

Priority Technology Holdings, Inc.

**Supplemental Slides for the Second Quarter 2020
Earnings Call on August 13, 2020**

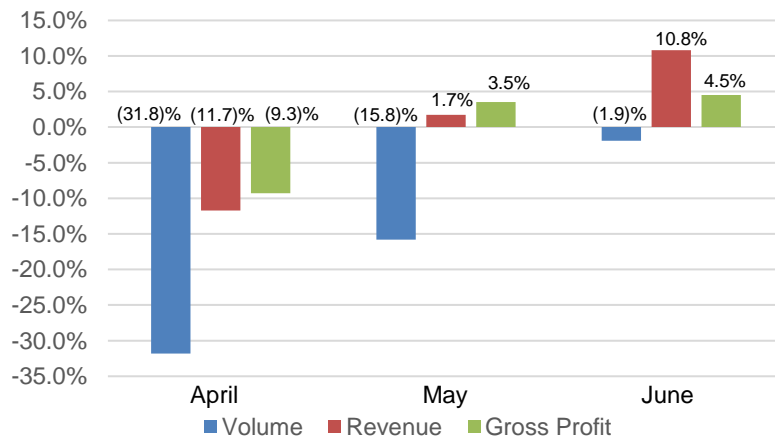


Highlights

Second Quarter 2020 Compared with Second Quarter 2019 A Strong Rebound in May and June Followed April's Nationwide Stay-At-Home

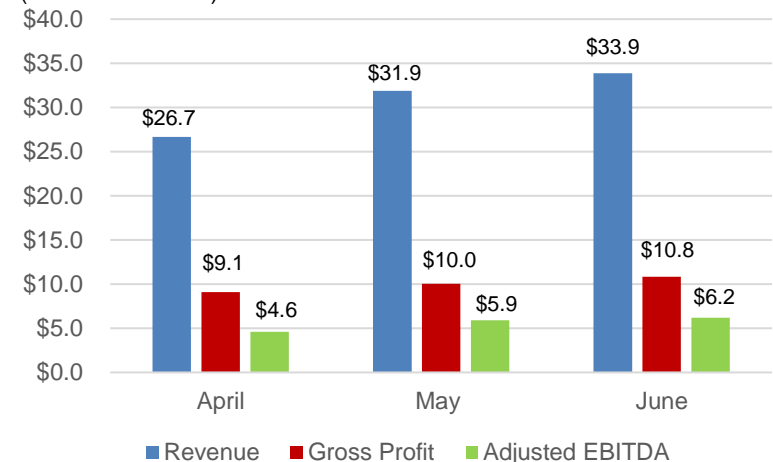
- **Revenue of \$92.4 million** increased 0.2% from \$92.1 million.
- **Gross profit of \$30.0 million** decreased 0.6% from \$30.1 million.
 - **Gross profit margin of 32.4%** decreased 27 basis points from 32.7%.
- **Income from operations of \$4.0 million** increased \$1.6 million from \$2.4 million.
- **Adjusted EBITDA of \$16.7 million** increased 11.6% from \$14.9 million.
- **Leverage EBITDA of \$16.9 million** increased 10.4% from \$15.3 million.
 - Adjusted EBITDA further adjusted for certain items under the debt facility.
- **Merchant Bankcard volume of \$9.2 billion** decreased 16.0% from \$11.0 billion.

Volume, Revenue and Gross Profit Growth by Month



Revenue, Gross Profit and Adjusted EBITDA by Month

(dollars in millions)



Merchant Bankcard Volume

Merchant Bankcard volume of \$9.2 billion decreased 16.0% from \$11.0 billion

	Second Quarter		Variance	
	2020	2019	\$	%
Consumer Payments:				
Merchant bankcard processing dollar value	\$ 9,010,908	\$ 10,774,149	\$ (1,763,241)	(16.4%)
Merchant bankcard transaction volume	92,842	130,146	(37,304)	(28.7%)
Average Ticket	\$ 97.06	\$ 82.79	\$ 14.27	17.2%
Commercial Payments:				
Merchant bankcard processing dollar value	\$ 64,247	\$ 74,528	\$ (10,281)	(13.8%)
Merchant bankcard transaction volume	21	29	(8)	(27.6%)
Average Ticket	\$ 3,110.95	\$ 2,613.39	\$ 497.57	19.0%
Integrated Partners:				
Merchant bankcard processing dollar value	\$ 122,089	\$ 106,162	\$ 15,927	15.0%
Merchant bankcard transaction volume	388	363	24	6.7%
Average Ticket	\$ 314.92	\$ 292.31	\$ 22.61	7.7%
Total:				
Merchant bankcard processing dollar value	\$ 9,197,245	\$ 10,954,839	\$ (1,757,594)	(16.0%)
Merchant bankcard transaction volume	93,250	130,538	(37,288)	(28.6%)
Average Ticket	\$ 98.63	\$ 83.92	\$ 14.71	17.5%

Amounts in thousands, except Average Ticket

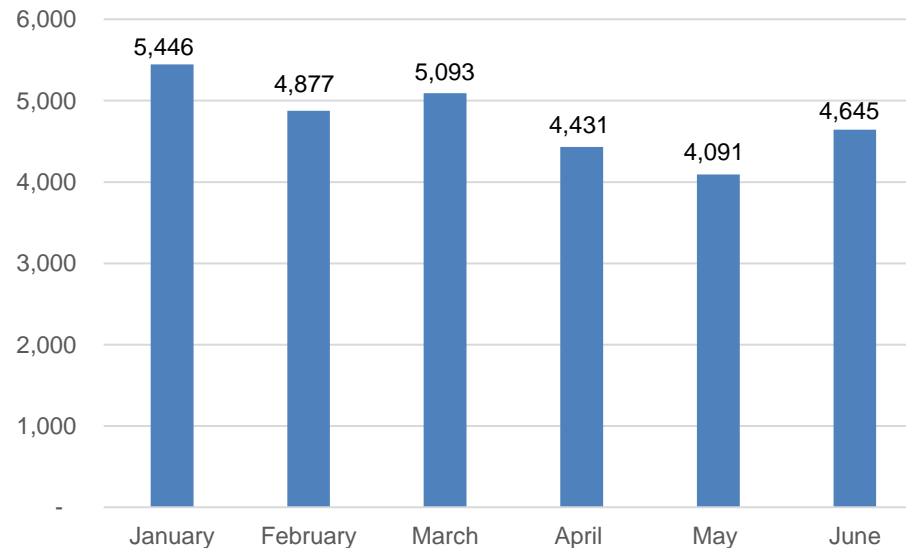


New Merchant Boards

New Merchant Boards Remained Strong in Q2, But Slowed from a Very Strong Q1

- **New Merchant Boards** remain strong despite the economic impact of COVID
 - Historically, monthly new merchant boards average in the range of 4,500 - 5,000
 - First quarter averaged 5,139 in 2020 and 4,544 in 2019
 - Second quarter averaged 4,389 in 2020 and 4,467 in 2019

Monthly New Merchant Boards Throughout 2020

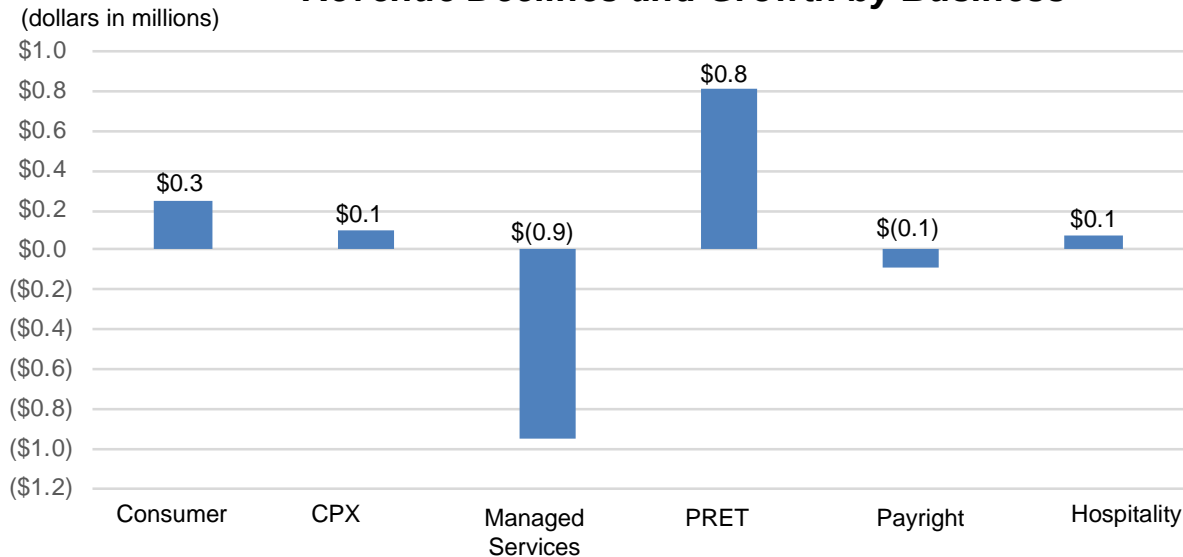


Revenue

Revenue of \$92.4 million increased 0.2% from \$92.1 million

- **Consumer Payments** increased 0.3% to \$81.7m from \$81.4m
- **Commercial Payments** decreased 13.0% to \$5.7m from \$6.5m
 - **CPX** increased 7.9% to \$1.4m from \$1.3m
 - **Managed Services** decreased 18.2% to \$4.3m from \$5.2m
- **Integrated Partners** increased 19.2% to \$5.0m from \$4.2m
 - **PRET** increased 22.0% to \$4.5m from \$3.7m
 - **Payright** decreased 20.7% to \$339.3k from \$427.7k
 - **Hospitality** increased 114.6% to \$143.7k from \$66.9k

Revenue Declines and Growth by Business



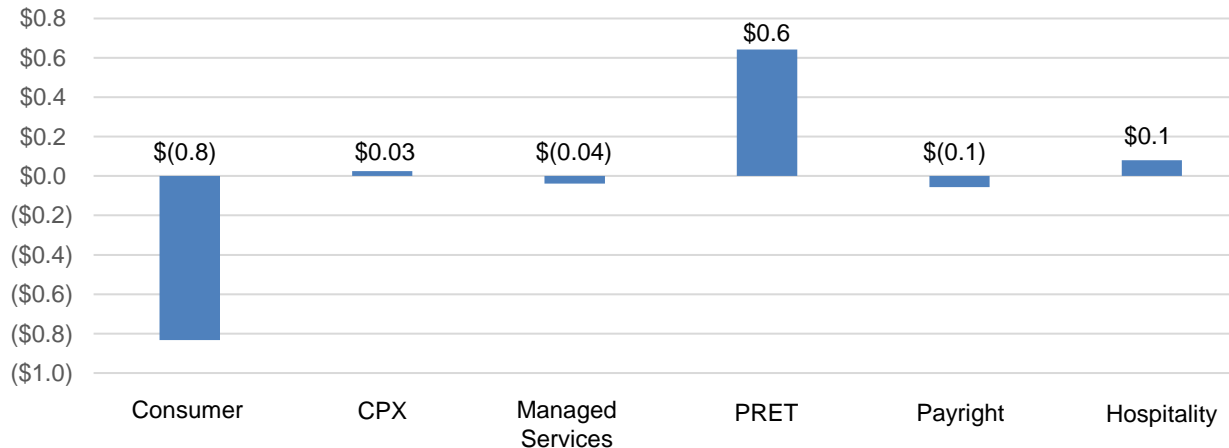
Gross Profit

Gross profit of \$30.0 million decreased 0.6% from \$30.1 million

- **Consumer Payments** decreased 3.6% to \$22.6m from \$23.4m
- **Commercial Payments** decreased 0.4% to \$3.07m from \$3.08m
 - **CPX** increased 2.4% to \$1.06m from \$1.04m
 - **Managed Services** decreased 1.9% to \$2.0m from \$2.04m
- **Integrated Partners** increased 18.3% to \$4.3m from \$3.6m
 - **PRET** increased 19.3% to \$4.0m from \$3.3m

Gross Profit Declines and Growth by Business

(dollars in millions)



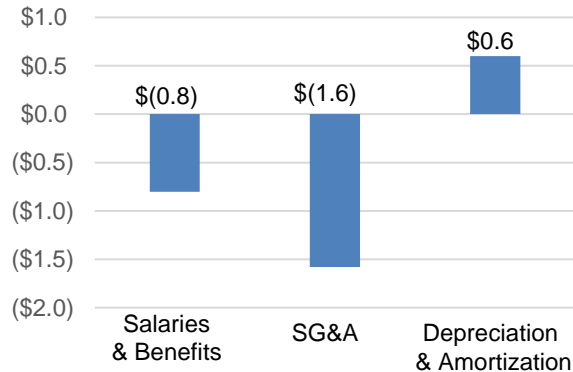
Operating Expenses

Operating expenses of \$25.9 million decreased 6.4% from \$27.7 million

- **Salaries and employee benefits** decreased 7.7% to \$9.6m from \$10.4m
 - Includes non-cash compensation of \$0.7m in 2020 and \$1.0m in 2019
- **SG&A** decreased 20.8% to \$6.0m from \$7.6m
 - Includes non-recurring expenses of \$1.4m in 2020 and \$1.6m in 2019
- **Depreciation and amortization** increased 6.2% to \$10.4m from \$9.8m

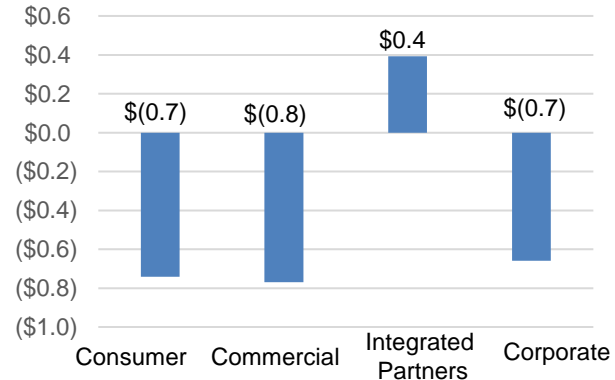
Increase (Decrease) by Type

(dollars in millions)



Increase (Decrease) by Segment

(dollars in millions)

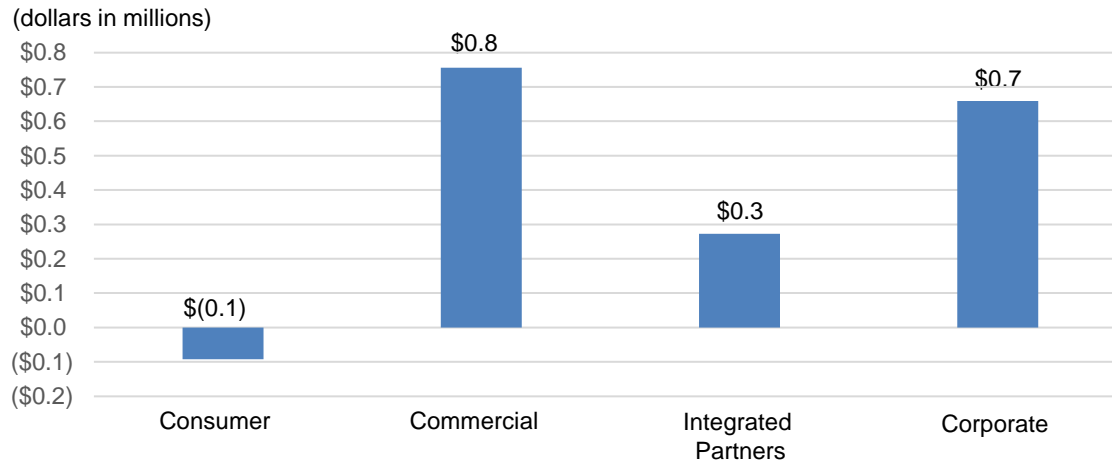


Income from Operations

Income from Operations of \$4.0 million increased 65.5% from \$2.4 million

- **Consumer Payments** decreased 1.3% to \$7.3m from \$7.4m
- **Commercial Payments** increased \$0.8m to \$0.5m from \$(0.3)m
- **Integrated Partners** increased 47.7% to \$0.84m from \$0.57m
 - Includes \$0.9m in 2020 and \$0.7m in 2019 for non-recurring integration costs
- **Corporate** improved \$0.7m to \$(4.6)m from \$(5.2)m
 - Includes non-recurring expenses of \$0.5m in 2020 and \$0.8m in 2019

Increase (Decrease) in Income from Operations by Segment

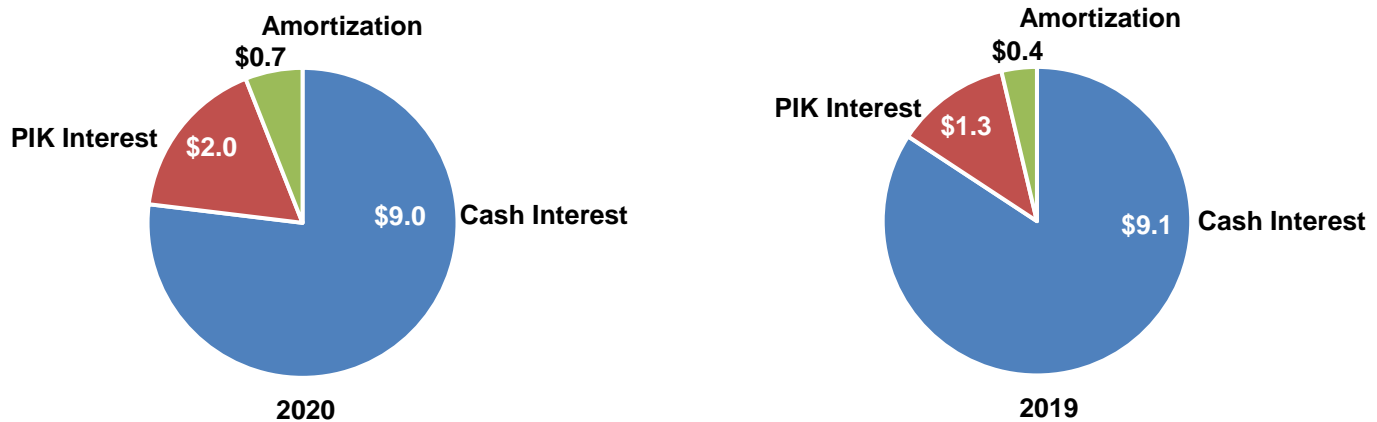


Interest Expense

Interest expense of \$11.7m increased by \$0.9m from \$10.8m

(dollars in millions)	Second Quarter	
	2020	2019
Cash Interest	\$9.0	\$9.1
PIK Interest	\$2.0	\$1.3
Amortization - Discount & Cost	\$0.7	\$0.4
	<u>\$11.7</u>	<u>\$10.8</u>

Components of Interest Expense

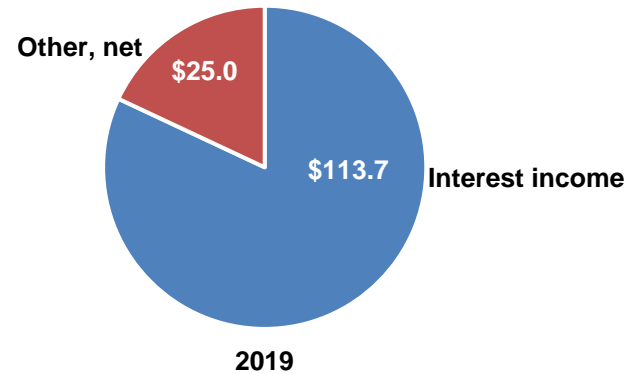
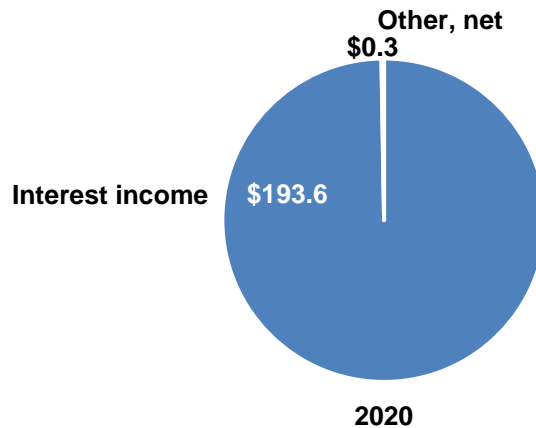


Other Income, Net

Other income, net of \$194k is primarily ISO loan interest income

	Second Quarter	
	2020	2019
(dollars in thousands)		
Interest income - ISO Loans	\$193.6	\$113.7
Other, net	\$0.3	\$25.0
	<u>\$193.9</u>	<u>\$138.7</u>

Components of Other Income, Net

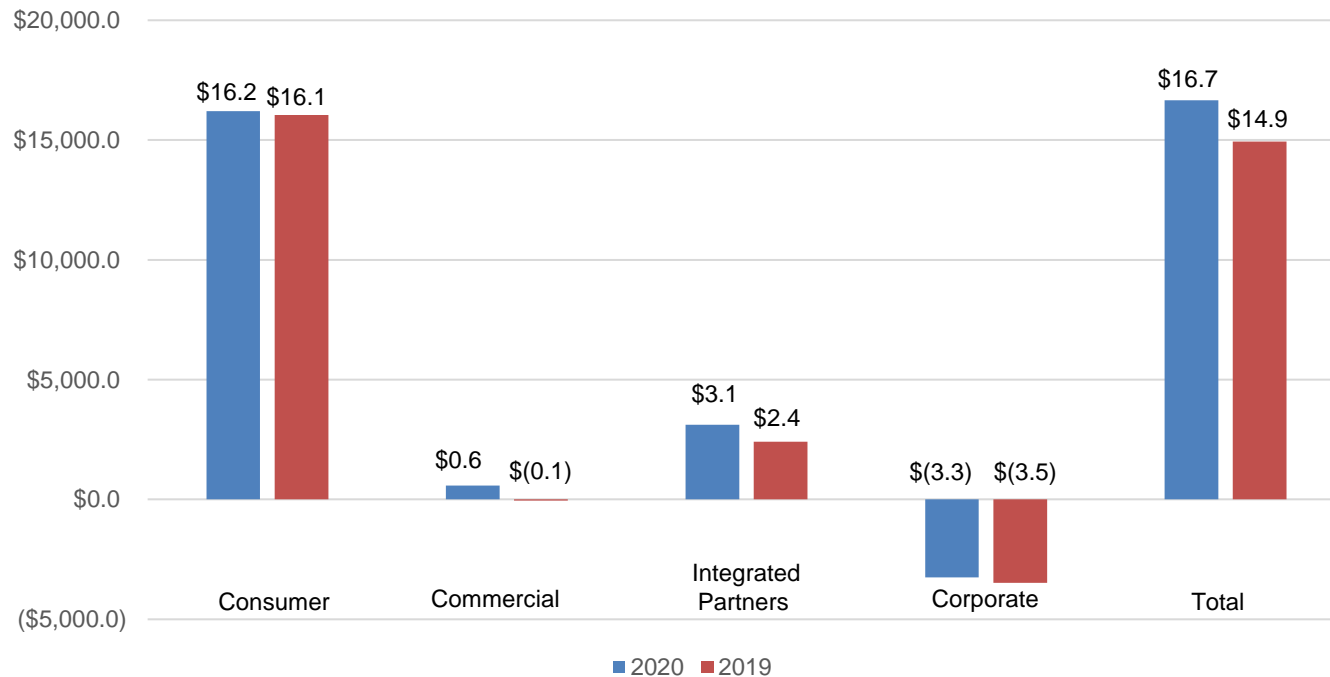


Adjusted EBITDA

Adjusted EBITDA of \$16.7 million increased 11.6% from \$14.9 million

Adjusted EBITDA by Segment

(dollars in millions)



Cash Flow

Strong Focus on Cash Management Resulted in Increased Unrestricted Cash Balance and Net Repayment of Debt

Comparative Cash Flows – Unrestricted & Restricted Cash Activity

	Second Quarter		Q2 2020		Q2 2019	
	2020	2019	Unrestricted	Restricted	Unrestricted	Restricted
(dollars in thousands)						
Net Cash Provided by Operating Activities	\$17,076	\$4,960	\$8,803	\$8,273	\$3,416	\$1,544
Net Cash Used in Investing Activities	(\$4,306)	(\$7,598)	(\$4,306)		(\$7,598)	
Net Cash Used in (Provided By) Financing	(\$1,501)	\$610	(\$1,501)		\$610	
Net Increase (Decrease) in Cash	\$11,269	(\$2,028)	\$2,996	\$8,273	(\$3,572)	\$1,544
Cash at Beginning of Quarter	\$39,731	\$29,240	\$2,858	\$36,873	\$9,091	\$20,149
Cash at End of Quarter	<u>\$51,000</u>	<u>\$27,212</u>	<u>\$5,854</u>	<u>\$45,146</u>	<u>\$5,519</u>	<u>\$21,693</u>



Debt Rollforward & Leverage

Leverage Ratio Reduced to 7.46x from 7.67x Due to EBITDA Growth and Net Debt Reduction

(dollars in thousands)	March 31, 2020	Second Quarter Activity			June 30, 2020
		PIK	Payments	Borrowings	
Senior Term Debt	\$387,836	\$151	(\$1,002)	\$0	\$386,985
Subordinated Debt	\$96,533	\$1,868	\$0	\$0	\$98,401
Revolver	\$15,000	\$5	(\$4,000)	\$3,500	\$14,505
Total Gross Debt	\$499,369	\$2,024	(\$5,002)	\$3,500	\$499,891
Unamortized discount & costs	(\$8,184)				(\$7,528)
	<u>\$491,185</u>				<u>\$492,363</u>
Current	\$7,866				\$11,724
Long-term	\$483,319				\$480,639
	<u>\$491,185</u>				<u>\$492,363</u>
Total Gross Debt	\$499,369				\$499,891
Unrestricted Cash	\$2,858				\$5,854
Net Debt	<u>\$496,511</u>				<u>\$494,037</u>
Annualized Leverage EBITDA	\$64,716				\$66,230
Actual Leverage	7.67				7.46
Maximum Leverage	7.75				7.75

