

Shift4 Dine Deal Profitability Cheat Sheet	Department	Sales
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FORMULA TO CALCULATE MONTHLY PROFIT: *Monthly Volume x (Pricing% - Cost%) x 0.6*
= total monthly profit/residual to Equip Payment Solutions.

How you can approximately determine the “cost” % of each deal:

1. **If a merchant has an average ticket price below \$15, use a cost estimate of 2.6% (or higher)**

Example: If the average ticket of a certain merchant is \$9 (i.e. a coffee shop deal), the volume is \$20k, and pricing column value is 3.5%, the difference between 2.6% (cost) and 3.5% is 1.1%, so you would multiply 1.1% (.011) by 20k which = \$220 total monthly profit x .6 = \$132 —> total estimated monthly residual to Equip.

2. **If a merchant has an average ticket price between \$15-18, use the same formula as above but with a cost estimate of 2.5%**

Example: If the average ticket of a certain merchant is \$16, the volume is \$50k, and pricing column value is 4%, the difference between 2.5% and 4% is 1.5%, so you would multiply 1.5% (.015) by 50k which = \$750 total monthly profit x .6 = \$450 —> total to Equip.

You could then get a rough estimate on what the True Up might be. For this deal^, you would multiply \$450 x 18 (True Up option 1 deals have an 18x multiplier of the average monthly residual--first two full months of processing--cut that comes to



Equip) = \$8,100. Remember that the amount that would come in would be less \$1500 UF, so would be around \$6,600.

You can see how it's important to not just assume any deal that gets around 50K in volume is going to be a cap out with a \$10k TU bonus.

This average ticket formula helps you estimate a more accurate range of what can be expected.

3. **If a merchant has an average ticket price between \$18-25, then use the same formula as above but with “cost” % at 2.25%.**
4. **If a merchant has an average ticket price between \$25-\$65, then use the same formula as above but with “cost” % at 2%**
5. **If a merchant has an average ticket price between \$65-\$100, then use the same formula as above but with “cost” % at 1.75%**
6. **If a merchant has an average ticket price of \$100 or above, then use the same formula as above but with “cost” % at 1.6%.**

NOTE: These numbers are estimates, not actual. It's always best to underestimate not overestimate, so take these estimates with a grain of salt.

- The profit of a deal will largely depend on what types of cards will be commonly used at the establishment. Some restaurants have a demographic that mostly use debit cards, which is the lowest “cost” card (meaning more profit to you), and even though a steakhouse might have a higher ticket average of say, \$100, that clientele is going to be most likely using AmEx, MasterCard, and other cards that carry high fees, therefore they have higher rates / “cost” attached to those deals. There are less transactions with higher average ticket businesses, so “cost” is lower. The transaction fee that’s associated with every time a card is swiped doesn’t affect a large ticket profit as much as a small one.
- Even if the cost % is lower for the higher ticket deals (as you will see below), the profit will still likely be less on these deals than you might think because of the higher amount of fee on cards like AmEx (because not as many debit cards are used on high tickets). You





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are able to see in partner portal merchant statements what are the most common cards being used at each establishment, how much volume is processed through debit cards, MasterCard, AmExes, etc. Therefore, we are able to use this data and approximate “cost” associated with cards to come up with the following profit formulas.

- The reason we deduct this “cost” percentage from monthly profit is because Equip doesn’t see that % as part of the profit. This (on average) 2% cost is Visa, Mastercard, etc., getting their cut of the deal.
- You might also wonder why we multiply by .6 at the end of the formula. This is because Shift4’s cut of the profit is 40%, or .4, leaving 60%, or .6 for Equip, so we do that to back out Shift4’s cut.



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Change Log			
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