

# **Consolidated Financial Statements**

## **VERIFONE SYSTEMS, INC.**

**For the Years Ended October 31, 2024 and 2023**

**With Report of Independent Certified Public Accountants**

**VERIFONE SYSTEMS, INC.**  
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**FINANCIAL STATEMENTS**

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**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.

**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

**VERIFONE SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years ended October 31,	
	2024	2023
(in thousands)		
<b>Net revenues:</b>		
Systems	\$ 475,100	\$ 754,409
Services	694,403	716,607
Total net revenues	1,169,503	1,471,016
<b>Cost of net revenues:</b>		
Systems	315,735	454,563
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
<b>Gross margin</b>	443,253	557,224
<b>Operating expenses:</b>		
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
<b>Operating income (loss)</b>	(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
<b>Loss before income taxes</b>	(244,166)	(87,035)
Income tax provision (benefit)	(8,304)	37,782
<b>Consolidated net loss</b>	(235,862)	(124,817)
Net income attributable to noncontrolling interests	156	150
<b>Net loss attributable to VeriFone Systems, Inc. stockholders</b>	<u>\$ (236,018)</u>	<u>\$ (124,967)</u>

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

**VERIFONE SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

	<b>Years ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>	
<b>Consolidated net loss</b>	\$ (235,862)	\$ (124,817)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	1,321	21,605
Unrealized income (loss) on derivatives designated as cash flow hedges		
Change in unrealized income (loss) on derivatives designated as cash flow hedges	(5,160)	7,073
Amounts reclassified out of Accumulated other comprehensive loss	(12,640)	(8,221)
Net change in unrealized income (loss) on derivatives designated as cash flow hedges	(17,800)	(1,148)
Net change in other	(199)	695
<b>Other comprehensive income (loss)</b>	<b>(16,678)</b>	<b>21,152</b>
<b>Total comprehensive loss</b>	<b>(252,540)</b>	<b>(103,665)</b>
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of tax	773	(1,214)
<b>Comprehensive loss attributable to VeriFone Systems, Inc. stockholders</b>	<b>\$ (253,313)</b>	<b>\$ (102,451)</b>

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

**VERIFONE SYSTEMS, INC.  
CONSOLIDATED BALANCE SHEETS**

	As of October 31,	
	2024	2023
	(in thousands, except par value and share amounts)	
<b>ASSETS</b>		
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
<b>Total current assets</b>	<b>542,100</b>	<b>659,535</b>
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
<b>Total assets</b>	<b>\$ 2,991,659</b>	<b>\$ 3,241,172</b>
<b>LIABILITIES AND EQUITY</b>		
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
<b>Total current liabilities</b>	<b>639,474</b>	<b>582,119</b>
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
<b>Total liabilities</b>	<b>2,882,778</b>	<b>2,884,137</b>
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)
<b>Total stockholders' equity</b>	<b>103,816</b>	<b>352,156</b>
Noncontrolling interests in subsidiaries	5,065	4,879
<b>Total equity</b>	<b>108,881</b>	<b>357,035</b>
<b>Total liabilities and equity</b>	<b>\$ 2,991,659</b>	<b>\$ 3,241,172</b>

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

**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)								
<b>Balance as of October 31, 2022</b>	<b>1</b>	\$ —	\$ 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)
<b>Balance as of October 31, 2023</b>	<b>1</b>	\$ —	\$ 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)
<b>Balance as of October 31, 2024</b>	<b>1</b>	\$ —	\$ 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.

**VERIFONE SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended October 31,	
	2024	2023
(in thousands)		
<b>Cash flows from operating activities</b>		
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
<b>Cash flows from investing activities</b>		
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
<b>Cash flows from financing activities</b>		
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
<b>Supplemental disclosures of cash flow information</b>		
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.

**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.

**VERIFONE SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

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.

<u>Products and services</u>	<u>Nature, timing of satisfaction of performance obligations, and significant payment terms</u>
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

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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.

**VERIFONE SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

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.

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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.

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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.

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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.

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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.

**VERIFONE SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

*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.

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.

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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.

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

***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 prospective 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.

**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	<u>12,552</u>	\$ 10.30	6.79
Vested or expected to vest at October 31, 2024	<u>9,289</u>	\$ 10.30	6.52
Exercisable at October 31, 2024	<u>4,640</u>	\$ 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.

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

**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	<u>\$ 4,973</u>	<u>\$ 3,880</u>

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	<u>\$ (244,166)</u>	<u>\$ (87,035)</u>

**VERIFONE SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

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

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

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):

	<b>Years Ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
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)
<b>Income tax provision (benefit)</b>	<u>\$ (8,304)</u>	<u>\$ 37,782</u>

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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	<u>694,938</u>	<u>754,383</u>
Valuation allowance	<u>(605,243)</u>	<u>(660,540)</u>
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	<u>(144,987)</u>	<u>(160,772)</u>
Net deferred tax liabilities	<u>\$ (55,292)</u>	<u>\$ (66,929)</u>

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

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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	<u>\$ 63,557</u>	<u>\$ 38,279</u>

**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

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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	<u>\$ 303,157</u>	<u>\$ 321,764</u>

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	<u>\$ 169,737</u>	<u>\$ 189,455</u>

**VERIFONE SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

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):

	<b>Years Ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
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	<u>\$ 14,530</u>	<u>\$ 11,883</u>

***Inventories***

Inventories consisted of the following (in thousands):

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

***Prepaid Expenses and Other Current Assets***

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

	<b>October 31,</b>	
	<b>2024</b>	<b>2023</b>
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	<u>\$ 151,044</u>	<u>\$ 192,499</u>

**VERIFONE SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***Property and Equipment, Net***

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

	<u>Estimated Useful Life (Years)</u>	<u>October 31,</u>	
		<u>2024</u>	<u>2023</u>
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		<u>235,018</u>	<u>217,865</u>
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		<u>\$ 85,981</u>	<u>\$ 93,722</u>

***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):

	<u>October 31,</u>	
	<u>2024</u>	<u>2023</u>
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	<u>\$ 342,836</u>	<u>\$ 348,636</u>

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

**VERIFONE SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***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	<u>\$ 298</u>	<u>\$ 558</u>

***Accumulated Other Comprehensive Loss***

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

	Foreign currency translation adjustments <sup>(1)</sup>	Unrealized gain (loss) on derivatives designated as cash flow hedges <sup>(2)</sup>	Other <sup>(3)</sup>	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	<u>\$ (177,086)</u>	<u>\$ (21)</u>	<u>\$ 6,391</u>	<u>\$ (170,716)</u>

(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.

## VERIFONE SYSTEMS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

**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.

**VERIFONE SYSTEMS, INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
***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):

	<b>Years Ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
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	<u>\$ 1,554,255</u>	<u>\$ 1,561,979</u>

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):

	<b>October 31, 2024</b>			<b>October 31, 2023</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
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	<u>\$ 1,392,472</u>	<u>\$ (838,123)</u>	<u>\$ 554,349</u>	<u>\$ 1,570,472</u>	<u>\$ (858,347)</u>	<u>\$ 712,125</u>

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.

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
<b>Fiscal Years Ending October 31:</b>			
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.

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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.

**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	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	<u>\$ 47,890</u>	<u>\$ 49,511</u>
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):

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

**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.

**VERIFONE SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***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).

VERIFONE SYSTEMS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

*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):

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

**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.

## VERIFONE SYSTEMS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

**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):

	<u>Amounts</u>
<b>Years ending October 31:</b>	
2025	\$ 98,186
2026	19,181
2027	19,181
2028	1,865,350
Total	<u>\$ 2,001,898</u>

Registered number: 422984

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**VERIFONE SYSTEMS IRELAND LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2024**

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COMPANY INFORMATION

<b>Directors</b>	Dan Soffer (appointed on 19 February 2025) Alex Noall (appointed on 19 February 2025) Amitpaul Sond (UK) (appointed on 10 May 2024, resigned on 19 February 2025) Alfred Zachwiej (PL) (appointed on 29 June 2024) Belinda Ellis (UK) (resigned on 19 February 2025) James Lotz (US) (appointed on 30 June 2022, resigned on 10 May 2024)
<b>Company secretary</b>	Dan Soffer (appointed on 19 February 2025) Amitpaul Sond (appointed on 10 May 2024, resigned on 19 February 2025) James Lotz (US) (appointed on 30 June 2022, resigned on 10 May 2024)
<b>Registered number</b>	422984
<b>Registered office</b>	Block 4, Richview Office Park Clonskeagh Dublin 14 Ireland
<b>Independent auditor</b>	Grant Thornton Chartered Accountants & Statutory Audit Firm 13-18 City Quay, Dublin 2, Ireland D02 ED70
<b>Bankers</b>	JP Morgan Chase Bank, 25 Bank Street London, United Kingdom E14 5JP

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2024**

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The directors present their report and the audited financial statements of VeriFone Systems Ireland Limited ("the Company") for the year ended 31 October 2024.

**Principal activities and business review**

The principal activities of the Company are the generation of revenue from the supply of maintenance services and the collection of license fees, the development of proprietary operating systems, security and encryption software, certified payment software and other value-added payment applications.

The Company owns the Intellectual Property (IP) of CMS (Card Management System) and generates revenue from related companies.

In addition to its primary activities, the Company continues to provide research and development services to VeriFone Systems Inc. under an agreement established in 2018. These services represent one of the Company's secondary revenue streams and are conducted as part of the wider group's technical collaborative efforts.

The Company continues to enhance its existing IP CMS (Card Management System) to generate royalty income from related companies and third-party customers and continue offering R&D Services performed by the Ireland based employees.

The Company's business strategy is to continue to enhance its existing IP and to extract maximum value from that IP by growing its worldwide market. In order to achieve this growth, the Company utilises the VeriFone Group's existing supply chain structure, sales channels, distribution partners and business process.

The results for the year are set out on page [9](#) of the financial statements. No dividends were paid during the year (2023: Nil).

**Future Developments**

The directors do not expect any change in the nature and level of the Company's activity in the foreseeable future.

**Research and development activities**

The Company engages in research and development activities. During the year, research & development costs amounted to €1,714 thousand (2023: €1,853 thousand), pertaining to the Platform Operating Software. These R&D services are provided to VeriFone Systems Inc. and settled according to the terms of the signed agreement.

**Principal risks and uncertainties**

The principal risks and uncertainties that the Company are facing are similar to the principal risks and uncertainties of VeriFone Systems, Inc. and its subsidiaries ("Group"). These principal risks and uncertainties are set out below:

- New versions and releases of the Group's products may contain errors or defects. The Group's software products are complex and, accordingly, may contain undetected errors or be subject to intermittent failures when first introduced or as new versions are released. This may result in the loss of, or delay in market acceptance of, the Group products.
- The Group depends on a small number of key personnel to manage and operate the Group. The Group's success is largely dependent on the personal efforts and abilities of the group's senior management. If the Group is unable to retain and attract highly skilled personnel with experience in the electronic payment, banking and retail industries, the Group may be unable to grow the business.
- The Group could be subject to potential product liability claims and third party liability claims related to products and services. The Group's electronic payment software products are used for the processing of payment card transactions. Any errors, defects or other performance problems could result in financial or other damages to the Group customers.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2024**

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**Principal risks and uncertainties (continued)**

- To be successful, the Group needs to effectively respond to future changes in rapidly developing markets in which the Group sells its software products and services. The markets for the Group's electronic payment software and transaction reconciliation software and services are rapidly evolving and changing.
- Cost reduction efforts may adversely impact the Group's productivity, service levels and ability to develop new products and respond to market changes. The standards for electronic commerce payment transactions that the Group supports may not achieve broad market acceptance or market acceptance may be slower than anticipated.

The Group has a successful track record of managing these risks. The directors are confident that they have put in place a strong management team capable of dealing with the above risks and uncertainties.

**Directors**

The directors of the Company, all of whom served throughout the year and the subsequent period to date, except as indicated below, are:

Dan Soffer (appointed on 19 February 2025)  
Alex Noall (appointed on 19 February 2025)  
Amitpaul Sond (appointed on 10 May 2024, resigned on 19 February 2025)  
Alfred Zachwiej (appointed on 29 June 2024)  
Belinda Ellis (resigned on 19 February 2025)  
James Lotz (appointed on 30 June 2022, resigned on 10 May 2024)

None of the directors nor the secretary of the Company had a direct interest in the share capital of the Company at 31 October 2024 and 31 October 2023. The directors held interests of less than 1% of the issued share capital of the Company's ultimate holding company, VeriFone Systems, Inc., and are therefore exempt from disclosure in the financial statements under Section 260 of the Companies Act 2014.

**Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2023: €Nil).

**Going concern**

The Company has made a profit of €600,203 (2023: profit of €1,519,391). The Company meets its day-to-day working capital requirements via cash generated from its business activities and where necessary, funding by group undertakings.

VeriFone Systems, Inc. has confirmed its ongoing support and provided the Company with an undertaking to make available the necessary funds for at least the next 12 months from the date of approval of these financial statements

As with any entity relying on group support, the Directors acknowledge that there can be no absolute certainty that this support will continue indefinitely. However, at the date of approving these financial statements, they have no reason to believe this support would not be provided as required. The Directors have reviewed the Company's liquidity and believe that, given the resilient nature of its operations and current performance, the Company is well positioned to meet its financial obligations for at least the next 12 months. Looking forward, the Directors are confident that the operational improvements made, combined with actions taken in prior years, will ensure continued profitability and stable growth.

The Company also sees significant opportunities for expansion, particularly in new markets across Latin America, and its product has attracted strong interest from global management teams for future growth.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2024**

**Post balance sheet events**

There have been no significant events affecting the Company since the financial period end.

**Accounting records**

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at Block 4, Richview Office Park, Clonskeagh, Dublin 14, Ireland.

**Audit Committee**

The Company has decided not to establish an Audit Committee as the function resides at the parent company, VeriFone Systems, Inc. level and subsequently cascaded to local subsidiary level. Two of the directors of the Company sit on the Global Audit committee, whose role at local level includes monitoring the financial reporting process, internal audit and risk management, the statutory audit of financial statements, reviewing the independence of the statutory auditors and the effectiveness of internal control systems.

**Statement on Relevant audit information**

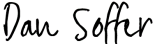
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

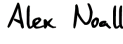
**Auditor**

The board appointed Grant Thornton as auditors for the financial year and will continue in office in accordance with section 383(2) of the Companies Act 2014.

The report was approved by the board on 6 March 2026 and signed in its behalf.

Signed by:  
  
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Dan Soffer  
Director

Signed by:  
  
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Alex Noall  
Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 OCTOBER 2024**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the company. Under the law the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice in Ireland, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and promulgated by the Institute of Chartered Accountants in Ireland and Irish law.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss for the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board on 6 March 2026 and signed on its behalf by:

Signed by:  
  
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Dan Soffer  
Director

Signed by:  
  
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Alex Noall  
Director

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VERIFONE SYSTEMS IRELAND LIMITED**

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**Opinion**

We have audited the financial statements of VeriFone Systems Ireland Limited (the 'Company') which comprise the Statement of Comprehensive Income, the Statement of financial position and the Statement of Changes in Equity for the year ended 31 October 2024, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, VeriFone Systems Ireland Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the Company as at 31 October 2024 and of its financial performance for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

Other information comprises information included in the annual report, other than the financial statements and the auditor's report thereon, including the Director's Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VERIFONE SYSTEMS IRELAND LIMITED  
(CONTINUED)**

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**Other information (continued)**

We have nothing to report in this regard.

**Opinion on the matters prescribed by the Companies Act 2014**

We have obtained all the information and explanations which to the best of our knowledge and belief, we considered necessary for the purposes of our audit.

In our opinion:

- The accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.

The Statement of financial position and the Statement of comprehensive income are in agreement with the accounting records and returns.

In our opinion, based on the work undertaken in the course of our audit:

- The information given in the Directors' report for the financial year is consistent with the financial statements.
- The Directors' report has been prepared in accordance with applicable legal requirements, excluding the requirements on sustainability reporting in Part 28.

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

**Matters on which we are required to report by exception**

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

**Responsibilities of management and those charged with governance for the financial statements**

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VERIFONE SYSTEMS IRELAND LIMITED  
(CONTINUED)**

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**Auditor's responsibilities for the audit of the financial statements**

The objectives of an auditor are to obtain reasonable assurance about whether the 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 a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Descriptionof\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Descriptionof_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditor's report.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Shelley

for and on behalf of

**Grant Thornton**

Chartered Accountants & Statutory Audit Firm

13-18 City Quay,  
Dublin 2, Ireland

Date: 6 March 2026

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDING 31 OCTOBER 2024

		2024	2023
		€	€
	Note	Total	Total
Turnover	4	9,883,205	13,169,471
Cost of sales		(8,411,519)	(9,515,317)
Gross profit		<u>1,471,686</u>	<u>3,654,154</u>
Administration expenses		(550,764)	(567,452)
Other operating losses		(9)	(826)
Operating profit	5	<u>920,913</u>	<u>3,085,876</u>
Interest payable and similar charges	7	(167,411)	(157,940)
Interest receivable and similar income	8	1,053,461	628,855
Net foreign exchange differences	9	(1,206,640)	(2,037,357)
Profit before taxation		<u>600,323</u>	<u>1,519,434</u>
Tax on profit	11	(120)	(43)
Profit for the financial year		<u>600,203</u>	<u>1,519,391</u>
<b>Total comprehensive profit for the financial year</b>		<u><b>600,203</b></u>	<u><b>1,519,391</b></u>

The notes on pages [12](#) to [27](#) form part of these financial statements.

There were no comprehensive income for the year ended 31 October 2024 (2023: €Nil).

All amounts relate to continuing operations.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 OCTOBER 2024

	Note	2024 €	2023 €
<b>Non current assets</b>			
Tangible assets	12	47,631	61,239
Intangible assets	13	—	—
Financial assets	14	—	—
Debtors: amounts falling due after one year	15	51,285,879	48,428,148
		<b>51,333,510</b>	<b>48,489,387</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	12,449,385	12,578,502
Cash at bank		41,029	41,092
		<b>12,490,414</b>	<b>12,619,594</b>
Creditors: amounts falling due within one year	17	(42,507,521)	(32,418,143)
<b>Net current liabilities</b>		<b>(30,017,107)</b>	<b>(19,798,549)</b>
Creditors: amounts falling due after one year	18	(10,900,999)	(18,885,258)
<b>Net assets</b>		<b>10,415,404</b>	<b>9,805,580</b>
<b>Capital and reserves</b>			
Share capital	19	1	1
Capital contribution	20	8,131,623	8,131,623
Other reserves	20	1,427,027	1,417,406
Accumulated profit	20	856,753	256,550
<b>Shareholders' funds</b>		<b>10,415,404</b>	<b>9,805,580</b>

The financial statements were approved and authorised for issue by the board:

Signed by:  
  
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Dan Soffer  
Director

Date: 6 March 2026

Signed by:  
  
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Alex Noall  
Director

Date: 6 March 2026

The notes on pages [12](#) to [27](#) form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2024

	Share capital	Capital contribution	Other reserves	Accumulated profit / (deficit)	Shareholders' funds
	€	€	€	€	€
At 1 November 2022	1	8,131,623	1,409,187	(1,262,841)	8,277,970
Profit for the financial year	—	—	—	1,519,391	1,519,391
Share based payments	—	—	8,219	—	8,219
<b>At 1 November 2023</b>	<b>1</b>	<b>8,131,623</b>	<b>1,417,406</b>	<b>256,550</b>	<b>9,805,580</b>
Profit for the financial year	—	—	—	600,203	600,203
Share based payments	—	—	9,621	—	9,261
<b>At 31 October 2024</b>	<b>1</b>	<b>8,131,623</b>	<b>1,427,027</b>	<b>856,753</b>	<b>10,415,404</b>

The notes on pages [12](#) to [27](#) form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024**

**1. General information**

VeriFone Systems Ireland Limited ("the Company") is a company limited by shares and incorporated and domiciled in Ireland. The address of the registered office is Block 4, Richview Office Park, Clonskeagh, Dublin 14.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation of financial statements**

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Euro which is also the Company's functional currency.

The preparation of financial statements, in conformity with FRS 102, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

**Measurement basis**

These financial statements are prepared on a going concern basis, under the historical cost convention.

**Consolidation**

The Company has taken advantage of the exemption under section 300 of Companies Act 2014, not to prepare consolidated financial statements on the basis that it and its subsidiary undertakings are included in the consolidated financial statements of its parent company VeriFone Systems, Inc., incorporated in Delaware and those consolidated financial statements may be obtained from the Companies Registration Office ("CRO").

**2.2 Financial reporting standard 102**

The Company has taken advantage of following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of cash flows;
- the requirements of Section 3 Financial Statement Presentation Paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments Paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments Paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of VeriFone Systems, Inc. as at 31 October 2024 and those consolidated financial statements may be obtained from the Companies Registration Office ("CRO").

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024

**2. Summary of significant accounting policies (continued)**

**2.3 Going concern**

The Company reported a profit of €600,203 for the financial year.

VeriFone Systems, Inc. has confirmed its ongoing support and provided the Company with an undertaking to make available the necessary funds for at least the next 12 months from the date of approval of these financial statements. Additionally, the discounting of balances with group undertakings is anticipated to unwind, resulting in a credit to the Statement of Comprehensive Income.

As with any entity relying on group support, the Directors acknowledge that there can be no absolute certainty that this support will continue indefinitely. However, at the date of approving these financial statements, they have no reason to believe this support would not be provided as required. The Directors have reviewed the Company's liquidity and believe that, given the resilient nature of its operations and current performance, the Company is well-positioned to meet its financial obligations for at least the next 12 months.

Looking forward, the Directors are confident that the operational improvements made, combined with actions taken in prior years, will ensure continued profitability and stable growth. The Company also sees significant opportunities for expansion, particularly in new markets across Latin America, and its product has attracted strong interest from global management teams for future growth. Therefore, the financial statements have been prepared on a going concern basis.

**2.4 Turnover**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Rendering of services

Revenue from services is recognised as services are rendered and represents the value of services supplied to customers.

Royalty income

Royalties are recognised on an accruals basis.

**2.5 Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives of other assets are as follows:

Fixtures and fittings	- 5 years
Computer equipment	- 3 years
Leasehold improvement	- 5 years or over the period of the lease, if shorter
Asset Retirement obligation	- Over the period of the lease

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024

**2. Summary of significant accounting policies (continued)**

**2.5 Tangible assets (continued)**

Depreciation methods, useful life and residual values are reviewed at each financial year-end if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits and adjusted prospectively, if appropriate. Construction-in-progress is not depreciated as the asset is not yet available for use.

The carrying values of tangible fixed asset are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the Statement of comprehensive income in the year the asset is de-recognised.

**2.6 Intangible assets**

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the entity intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the entity can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve the design, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. The estimated economic life is 5 years.

Patents

Patents are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. There is no remaining economic life of the patents currently held. The basis for choosing these useful lives is based on the directors' best estimate.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Patents and capitalised development costs are tested for impairment in accordance with FRS102.27 when there is an indication that they may be impaired.

**2.7 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.8 Impairment**

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024**

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**2. Summary of significant accounting policies (continued)****2.8 Impairment (continued)**

objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Fixed assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

**2.9 Employee benefits****Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

**Annual Bonus Plan**

The Company operates an annual bonus plan for employees, and expense is recognised in the Statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and reliable estimation of the obligation can be made.

**Defined contribution plans and other long term employee benefits**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the period during which services are rendered by employees.

**Share-based payment transactions**

VeriFone Systems, Inc., issues equity-settled share-based payments to the employees under the terms of the long-term incentive plans. We estimate the grant date fair value of stock options using the Black-Scholes-Merton valuation model. The grant date fair value of share options in VeriFone Systems, Inc. granted to employees of the Company are recognised as an expense with a corresponding credit to the other reserve. The fair value is measured at grant date and this is expensed in the statement of comprehensive income with the charge being spread over the period during which the awards vest.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024**

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**2. Summary of significant accounting policies (continued)****2.10 Operating leases**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in statement of comprehensive income over the term of the lease as an integral part of the total lease expense.

**2.11 Interest receivable and interest payable**

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. It is recognised in the statement of comprehensive income using the effective interest method.

Interest payable and similar charges comprise interest payable, and net foreign exchange losses that are recognised in the Statement of comprehensive income. Interest payable is recognised in profit or loss as it accrues, using the effective interest rate method. Foreign currency gains and losses are reported on a net basis.

**2.12 Foreign currencies**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Euro (€) at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

**2.13 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2024**

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**2. Summary of significant accounting policies (continued)****2.14 Basic financial instruments****Trade and other debtors/creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

**Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's financial assets and liabilities are all measured at amortised cost.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024**

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**2. Summary of significant accounting policies (continued)****2.15 Cash and Cash equivalents**

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

**2.16 Provisions****General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3. Accounting estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(i) Depreciation/determination of useful lives of tangible assets**

The annual depreciation of tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and expected future economic benefits.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024**

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**3. Accounting estimates and judgements (continued)****(ii) Impairment of financial assets - interests in subsidiaries**

The Company considers whether its investments are impaired. At the end of each financial year, the Company reviews the carrying amounts of its investments to determine whether there is any indication that these assets have suffered any impairment loss. Factors taken into consideration in reaching such a decision include the net asset value of the investment, economic viability and expected future financial performance of

the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. The recoverable value requires estimation of the future cash flows generated by the underlying business and selection of appropriate discount rates in order to calculate the net present value of those cash flows.

**(iii) Impairment of debtors**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, factors including the current credit rating of the debtors, the ageing profile of debtors and historical experience are considered.

**(iv) Recognition of deferred tax assets**

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**(v) Provisions**

Provision is made for dilapidation that require management's best estimate of the cost that will be incurred based on legislative and contractual requirements. The timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024

4. Turnover

Revenue is derived from R&D for the parent entity and Payware CMS, comprising program sales and professional services such as implementation, integration, and customization, alongside service and maintenance, addressing client-reported issues. These services are primarily provided through intergroup entities in Brazil, the United States, and Mexico to intergroup entities as well as to third party customers. The geographical analysis of turnover is as follows:

	2024	2023
	€	€
Europe	562,909	553,810
Rest of the world	9,320,296	12,615,661
	<u>9,883,205</u>	<u>13,169,471</u>
Services	<u>9,883,205</u>	<u>13,169,471</u>
	<u>9,883,205</u>	<u>13,169,471</u>

5. Operating profit

The Operating profit is stated after charging:

	2024	2023
	€	€
Depreciation (note 12)	13,608	85,807
Net foreign exchange loss (note 9)	1,206,640	2,037,357
Rentals paid under operating leases	121,530	153,842
Research and development expense	1,714,097	1,853,453
	<u>1,714,097</u>	<u>1,853,453</u>

Auditor's remuneration:

	2024	2023
	€	€
Audit of financial statements, including outlay	<u>36,002</u>	<u>48,218</u>

6. Directors' remuneration

No remuneration was paid to the directors by the company during the current financial year. The directors did not receive any salary, fees, or other benefits through the company's payroll or any other arrangement. The directors are employed and remunerated by other entities within the group.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024

7. Interest payable and similar charges

	2024	2023
	€	€
Interest payable to third parties	13,213	6,956
Interest payable to group companies	154,198	150,984
	<u>167,411</u>	<u>157,940</u>

8. Interest receivable and similar income

	2024	2023
	€	€
Interest receivable from third parties	481	170
Discounting charge for long term intercompany balances - net	1,052,980	628,685
	<u>1,053,461</u>	<u>628,855</u>

9. Net foreign exchange differences

	2024	2023
	€	€
Foreign exchange loss	7,257,855	42,378,144
Foreign exchange gain	(6,051,215)	(40,340,787)
	<u>1,206,640</u>	<u>2,037,357</u>

10. Staff numbers and costs

The aggregate payroll costs was as follows:

	2024	2023
	€	€
Wages and salaries	1,562,383	1,652,036
Social Welfare	167,604	176,197
Pensions	63,325	70,073
Share option cost	9,621	8,219
	<u>1,802,933</u>	<u>1,906,525</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024

10. Staff numbers and costs (continued)

The average number of persons employed during the year by the Company, analysed by category, was as follows:

	2024 No.	2023 No.
Administration	1	1
Research and development	19	19
	<u>20</u>	<u>20</u>

11. Tax on profit

	2024 €	2023 €
<b>Current tax :</b>		
Irish corporate tax on profit during the year	120	43
	<u>120</u>	<u>43</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher (2023: higher) as the standard rate of corporation tax in Ireland of 12.5% (2023 :12.5%) as set out below:

	2024 €	2023 €
Profit before tax	<u>600,323</u>	<u>1,519,434</u>
Profit multiplied by standard rate of corporation tax in Ireland of 12.5% (2023 - 12.5%)	75,040	189,929
<b>Effects of:</b>		
Expenses not deductible for tax purposes	321,334	568,960
Capital allowances lower/(higher) than depreciation	(3,337)	5,447
Losses utilized in the period	(392,917)	(764,923)
<b>Total tax charge for the year</b>	<u>120</u>	<u>43</u>

**Factors that may affect future tax charges**

A potential deferred tax asset of €9.2M (2023: €9.6M) has not been recognised in respect of tax losses forward, due to insufficient evidence that they will be utilised in the future.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024

12. Tangible assets

	Leasehold improvements €	Fixtures and fittings €	Total €
<b>Cost</b>			
At 1 November 2023	489,261	148,482	637,743
At 31 October 2024	<u>489,261</u>	<u>148,482</u>	<u>637,743</u>
<b>Depreciation</b>			
At 1 November 2023	428,022	148,482	576,504
Charge for the year	13,608	—	13,608
At 31 October 2024	<u>441,630</u>	<u>148,482</u>	<u>590,112</u>
<b>Net book value</b>			
A 31 October 2024	<u>47,631</u>	<u>—</u>	<u>47,631</u>
At 31 October 2023	<u>61,239</u>	<u>—</u>	<u>61,239</u>

13. Intangible assets

	Patents €
<b>Cost</b>	
At 1 November 2023	854,475
At 31 October 2024	<u>854,475</u>
<b>Amortisation</b>	
At 1 November 2023	854,475
At 31 October 2024	<u>854,475</u>
<b>Net book value</b>	
At 31 October 2024	<u>—</u>
At 31 October 2023	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024

14. Financial assets

Subsidiary undertakings

Details of the investment in which the Company holds any class of share capital at the balance sheet date is as follows :

Name	Country of incorporation	Holding (%)	Carrying amount (before impairment)	Registered address	Principal activity
VeriFone S.A.	Uruguay	100	Nil	Technology & Business Park Zona America Ruta 8 Km 17.500 Edificio Synergia Oficina 005 Montevideo ZIP 91.600 Uruguay	Payment industry software and related services

The investment in VeriFone S.A. was acquired in 2006 at a nominal value of 2 USD that was not deemed material to be recorded on the financial statements.

15. Debtors: Amounts falling due after one year

	2024	2023
	€	€
Amounts owed from group undertakings	<u>51,285,879</u>	<u>48,428,148</u>

The amounts owed from group undertakings are unsecured and measured at an amortized cost with an effective rate of 3.5%.

16. Debtors: amounts falling due within one year

	2024	2023
	€	€
Trade debtors	24,985	39,754
Prepayments	39,019	32,708
VAT recoverable	248,608	183,264
Amounts owed from group undertakings	<u>12,136,773</u>	<u>12,322,776</u>
	<u>12,449,385</u>	<u>12,578,502</u>

Trade debtors is net of allowance of €Nil (2023: €26).

Trade debtors write off in 2024 amounted to €Nil (2023: €Nil).

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Also, the amounts owed from group undertakings are unsecured, interest free and receivable on demand.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024

17. Creditors: Amounts falling due within one year

	2024	2023
	€	€
Trade creditors	15,167	11,869
Corporation tax payable	389,766	397,053
Accruals	293,732	323,895
Deferred income	16,667	20,379
Other taxation and social insurance	48,640	49,716
Amounts owed to group undertakings	41,743,549	31,615,231
	<u>42,507,521</u>	<u>32,418,143</u>

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Trade creditors, accruals and deferred income are unsecured and subject to normal trade terms of 30 to 60 days. Other taxation and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

	2024	2023
	€	€
<b>Other taxation and social insurance</b>		
PAYE/PRSI	48,640	49,716
	<u>48,640</u>	<u>49,716</u>

18. Creditors: amounts falling due after one year

	2024	2023
	€	€
Amounts owed to group undertakings	10,781,571	18,766,196
Dilapidation provision	119,428	119,062
	<u>10,900,999</u>	<u>18,885,258</u>

Amounts owed to group undertakings are unsecured and measured at an amortized cost with an effective rate of 3.5%.

The dilapidation provision relates to an asset retirement obligation (ARO) for the restoration of leased office premises at the end of the lease term.

The Intercompany loan to Hypercom EMEA accrues interest on the unpaid principal amount, calculated on an actual/365-day basis without compounding. Interest is accrued quarterly and is payable on the first anniversary of the Effective Date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024**

**19. Share capital**

	<b>2024</b>	2023
	€	€
Authorised		
10,000,000 (2023 - 10,000,000) ordinary shares of €1.00 each	<b>10,000,000</b>	10,000,000
	<u>                    </u>	<u>                    </u>
<b>Allotted, called up and fully paid</b>		
1 (2023 - 1) ordinary share of €1.00	<b>1</b>	1
	<u>                    </u>	<u>                    </u>

The called up share capital represents the nominal value of shares that have been issued.

The holder of the ordinary share of the Company is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

**20. Capital and reserves**

Movements in the accumulated profit for the year are detailed in the Statement of Changes in Equity.

Capital contribution represents the cash that shareholders have given to the company as additional contribution.

Other reserves represent the equity-settled share-based payments to the employees under the terms of the long-term incentive plans, recognised as an expense with a corresponding credit to the other reserve.

**21. Commitments**

The Company has minimum lease commitments in respect of its leased property which are payable as follows:

	<b>2024</b>	2023
	€	€
Within one year	<b>128,000</b>	128,000
Between one and five years	<b>320,000</b>	448,000
	<u>                    </u>	<u>                    </u>
	<b>448,000</b>	576,000
	<u>                    </u>	<u>                    </u>

Moreover, the Company has granted a first-ranking floating charge over its assets in Ireland to Barclays Bank PLC as collateral agent. This charge forms part of a First Lien Debenture and provides continuing security for the VeriFone Group obligations under its financing arrangements.

**22. Related party transactions**

The Company's related party transactions comprise royalties, provision of services and interest on intercompany loans. No security or guarantees are given and all transactions are on a commercial basis. The Company has taken advantage of the exemption granted under FRS 102 from disclosing intra-group transactions with fellow group undertakings, where the group has 100% control. The Directors of the Company are deemed to be Key Management Personnel with compensation disclosed in note 6.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2024**

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**23. Ultimate parent undertaking and controlling party**

The immediate parent undertaking and controlling party is VeriFone Singapore Pte Ltd, a company incorporated in Singapore.

VeriFone Systems, Inc., incorporated in Delaware, is the intermediate parent company under which the company is consolidated. On 20 August 2018 VeriFone Systems, Inc. was acquired by an investor group led by Francisco Partners and including British Colombia Investment Corporation. Francisco Partners GP V Management, LLC, a company incorporated in the Cayman Islands, is the ultimate parent company.

**24. Post balance sheet events**

There have been no significant events affecting the Company since the financial period end.

**25. Approval of financial statements**

The financial statements were approved and authorised for issue by the directors on 6 March 2026.