

Priority Technology Holdings, Inc.

Supplemental Slides for the Third Quarter 2020 Earnings Call

November 13, 2020

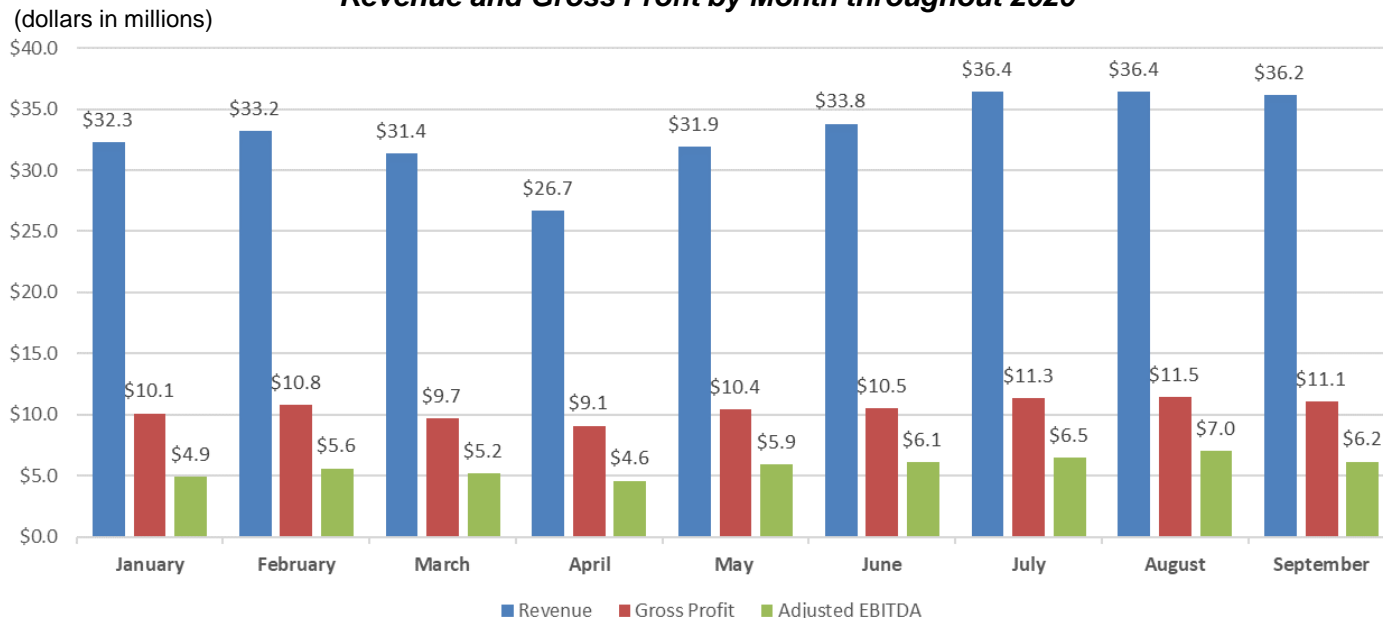


Highlights

Third Quarter 2020 Compared with Third Quarter 2019 A Strong Quarter with Accelerated Growth

- **Revenue of \$109.0 million** increased 16.1% from \$93.9 million.
- **Gross profit of \$34.0 million** increased 12.7% from \$30.2 million.
- **Income from operations of \$7.0 million** increased \$4.3 million from \$2.7 million.
- **Gain on sale of RentPayment of \$62.1 million**, net of minority interests
- **Adjusted EBITDA of \$19.6 million** increased 28.1% from \$15.9 million.
- **Net debt of \$370.4 million** decreased \$123.6 million from \$484.0 at June 30th.
- **Net leverage ratio of 6.16x** decreased from 7.46x at June 30th.

Revenue and Gross Profit by Month throughout 2020



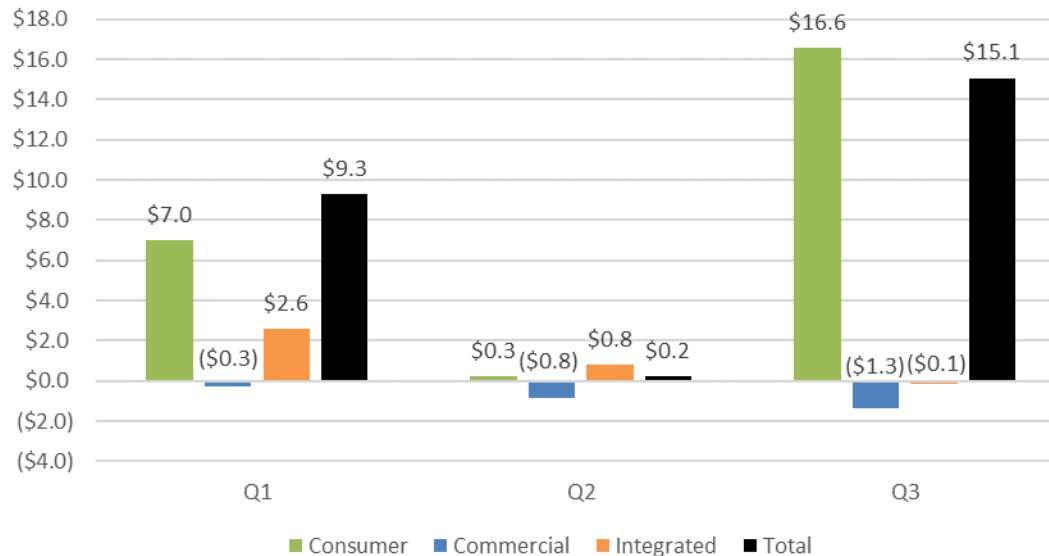
Revenue

Q3 2020 Revenue of \$109.0 million increased 16.1% from \$93.9 million in Q3 2019

- **Consumer Payments** increased 20.0% to \$99.3m from \$82.7m
- **Commercial Payments** decreased 21.2% to \$5.0m from \$6.3m
 - **CPX** increased 6.9% to \$1.5m from \$1.4m
 - **Managed Services** decreased 29.3% to \$3.5m from \$4.9m
- **Integrated Partners** decreased 2.8% to \$4.7m from \$4.8m
 - **PRET** decreased 3.4% to \$4.1m from \$4.2m

Revenue Growth (Decline) by Segment

(dollars in millions)



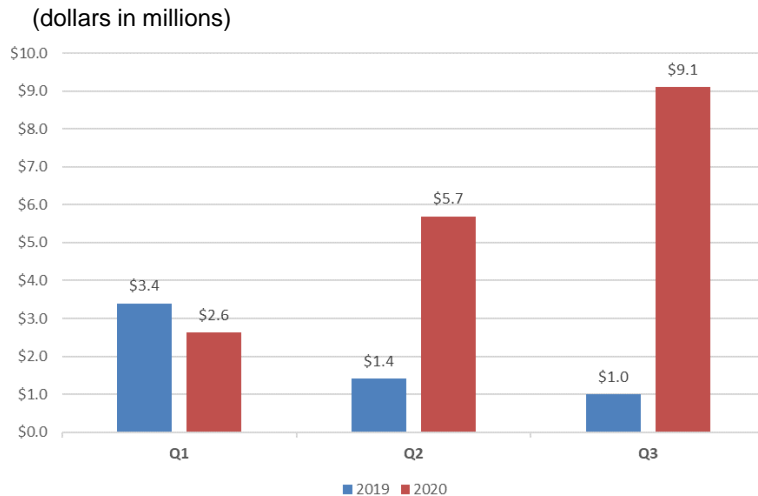
Key Growth Contributors

e-Commerce was a Key Contributor in Overall Revenue Growth

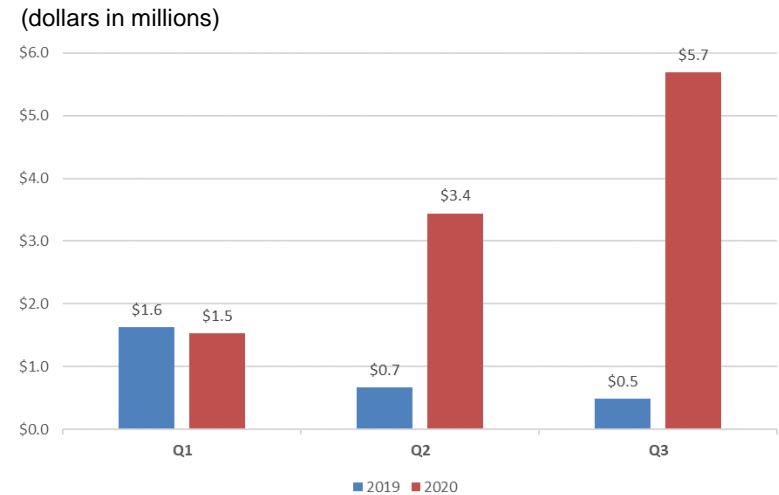
- **Merchant count** ended the quarter at 2,136
 - **Over 1,500 new merchants** added year-to-date
- **Revenue of \$9.1 million** increased from \$1.0 million in Q3 2019
- **Gross Profit of \$5.7 million** increased from \$0.5 million in Q3 2019

Strong Sustained 2020 Growth Momentum in e-Commerce

Revenue



Gross Profit

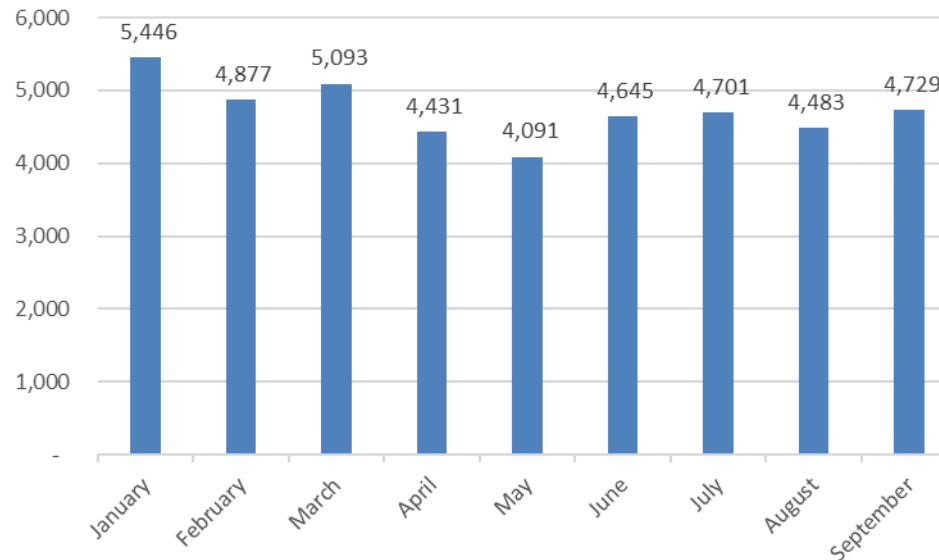


New Merchant Boards

New Merchant Boards Remain Strong Throughout 2020

- **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
 - Third quarter averaged 4,638 in 2020 and 4,774 in 2019

Monthly New Merchant Boards Throughout 2020



Merchant Bankcard Volume

Merchant Bankcard volume of \$11.4 billion increased 5.8% from \$10.8 billion

	Third Quarter			Year to Date		
	2020	2019	Variance	2020	2019	Variance
Consumer Payments:						
Merchant bankcard processing dollar value	\$ 11,235,068	\$ 10,566,500	6.3%	\$ 30,632,724	\$ 31,551,405	-2.9%
Merchant bankcard transaction volume	122,622	131,646	-6.9%	334,896	382,676	-12.5%
Average Ticket	\$ 91.62	\$ 80.26	14.2%	\$ 91.47	\$ 82.45	10.9%
Commercial Payments:						
Merchant bankcard processing dollar value	\$ 58,304	\$ 92,290	-36.8%	\$ 195,229	\$ 236,716	-17.5%
Merchant bankcard transaction volume	24	25	-4.5%	70	84	-16.4%
Average Ticket	\$ 2,397.46	\$ 3,625.69	-33.9%	\$ 2,794.25	\$ 2,832.90	-1.4%
Integrated Partners:						
Merchant bankcard processing dollar value	\$ 105,537	\$ 119,747	-11.9%	\$ 352,144	\$ 259,894	35.5%
Merchant bankcard transaction volume	371	421	-11.9%	1,207	913	32.2%
Average Ticket	\$ 284.30	\$ 284.24	0.0%	\$ 291.72	\$ 284.71	2.5%
Total:						
Merchant bankcard processing dollar value	\$ 11,398,909	\$ 10,778,538	5.8%	\$ 31,180,097	\$ 32,048,015	-2.7%
Merchant bankcard transaction volume	123,018	132,093	-6.9%	336,173	383,673	-12.4%
Average Ticket	\$ 92.66	\$ 81.60	13.6%	\$ 92.75	\$ 83.53	11.0%

Amounts in thousands, except Average Ticket

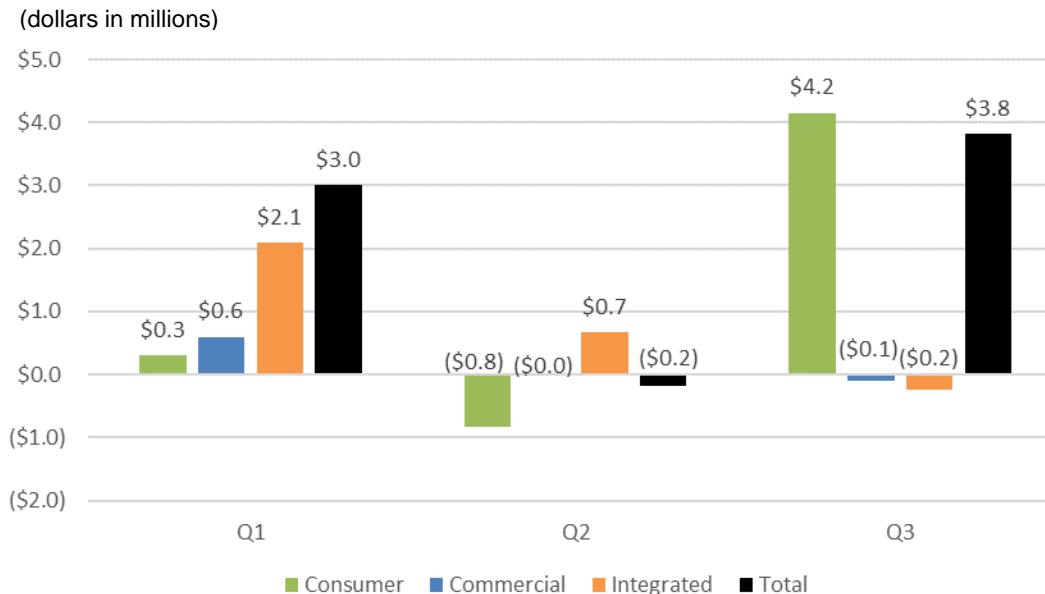


Gross Profit

Q3 2020 Gross Profit of \$34.0 million increased 12.7% from \$30.2 million in Q3 2019

- **Consumer Payments** increased 17.9% to \$27.4m from \$23.2m
- **Commercial Payments** decreased 3.3% to \$2.8m from \$2.9m
 - **CPX** increased 13.1% to \$1.1m from \$1.0m
 - **Managed Services** decreased 11.9% to \$1.7m from \$1.9m
- **Integrated Partners** decreased 5.7% to \$3.9m from \$4.1m
 - **PRET** decreased 8.3% to \$3.5m from \$3.8m

Gross Profit Declines and Growth by Business

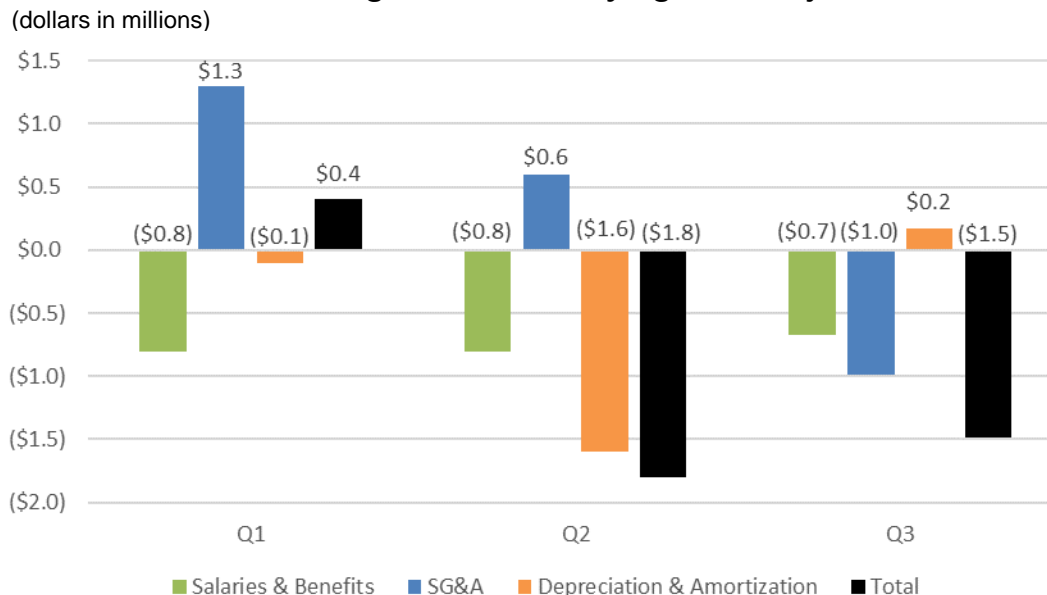


Operating Expenses

Q3 2020 Operating Expenses of \$26.9 million decreased 1.8% from \$27.4 million in Q3 2019

- **Salaries and employee benefits of \$10.0m** decreased 6.2% to \$10.0m from \$10.7m
- **SG&A of \$6.7m** approximated \$6.7m in the prior year quarter
 - SG&A decreased \$1.0 million excluding a non-cash reduction in the carrying value of a residual buyout intangible asset
- **Depreciation and amortization** increased 1.7% to \$10.3m from \$10.1m

Increase (Decrease) by Type
Excluding non-cash carrying value adjustment

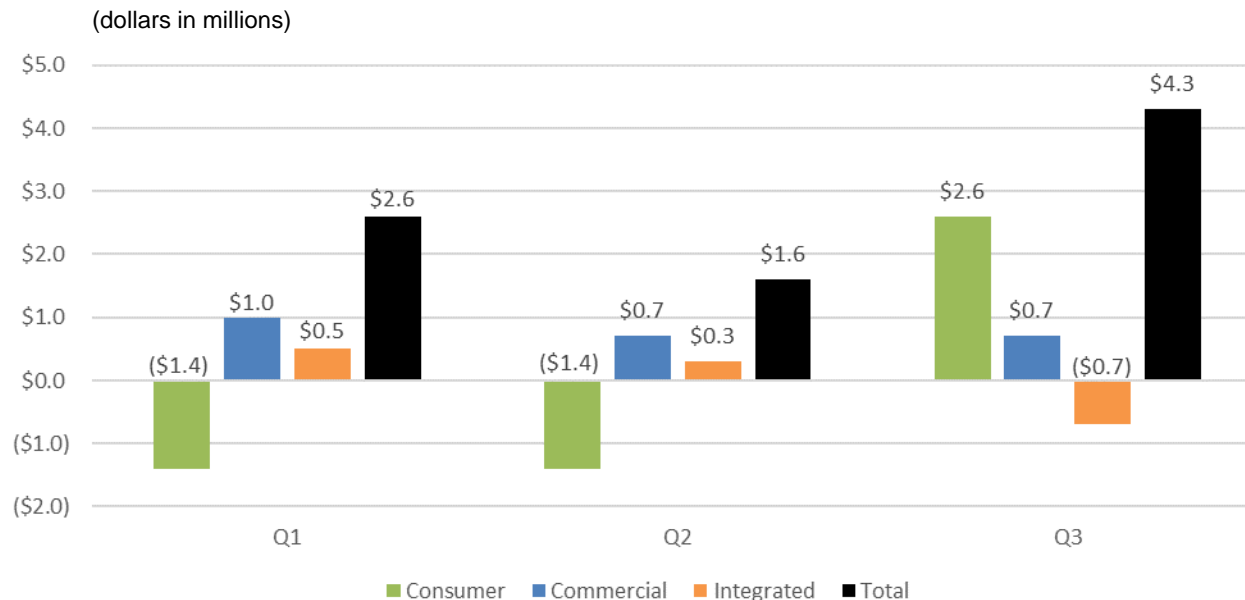


Income from Operations

Q3 2020 Income from Operations of \$7.0 million increased 194.5% from \$2.7 million in Q3 2019

- **Consumer Payments** increased 67.3% to \$12.1m from \$7.2m
- **Commercial Payments** increased \$552.2k to \$169.7k from a loss of \$382.5k
- **Integrated Partners** decreased \$748.8k to \$254.5k from a \$1.0m
 - Includes \$1.0m in 2020 and \$0.4m in 2019 of non-recurring integration costs related to the Yapstone acquisition
- **Corporate** improved \$0.6m to \$4.5m from \$5.1m

Increase in Income from Operations by Segment



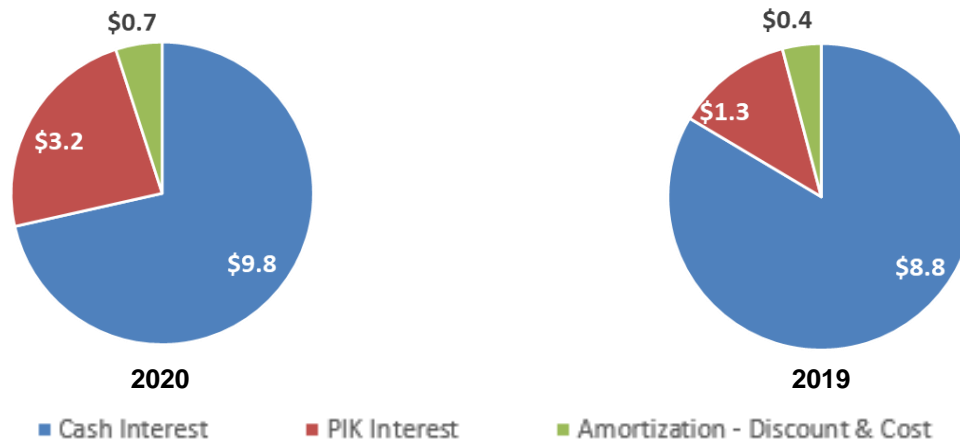
Interest Expense

Q3 2020 Interest expense of \$13.7m increased by \$3.3m from \$10.5m in Q3 2019

(dollars in millions)	Third Quarter			
	2020	Senior	Sub	Revolver
Cash Interest	\$9.8	\$8.2	\$1.3	\$0.3
PIK Interest	3.2	0.9	2.3	
Amortization - Discount & Cost	0.7	0.6	0.1	
	<u>\$13.7</u>	<u>\$9.7</u>	<u>\$3.7</u>	<u>\$0.3</u>

- **PIK penalty** is eliminated going forward
- **Sub debt PIK** reverts to pre-penalty rate of 7.5%

Components of Third Quarter Interest Expense



Third Quarter Debt Rollforward and Leverage

	<u>June 30</u>	<u>Third Quarter Activity</u>			<u>September 30</u>	
		<u>PIK</u>	<u>Payments</u>	<u>Amortization</u>		<u>Paydown</u>
<i>(in thousands)</i>						
Senior Term Debt	\$386,985	\$936	(\$1,002)		(\$106,500)	\$280,419
Subordinated Debt	98,401	2,292				100,693
Revolver	14,505		(3,505)			11,000
Total Gross Debt	499,891	3,228	(4,507)		(106,500)	392,112
Unamortized discount & costs	(7,528)			683	1,523	(5,323)
	<u>\$492,363</u>	<u>\$3,228</u>	<u>(\$4,507)</u>	<u>\$683</u>	<u>(\$104,977)</u>	<u>\$386,789</u>
Current	\$11,724					\$15,583
Long-term	480,639					371,206
	<u>\$492,363</u>					<u>\$386,789</u>
Total Gross Debt	\$499,891					\$392,112
Unrestricted Cash	5,854					21,695
Net Debt	<u>\$494,037</u>					<u>\$370,417</u>
Year-to-Date Annualized Consolidated Adjusted EBITDA						\$60,089
Actual Leverage Ratio						6.16
Maximum Leverage						7.75
Third Quarter Annualized Consolidated Adjusted EBITDA						\$70,856
Leverage at Q3 Run-rate						5.23

