period of the lease plus any additional periods covered by an option to extend the lease that we are reasonably certain will exercise. Operating leases are included in Right-of-use assets, Other current liabilities and Long-term lease liabilities on our Consolidated Balance Sheets. ROU lease assets and liabilities are recognized at each lease's commencement date based on the present value of its lease payments over its respective lease term.

Operating lease expenses were $16.1 million and $18.4 million for the years ended October 31, 2024 and 2023. We have no material short-term and variable lease costs or sublease income for the period ended October 31, 2024 and 2023.

Cash paid for operating leases during the fiscal years ended October 31, 2024 and 2023 was $15.6 million and $17.6 million.

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VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Supplemental balance sheet information related to Company's leases is as follows (in thousands):

	October 31, 2024	October 31, 2023
ROU lease assets	$ 41,925	$ 44,884
Accruals and other current liabilities	12,379	11,701
Long-term lease liabilities	35,511	37,810
Total operating lease liabilities	$ 47,890	$ 49,511
Weighted average remaining lease term (years)	5.27	5.63
Weighted average discount rate	7.70 %	7.44 %

Maturity of operating lease liabilities as of October 31, 2024 were as follows (in thousands):

Years ending October 31:	Amounts
2025	$ 15,211
2026	12,682
2027	8,308
2028	5,839
2029	4,024
2030 and thereafter	12,220
Total	58,284
Less: imputed interest payments	10,394
Present value of lease liabilities	$ 47,890

Note 10. Commitments and Contingencies

Manufacturing Related Agreements

We work on a purchase order basis with our contract manufacturers, which are located predominantly in China, Malaysia, Vietnam, Thailand and Brazil, and component suppliers located throughout the world, to supply nearly all of our finished goods inventories, spare parts, and accessories. We provide each such supplier with a purchase order to cover the manufacturing requirements, which generally constitutes a binding commitment by us to purchase materials and finished goods produced by the manufacturer as specified in the purchase order. Most of these purchase orders are considered to be non-cancelable and are expected to be paid within one year of the issuance date. Purchases from our contract manufacturers were $236.4 million and $379.2 million for the fiscal years ending October 31, 2024 and 2023. As of October 31, 2024, the amount of purchase commitments issued to contract manufacturers and component suppliers totaled approximately $87.9 million.

Guarantees

We have issued bank guarantees with maturities ranging from one to five years to certain of our customers and vendors as required in some countries to support certain performance obligations under our service or other agreements with those parties. As of October 31, 2024, the maximum amount that may become payable under these guarantees was $10.4 million, of which $5.2 million was collateralized by restricted cash deposits.

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Contingencies

We evaluate the circumstances regarding outstanding and potential litigation and other contingencies on a quarterly basis to determine whether there is at least a reasonable possibility that a loss exists requiring accrual or disclosure, and if so, whether an estimate of the possible loss or range of loss can be made, or whether such an estimate cannot be made. When a loss is probable and reasonably estimable, we accrue for such amount based on our estimate of the probable loss considering information available at the time. When a loss is reasonably possible, we disclose the estimated possible loss or range of loss in excess of amounts accrued, if material. Except as otherwise disclosed below, we do not believe that material losses were probable or that there was a reasonable possibility that a material loss may have been incurred with respect to the matters disclosed.

Oren Ganor v. Casponet Ltd. Israel

On August 14, 2018, a class-action complaint was filed against Casponet Ltd. in Israel claiming that ATMs that Casponet provides to merchants violate Israel's disability and accessibility laws. Before Casponet's deadline to respond to the original complaint, the plaintiffs amended their complaint to allege that Casponet should have published a February 6, 2018 decision by the Israeli disability and accessibility commission approving a compliance-extension request allowing Casponet to meet accessibility requirements gradually with milestones through 2023. On September 29, 2019, Casponet responded to the amended complaint, denying any liability. On September 19, 2021, the Court granted plaintiffs' class-certification motion, and class notice was published in October 2021. Casponet filed its statement of defense on December 15, 2021, denying any liability. The evidentiary portion of the hearing concluded on April 10, 2024 and the court ordered mediation. The parties mediated until February 23, 2025 when the parties reported an impasse. Closing argument briefs are scheduled through August 17, 2025 and oral arguments scheduled for September 15, 2025.

Israeli Consumer Council v. Casponet Ltd. Israel et al.

On February 1, 2022, nonprofit organization The Israeli Consumer Council filed a class-action complaint in Israel against ten defendant banks, Casponet Ltd., and a Casponet competitor claiming that defendants improperly disclose and overcharge fees for ATM cash withdrawals. The complaint also claims that the defendant banks have been unfairly closing branches to the particular detriment of disabled and old customers and that all ATM fees (including specifically disclosed service fees) are unlawfully excessive. On August 8, 2022, Casponet responded to the complaint, denying any liability and requesting dismissal. Briefing on that dismissal is now complete and a decision on that dismissal is expected on April 8, 2025. Discovery is proceeding, but no trial date has yet been set.

Sisvel International S.A., 3G Licensing, S.A., and Sisvel S.p.A. v. VeriFone, Inc.

Nonpracticing entities Sisvel International S.A., 3G Licensing, S.A., and Sisvel S.p.A. have filed two patent-infringement lawsuits in the U.S. District Court for the District of Delaware claiming that VeriFone, Inc.'s point-of-sale terminals' use of standards-essential cellular communication network technology infringe several U.S. patents that they acquired from other entities. We deny any liability and are seeking indemnification and defense from our suppliers of the cellular chipset technology at issue. Both cases are currently stayed pending inter partes reviews (IPRs) of the patents at issue by the U.S. Patent and Trademark Office (USPTO).

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Other Litigation

Certain cases are still in the preliminary stages, and we are not able to quantify the extent of our potential liability, if any, other than as described above. Further, the outcome of litigation is inherently unpredictable and subject to significant uncertainties. If any of these matters are resolved adversely to us, this could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, defending these legal proceedings is likely to be costly, which may have a material adverse effect on our financial condition, results of operations and cash flows, and may divert management's attention from the day-to-day operations of our business. We are subject to various other legal proceedings related to commercial, customer, tax, intellectual property, employment and other matters that have arisen during the ordinary course of business. The outcome of such legal proceedings is inherently unpredictable and subject to significant uncertainties. Although there can be no assurance as to the ultimate disposition of these matters, our management has determined, based upon the information available at the date of these financial statements, including anticipated expected availability of insurance coverage, that the expected outcome of these matters, individually or in the aggregate, will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Income Tax Uncertainties

As of October 31, 2024, the amount payable for unrecognized tax benefits was $41 million, including accrued interest and penalties, none of which is expected to be paid within one year. This amount is included in other long-term liabilities on our Consolidated Balance Sheet as of October 31, 2024. We are unable to make a reasonably reliable estimate as to when cash settlement with a taxing authority may occur.

Note 11. Restructuring Charges

As part of cost optimization and corporate transformation initiatives, our management initiated a restructuring plan to reduce costs related to our full time employees during the fiscal year ending October 31, 2024. This restructuring plan is substantially complete as of October 31, 2024.

Activity related to our restructuring accruals for the fiscal years ended October 31, 2024 consisted of the following (in thousands):

	Employee Involuntary Termination Benefits
Balance at October 31, 2023	$ 139
Charges, net of adjustments	19,682
Cash payments	(14,308)
Balance at October 31, 2024	$ 5,513

Note 12. Related parties

In August 2021, we divested our controlling interest in Verifone Systems (China), Inc. to the former general manager and minority shareholder of this business. The general manager and Verifone Systems (China), Inc. are related parties to VeriFone Systems, Inc. Subsequent to the divestiture, we purchased $25.7 million and $45.5 million in payment devices and development services from Verifone Systems (China), Inc. in the fiscal years ended October 31, 2024 and 2023. As of October 31, 2024 and 2023, we had $11.7 million and $8.9 million outstanding as accounts payables.

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Note 13. Subsequent events

The Company has evaluated subsequent events through April 4, 2025, which is the date that these financial statements were available to be issued. Material subsequent events from November 1, 2024 through this date are discussed below.

Credit Facility Extension

On March 28, 2025, we entered into the Sixth Amendment to the First Lien Credit Agreement which extended the maturity of the first lien term loans and revolving credit facility to August 20, 2028 and May 19, 2028 and decreased the revolving credit facility capacity to $125 million. In conjunction with the extension of our credit facility, our investor group contributed $235.0 million to Verifone and the proceeds were used to prepay a portion of the secured term loan under the first lien credit agreement. We incurred debt issuance costs of $67.9 million in connection with the amendment to the credit agreement. On the close date, the outstanding balance on the first lien term debt and revolving credit facility were $1,918.1 million and $83.8 million.

Borrowings under the credit agreement bear interest at an alternate base rate plus applicable margin ranging from 4.25% to 4.75% based upon Verifone's credit rating or SOFR rate plus applicable margin ranging from 5.25% to 5.75% based upon Verifone's credit rating, determined and payable quarterly. Applicable margins on the revolving loan borrowings range from 2.0% to 2.5% on the alternate base rate loan and 3.0% to 3.5% on SOFR loan depending upon the leverage ratios. Borrowings under the letters of credit shall bear interest at the same rate applicable to revolving loans. In addition, we pay an undrawn commitment fee on the unused portion of the revolving loan ranging from 0.25% to 0.50% per annum, depending upon the leverage ratio.

The outstanding principal balance of the term loans is required to be repaid in quarterly installments beginning April 30, 2025 for an amount equal to 1% per annum of the aggregate principal amounts of the initial term loans with the final balance to be paid at maturity on August 20, 2028. The withdrawals under the revolving loan shall be due and payable on August 20, 2028. Borrowings under the credit agreements are unconditionally guaranteed by certain of our subsidiaries and secured by perfected security interest in substantially all of our tangible and intangible assets owned or to be acquired, subject to customary exceptions.

Future principal payments due under the extended financing arrangements are as follows (in thousands):

	Amounts
Years ending October 31:	
2025	$ 98,186
2026	19,181
2027	19,181
2028	1,865,350
Total	$ 2,001,898