

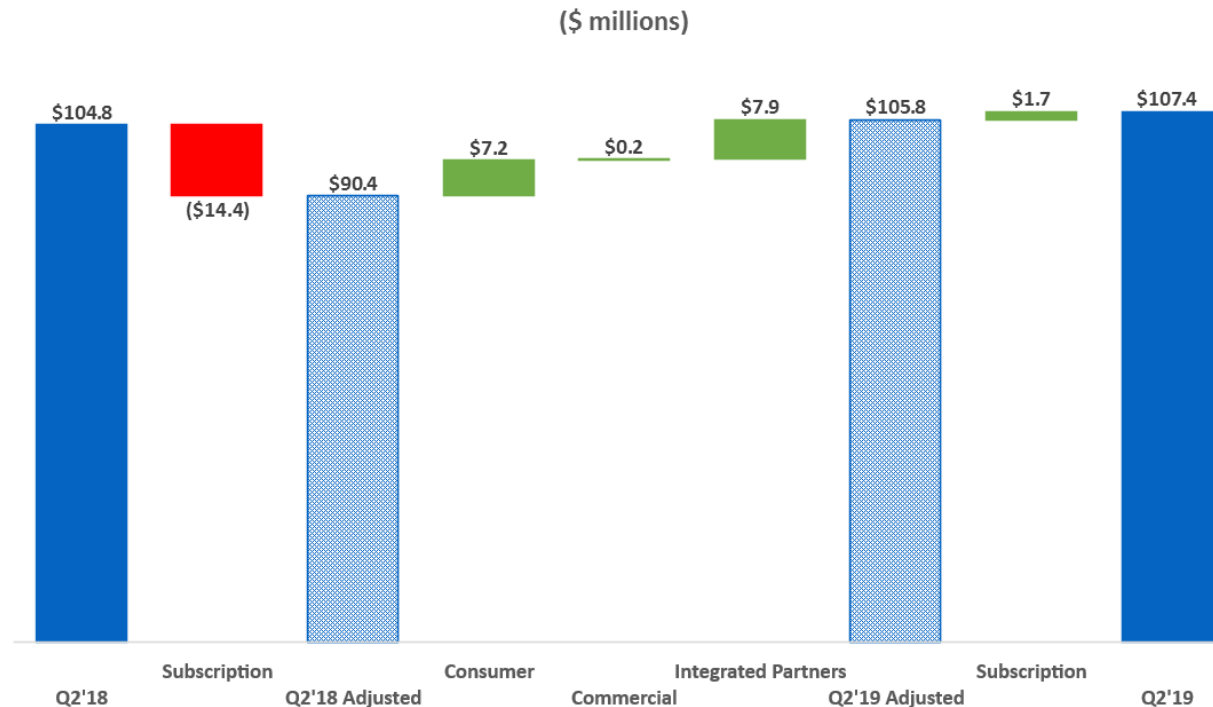
Priority Technology Holdings, Inc.

Slides Supplementing Second Quarter 2019 Earnings Call



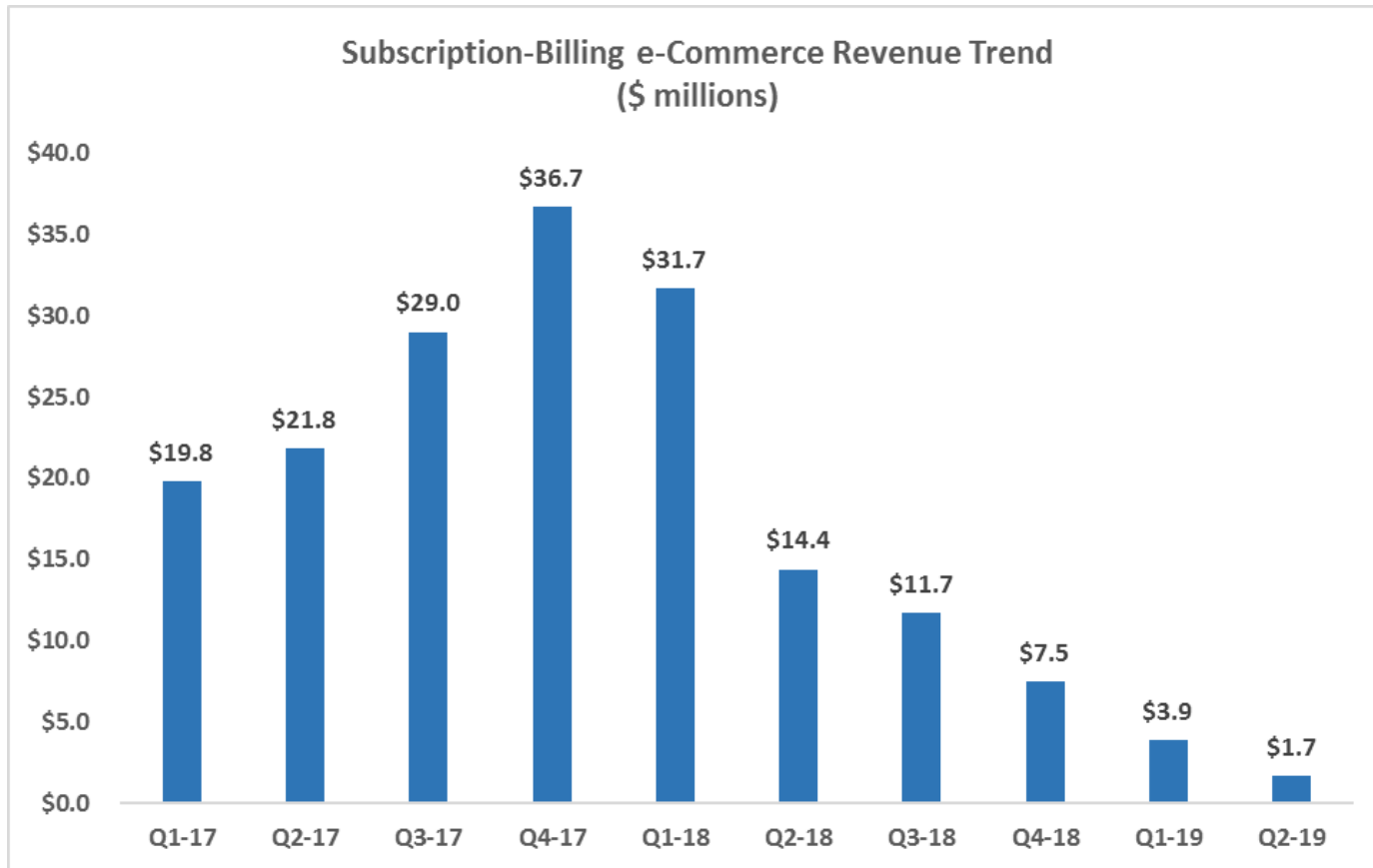
Revenue – Q2 2019 vs. Q2 2018

- **Revenue** increased \$2.7 million, 2.5%, to \$107.4 million
 - **Consumer Payments** declined 5.6% to \$92.2 million from \$97.7 million
 - **Commercial Payments** increased 3.1% to \$7.1 million from \$6.9 million
 - **Integrated Partners** amounted to \$8.1 million compared with \$0.1 million in the second quarter of 2018.
- **Subscription-billing e-commerce revenue** declined \$12.7 million from \$14.4 million in 2018 to \$1.7 million in 2019
- **Adjusted Revenue** increased 17.0% to \$105.8 million
 - **Consumer Payments** increased 8.7% to \$90.6 million



Subscription-Billing e-Commerce Revenue Trend

The comparative consolidated revenue has been negatively affected by the wind-down of high-margin accounts with certain subscription-billing e-commerce merchants due to industry-wide changes for enhanced card association compliance. This revenue was entirely within the Consumer Payments segment.



Q3 and Q4 2017 have been adjusted from previous disclosures; previous amounts were \$23.4 million and \$30.7 million in Q3 and Q4 2017, respectively.



Merchant Bankcard – Q2 2019 vs. Q2 2018

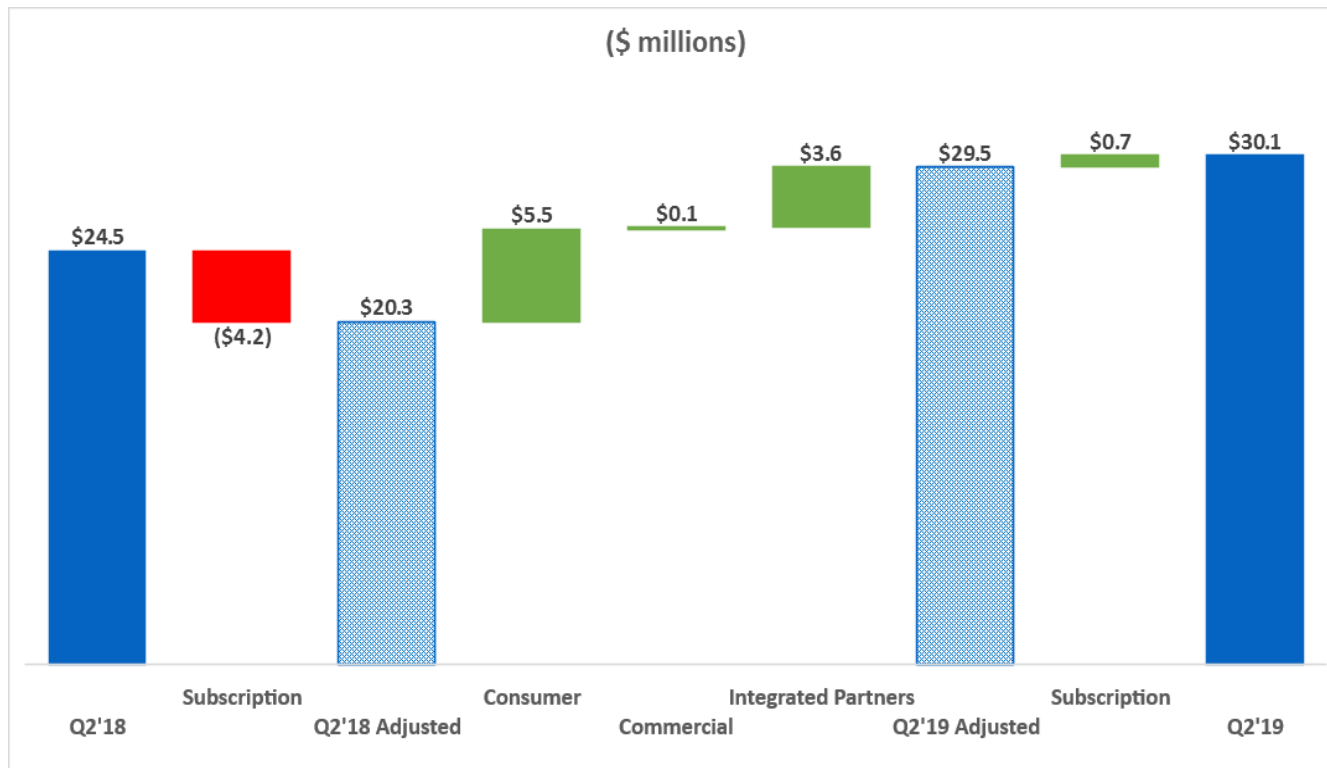
	<u>2019</u>	<u>2018</u>	<u>Growth</u>
Consumer Payments:			
Merchant bankcard processing dollar value	\$10,774,149	\$9,820,496	9.7%
Merchant bankcard transaction volume	130,146	120,020	8.4%
Average Ticket	\$82.79	\$81.82	1.2%
Commercial Payments:			
Merchant bankcard processing dollar value	\$74,528	\$61,867	20.5%
Merchant bankcard transaction volume	29	30	-5.5%
Average Ticket	\$2,613.39	\$2,049.74	27.5%
Integrated Partners:			
Merchant bankcard processing dollar value	\$106,162	-	n/a
Merchant bankcard transaction volume	363	-	n/a
Average Ticket	\$292.31	-	n/a
Total:			
Merchant bankcard processing dollar value	\$10,954,839	\$9,882,363	10.9%
Merchant bankcard transaction volume	130,538	120,050	8.7%
Average Ticket	\$83.92	\$82.32	1.9%

Amounts in thousands, except Average Ticket



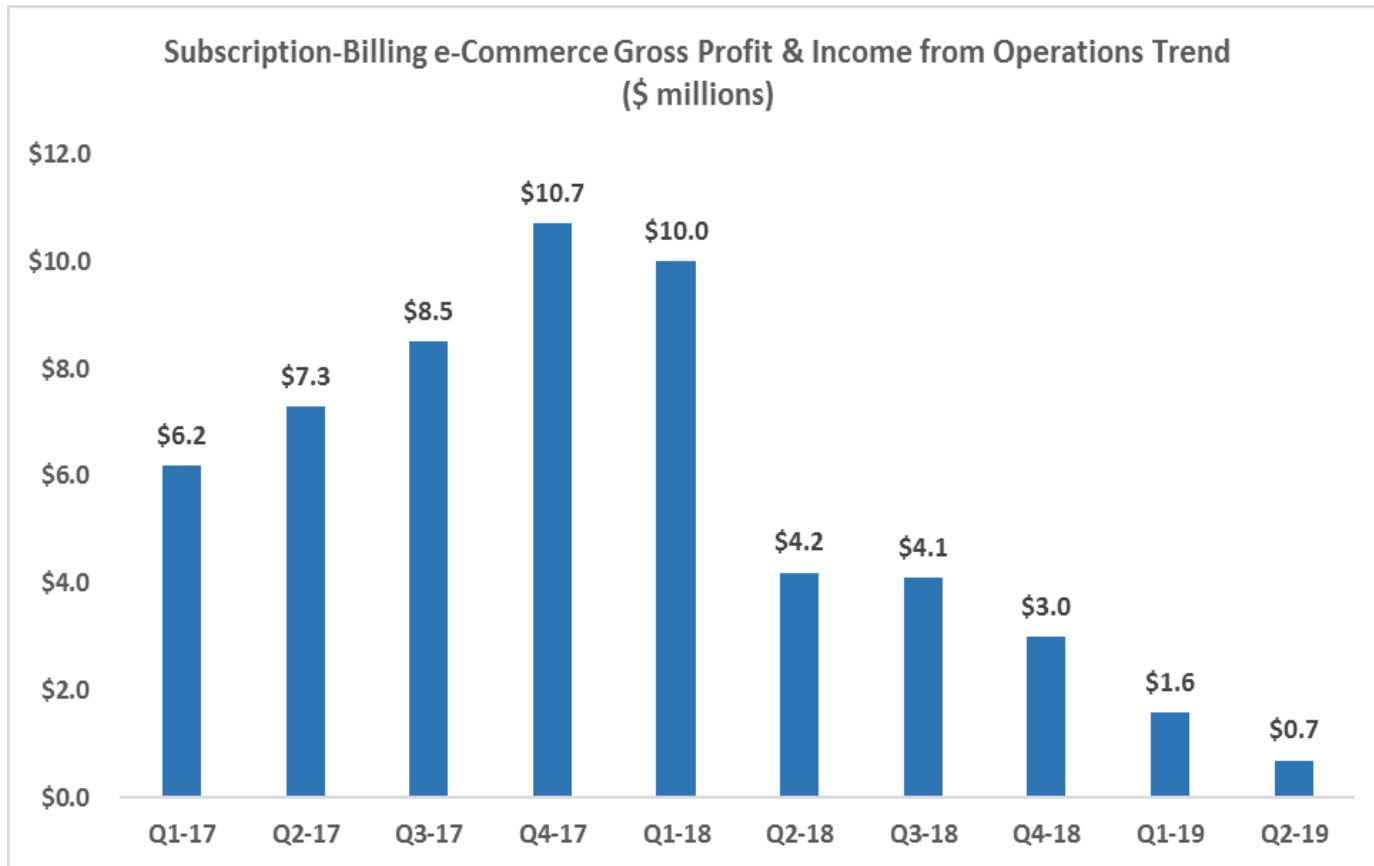
Gross Profit – Q2 2019 vs. Q2 2018

- **Gross profit** increased \$5.6 million from \$24.5 million to \$30.1 million
 - **Gross profit margin** increased 470 bps from 23.4% to 28.1%
- **Gross profit** associated with subscription-billing e-commerce merchants was \$0.7 million in the second quarter of 2019 compared with \$4.2 million in the second quarter of 2018.
- **Adjusted gross profit** increased by \$9.2 million from \$20.3 million to \$29.5 million
 - Adjusted gross profit margin** increased 540 bps from 22.5% to 27.9%



Subscription-Billing e-Commerce Gross Profit & Income from Operations Trend

The comparative consolidated gross profit and income from operations have also been negatively affected by the wind-down of high-margin accounts with certain subscription-billing e-commerce merchants. This gross profit and income from operations were entirely within the Consumer Payments segment.

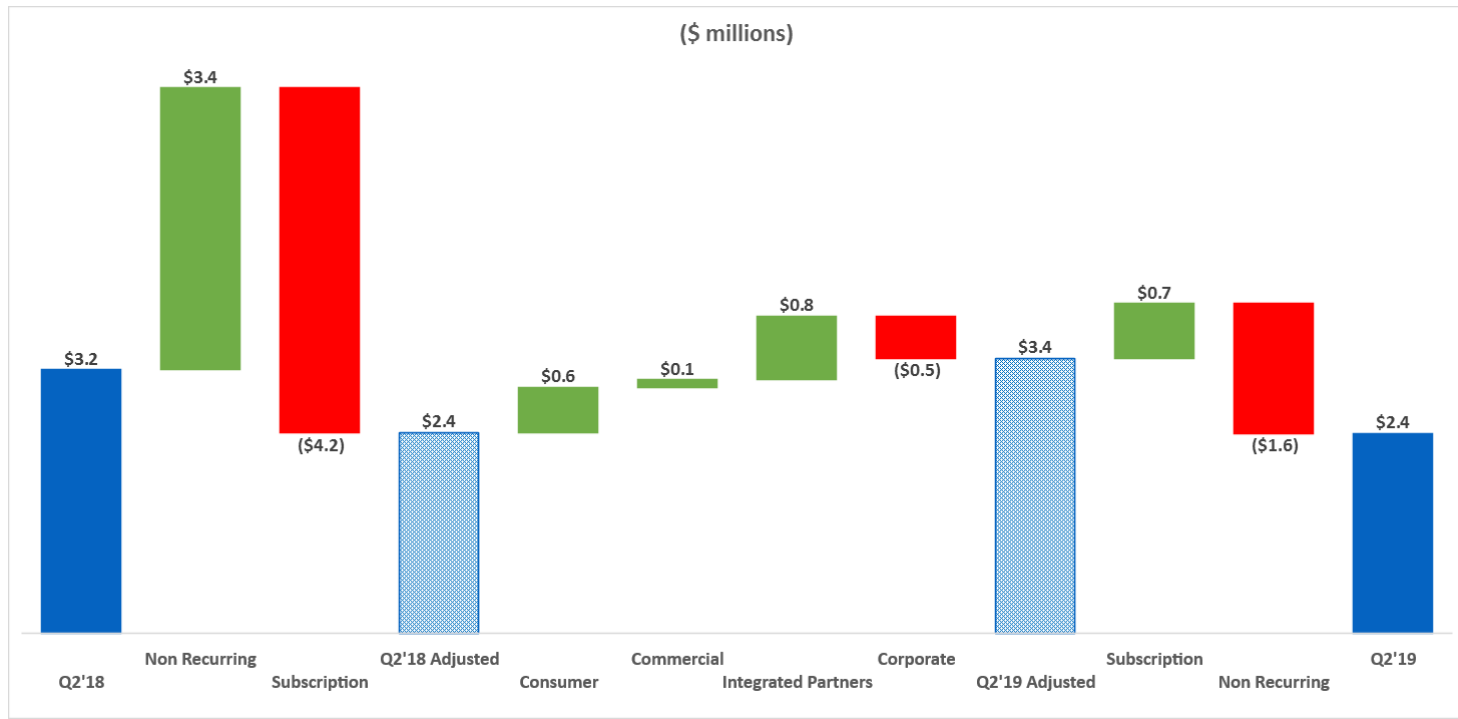


Q3 and Q4 2017 have been adjusted from previous disclosures; previous amounts were \$8.0 million and \$10.3 million in Q3 and Q4 2017, respectively.



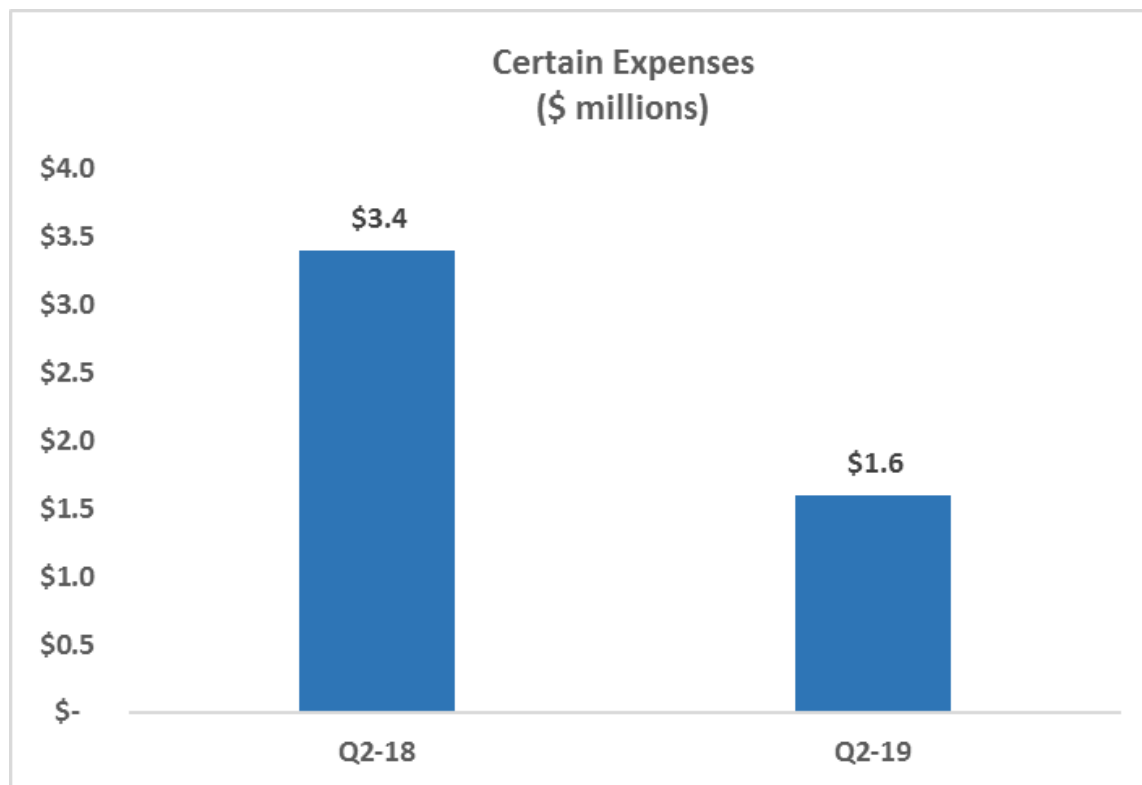
Income from Operations – Q2 2019 vs. Q2 2018

- **Income from Operations** declined \$0.8 million to \$2.4 million from \$3.2 million
 - **Consumer Payments** declined 28.8% to \$7.4 million
 - **Commercial Payments** increased \$0.1 million from a loss of \$0.4 million to a loss of \$0.3 million
 - **Integrated Partners** increased \$0.8 million from a loss of \$0.2 million to income from operations of \$0.6 million
 - **Corporate Expense** declined 20.5% to \$5.2 million from \$6.6 million
- **Adjusted Income from Operations** increased \$0.9 million to \$3.4 million
 - **Consumer Payments** increased 9.0% to \$6.7 million



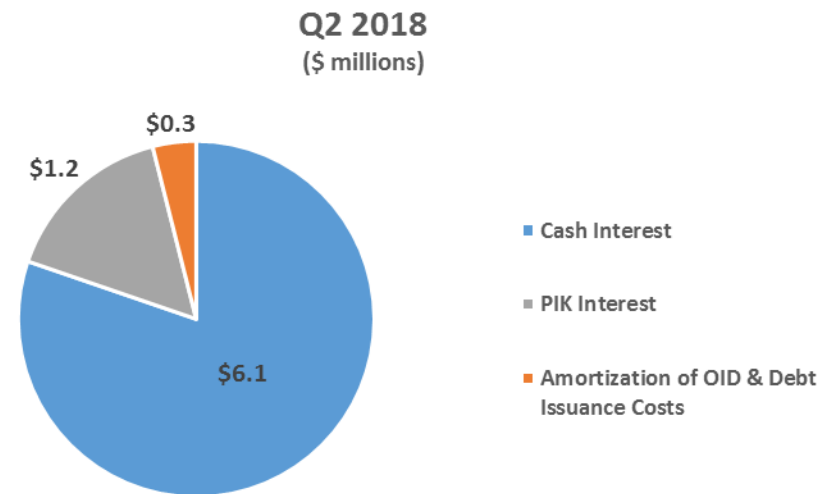
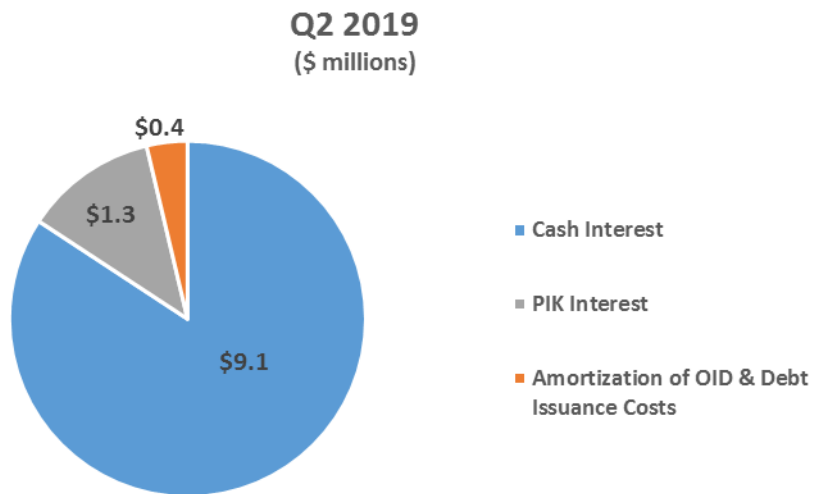
Certain Expenses – Q2 2019 vs. Q2 2018

Income from operations included certain operating expenses that the Company considers non-recurring in nature (“non-recurring expenses”). In the second quarter of 2019, non-recurring expenses were associated with allocation of purchase price to temporary free transition services from Yapstone, Inc. related to integration of the March 2019 asset acquisition, and certain litigation and advisory costs. In the second quarter of 2018, non-recurring expenses such as legal, accounting, advisory and consulting, were largely associated with conversion to a public company, and certain litigation costs. These operating expenses were \$1.6 million and \$3.4 million in the second quarters of 2019 and 2018, respectively.



Interest Expense – Q2 2019 vs. Q2 2018

Interest expense of \$10.8 million in the second quarter of 2019 increased by \$3.1 million from \$7.6 million in the second quarter of 2018. The increase is due to higher outstanding borrowings driven by debt financing of acquisitions subsequent to the second quarter of 2018.

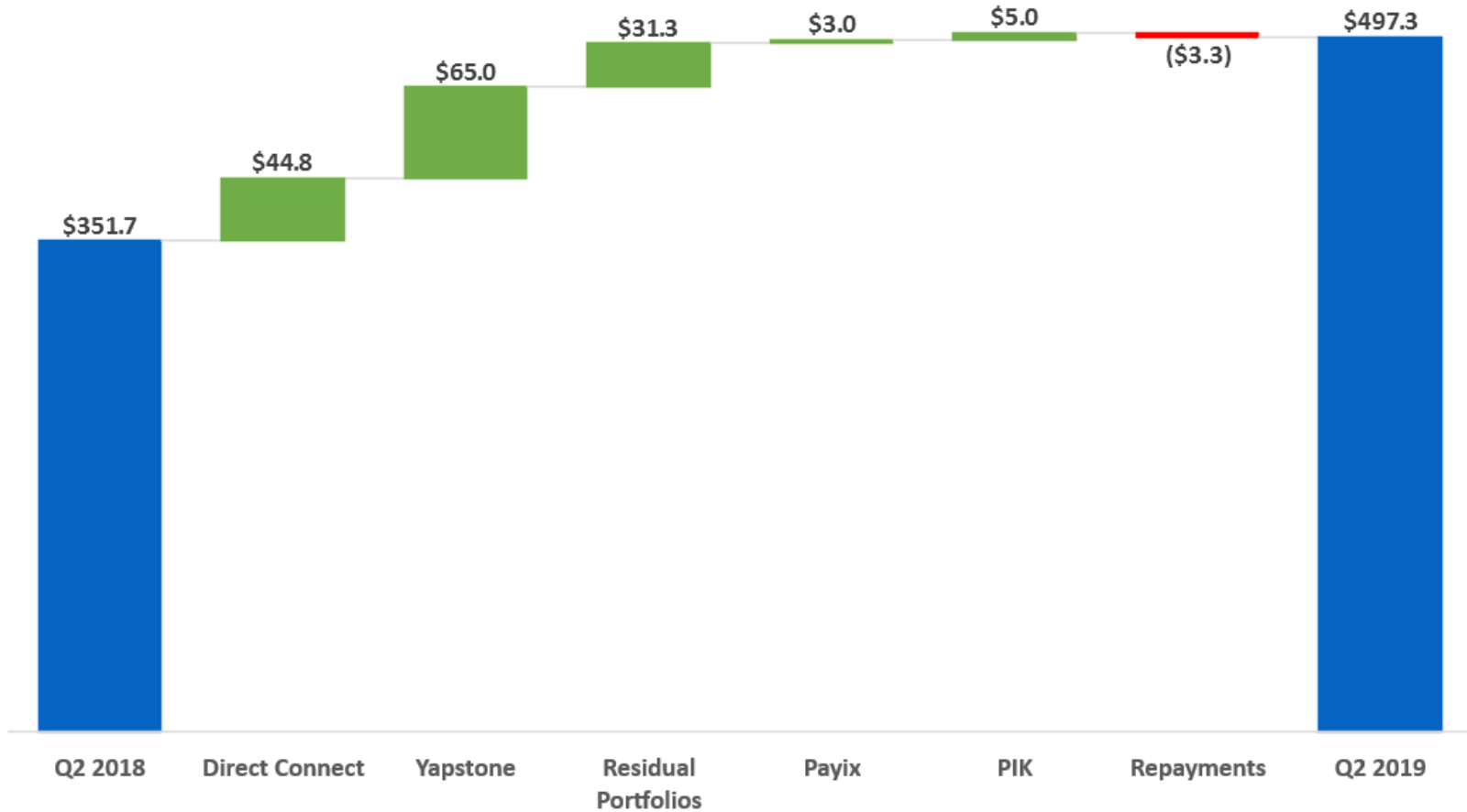


Any differences are due to rounding



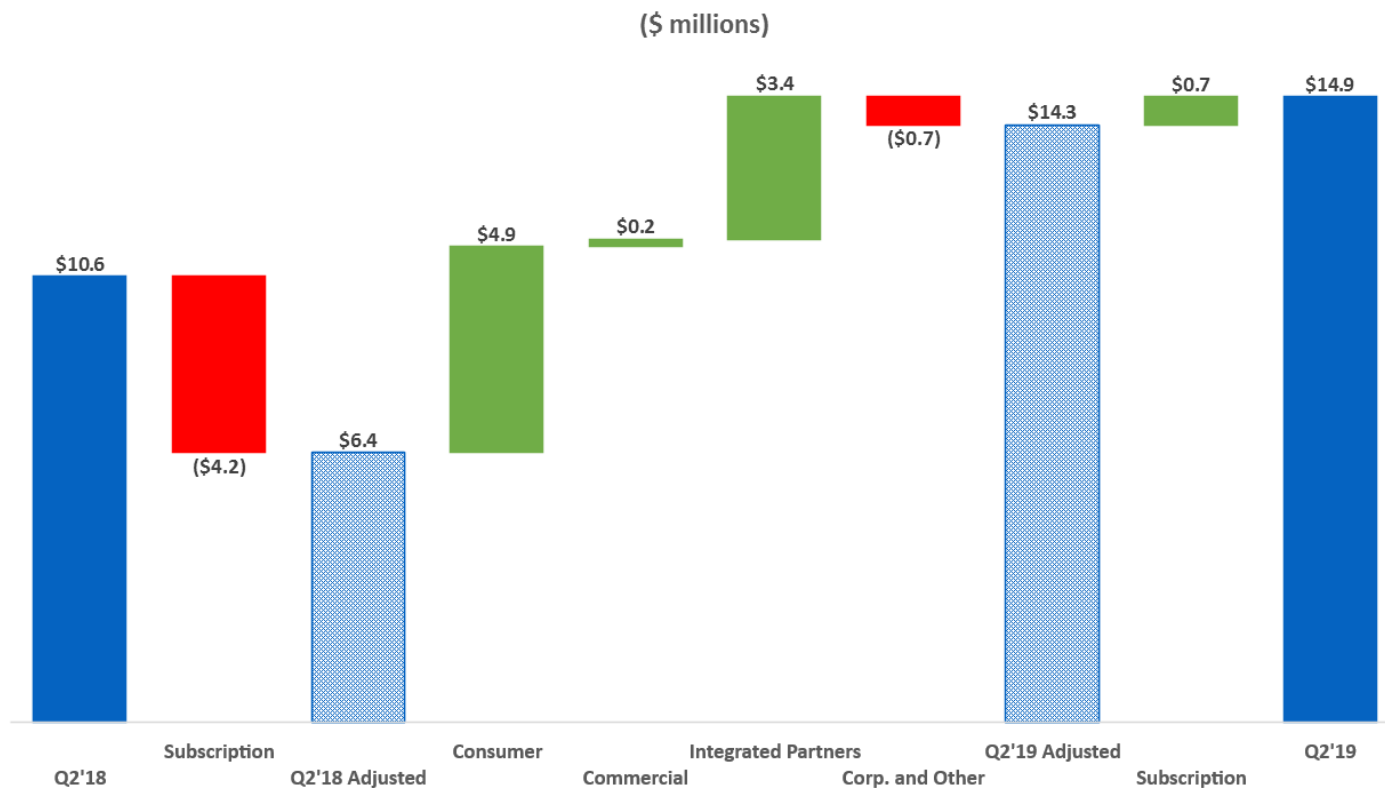
Outstanding Debt – Q2 2019 vs. Q2 2018

(\$ millions)



Adjusted EBITDA – Q2 2019 vs. Q2 2018

- **Adjusted EBITDA** of \$14.9 million increased \$4.3 million from \$10.6 million in 2018
- Excluding the impact of subscription-billing e-commerce merchants, **adjusted EBITDA** of \$14.3 million increased \$7.8 million from \$6.4 million in 2018



Income Tax Expense

	2019	
	<u>Q2</u>	<u>YTD</u>
Tax Benefit	\$ (1,985)	\$ (3,709)
<i>Section 163(j) Valuation Allowance:</i>		
2018 Discrete	2,670	2,670
2019 Limitations	<u>5,243</u>	<u>5,243</u>
Income Tax Expense	<u>\$ 5,928</u>	<u>\$ 4,204</u>
Total Valuation Allowance		<u><u>\$ 7,913</u></u>

