

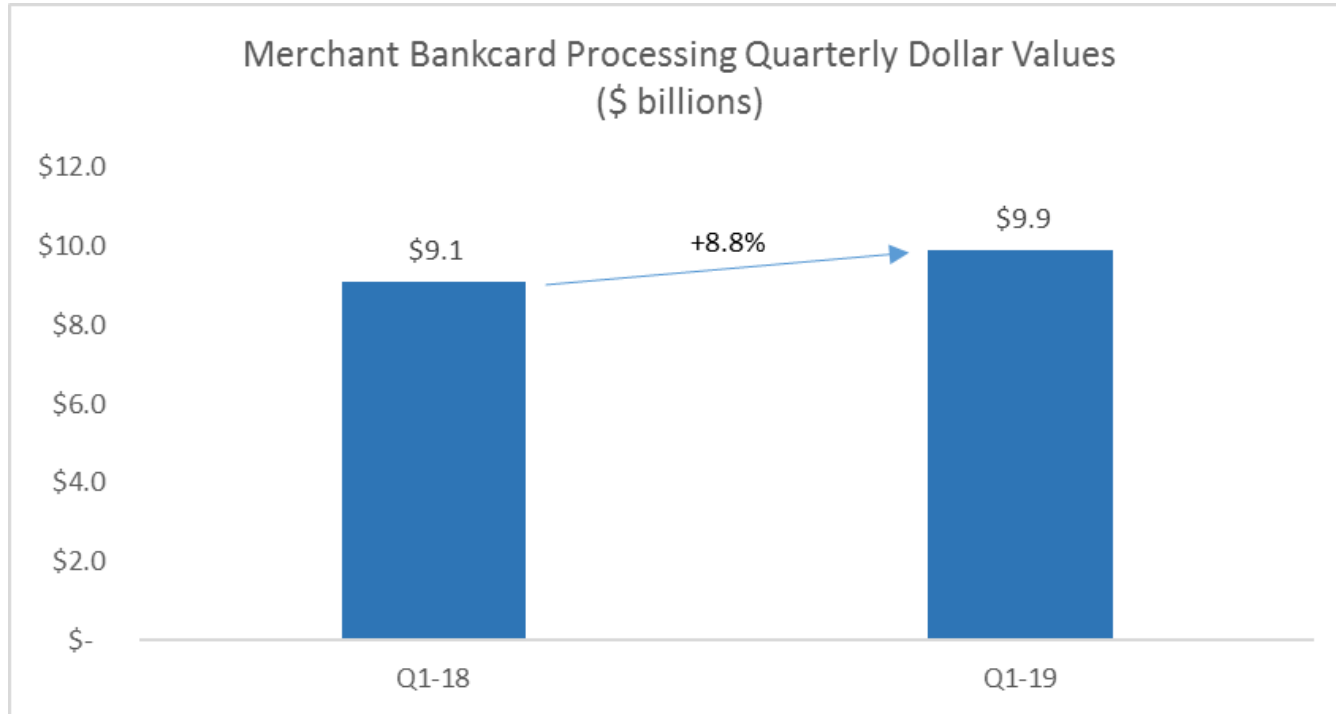
Priority Technology Holdings, Inc.

Slides Supplementing First Quarter 2019 Earnings Call



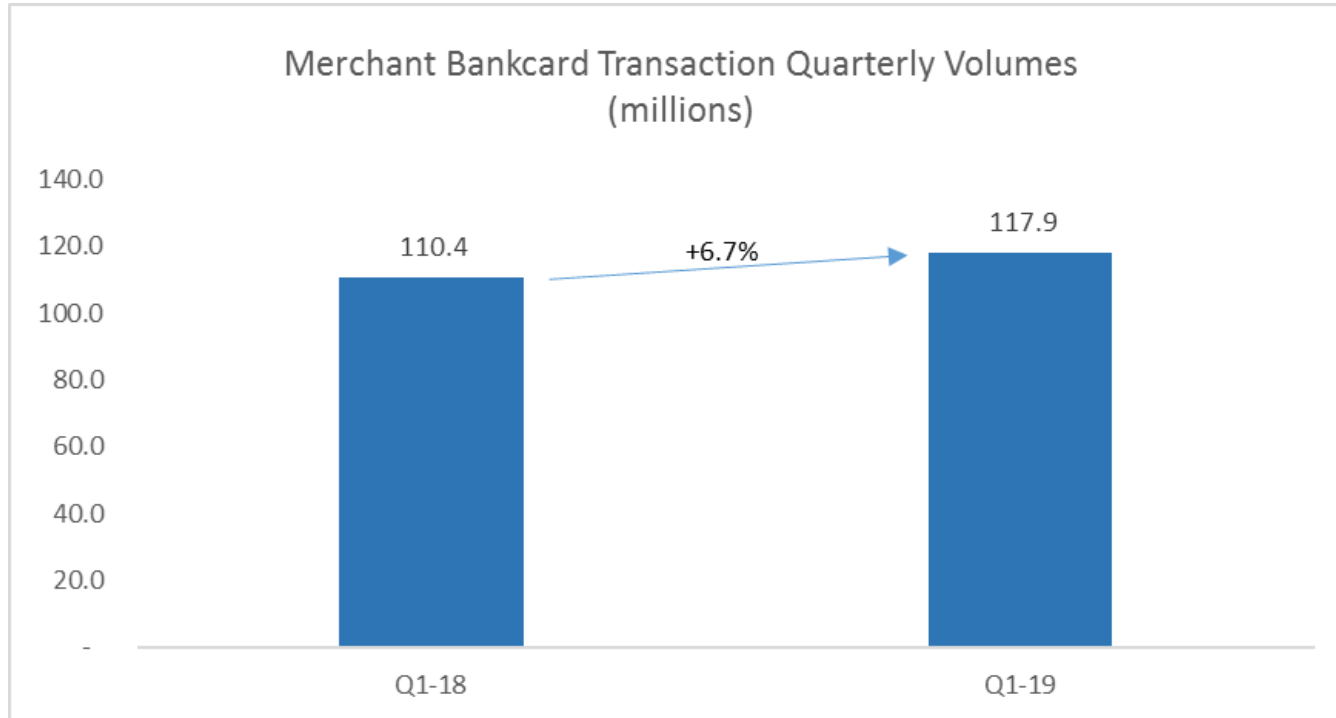
Total Merchant Bankcard Processing Dollar Value

First quarter 2019, compared with first quarter 2018 merchant bankcard processing dollar value grew 8.8% to \$9.9 billion from \$9.1 billion



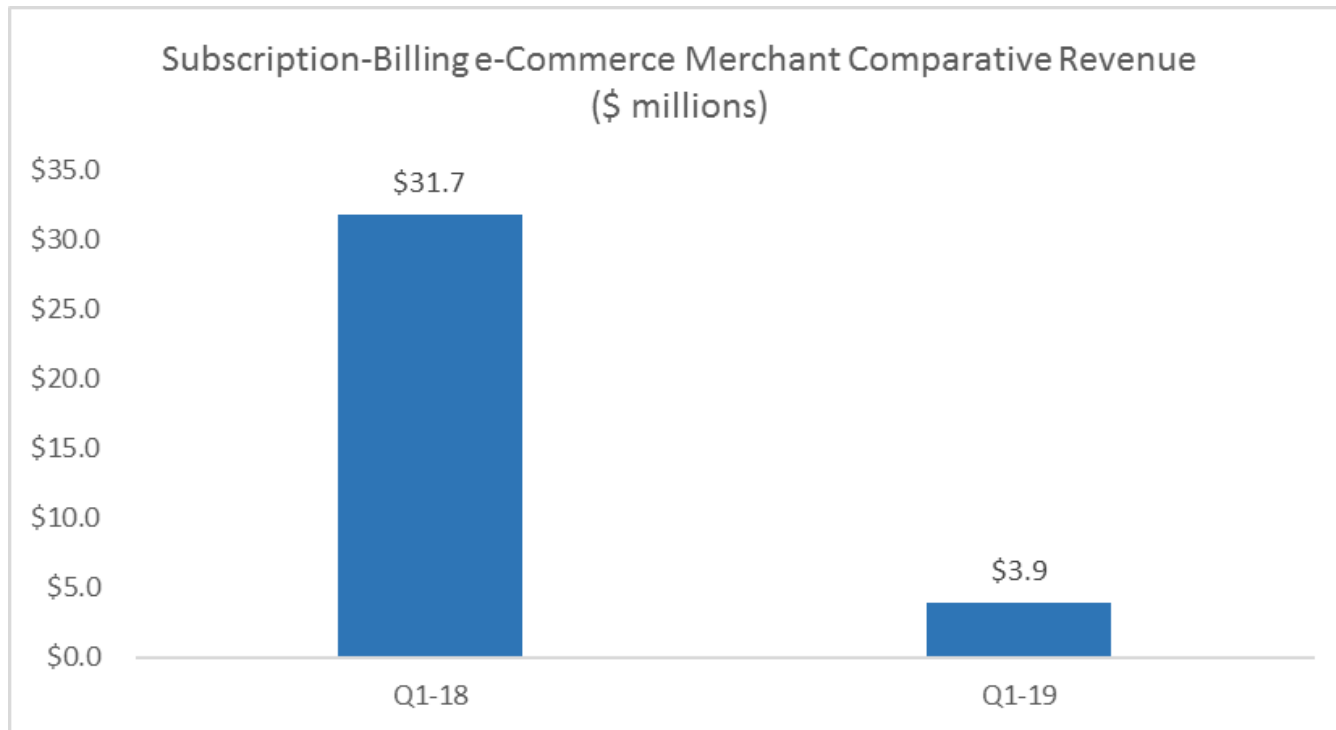
Total Merchant Bankcard Transaction Volume

First quarter 2019, compared with first quarter 2018 merchant bankcard transaction volume grew 6.7% to 117.9 million transactions from 110.4 million transactions.



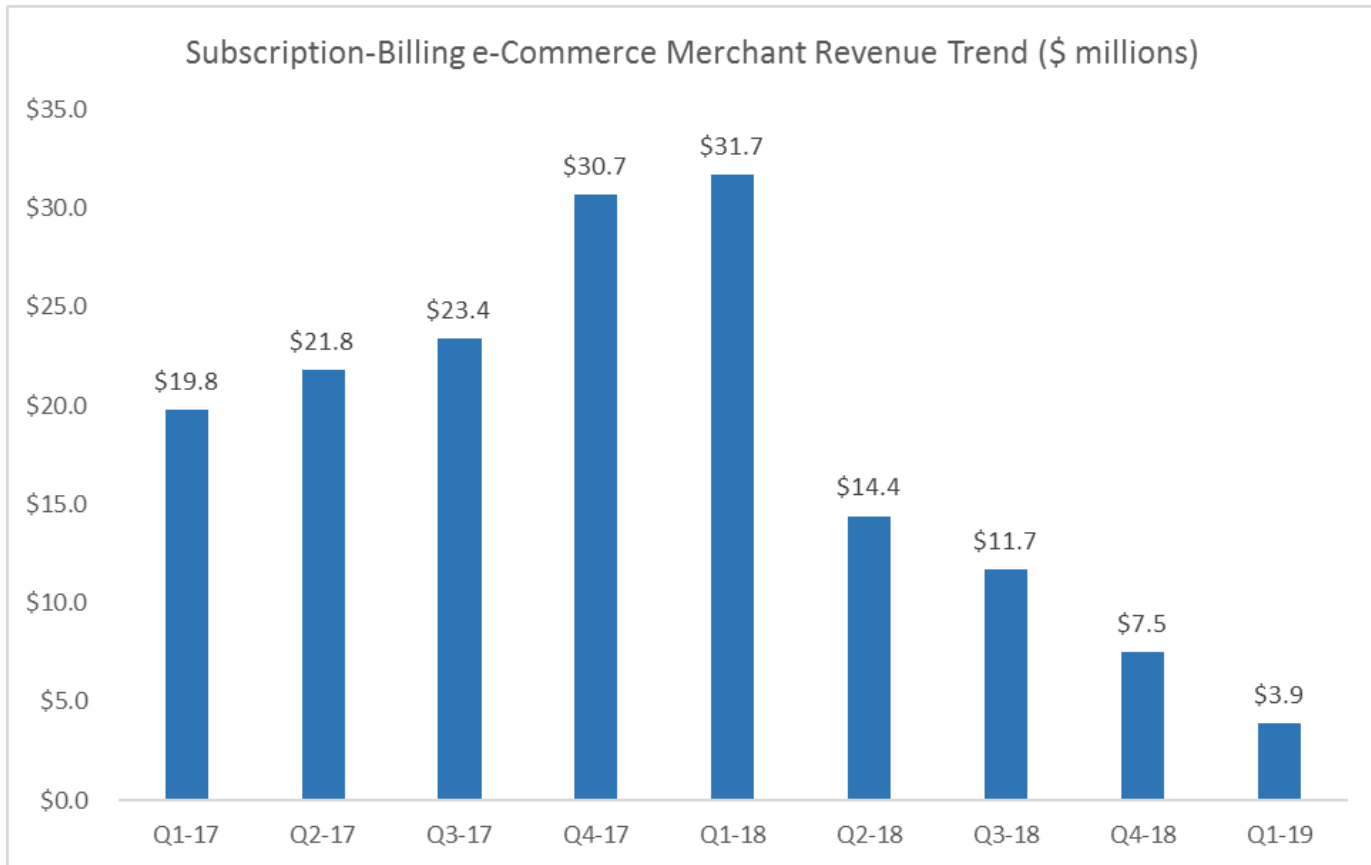
Subscription-Billing e-Commerce Comparative Revenue

The comparative consolidated revenue for the first quarter 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, entirely within the Consumer Payments segment, was \$3.9 million and \$31.7 million in the first quarters of 2019 and 2018, respectively.



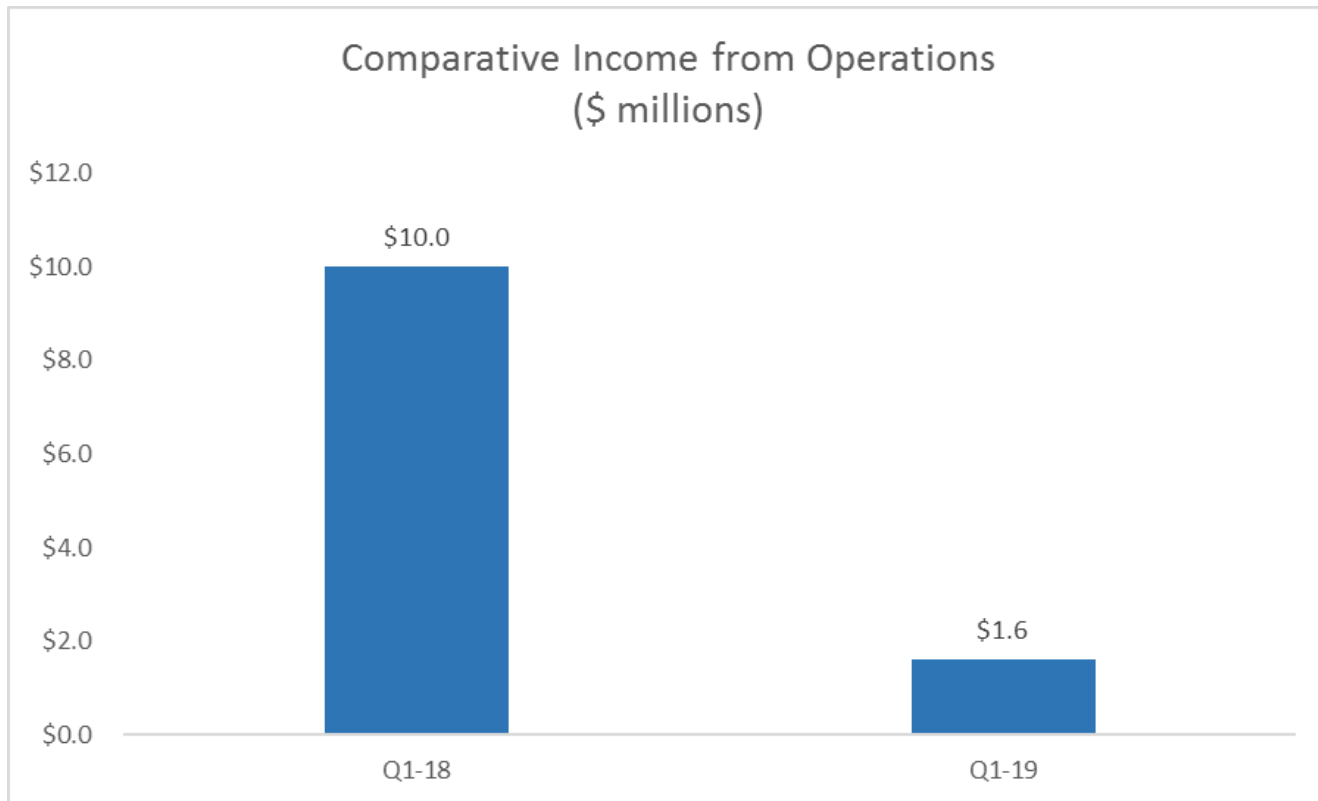
Subscription-Billing e-Commerce Revenue Trend

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.



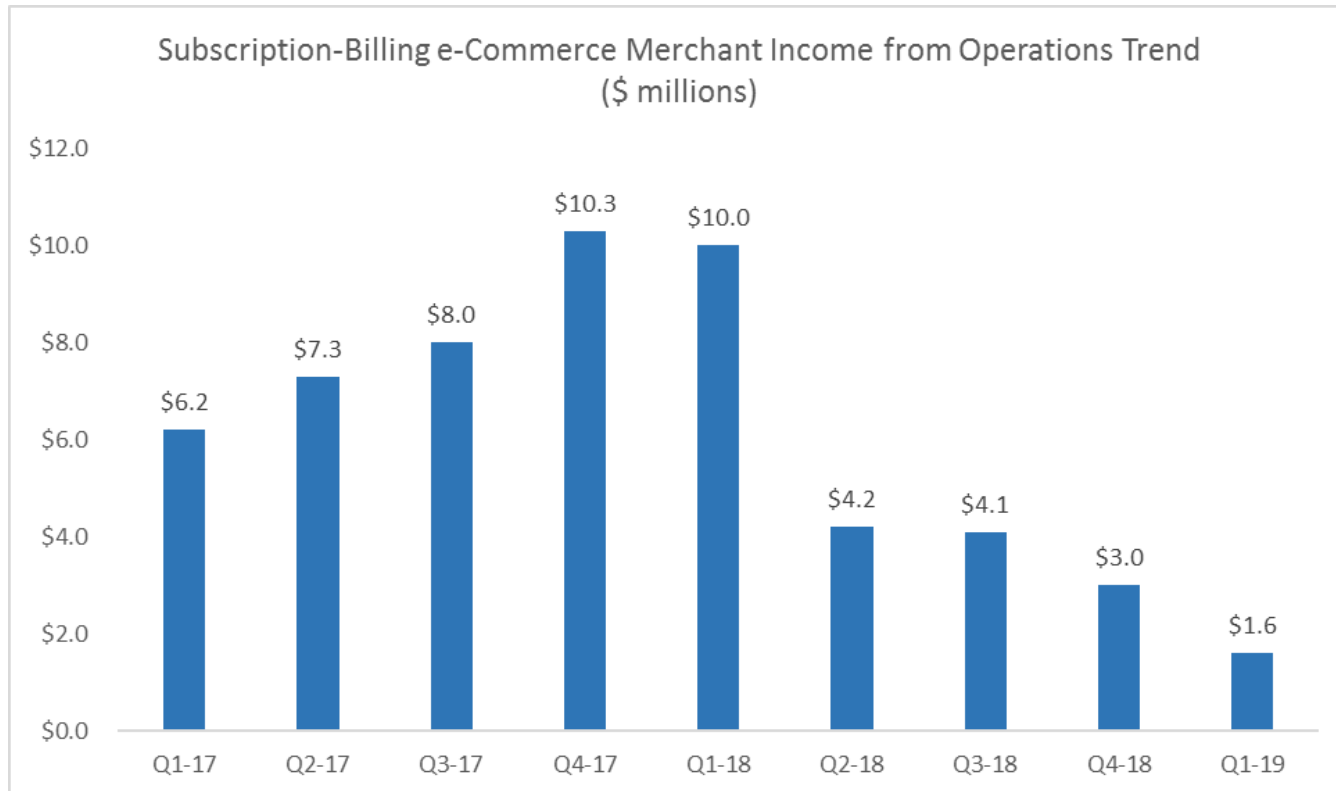
Subscription-Billing e-Commerce Comparative Income from Operations

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



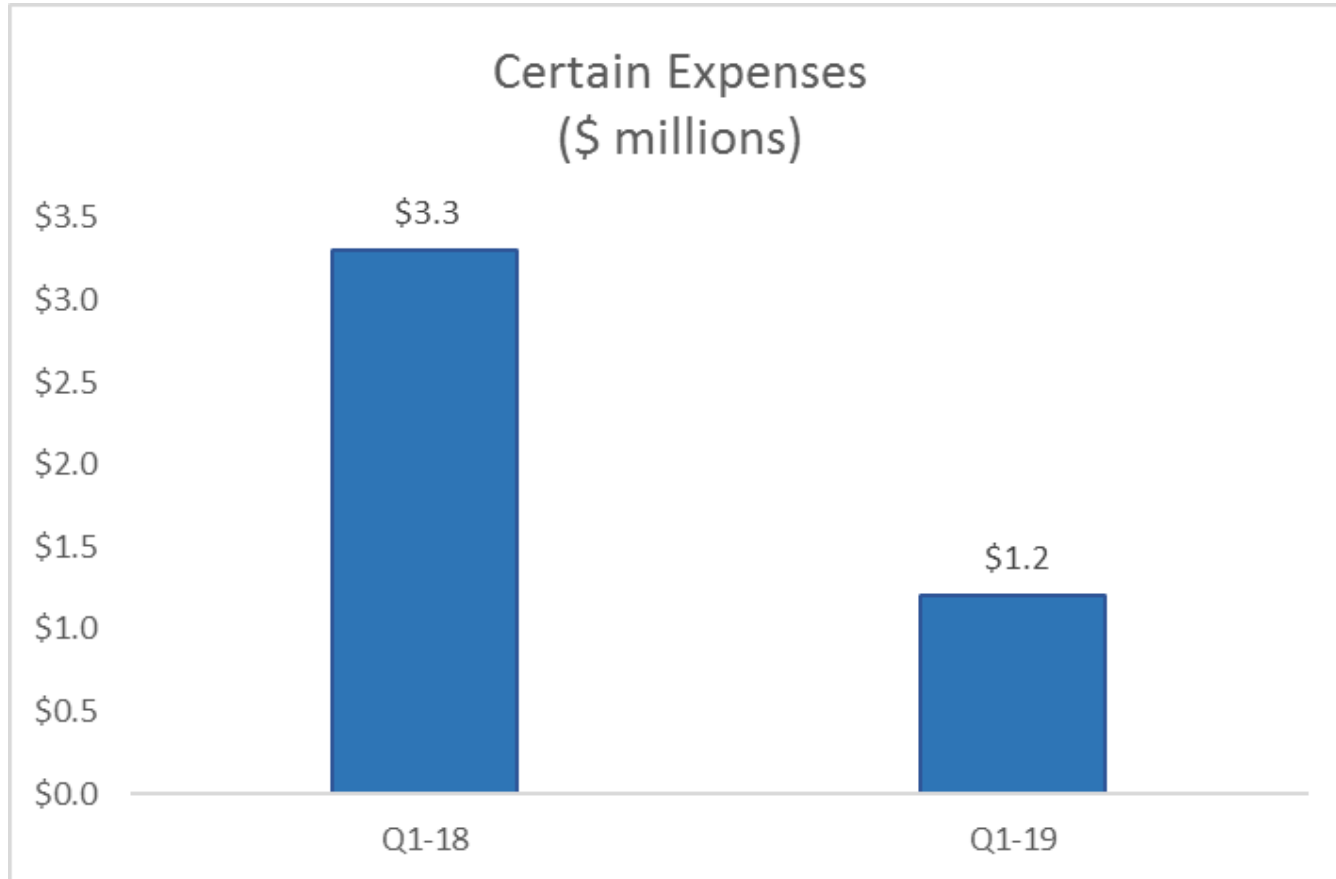
Subscription-Billing e-Commerce Income from Operations Trend

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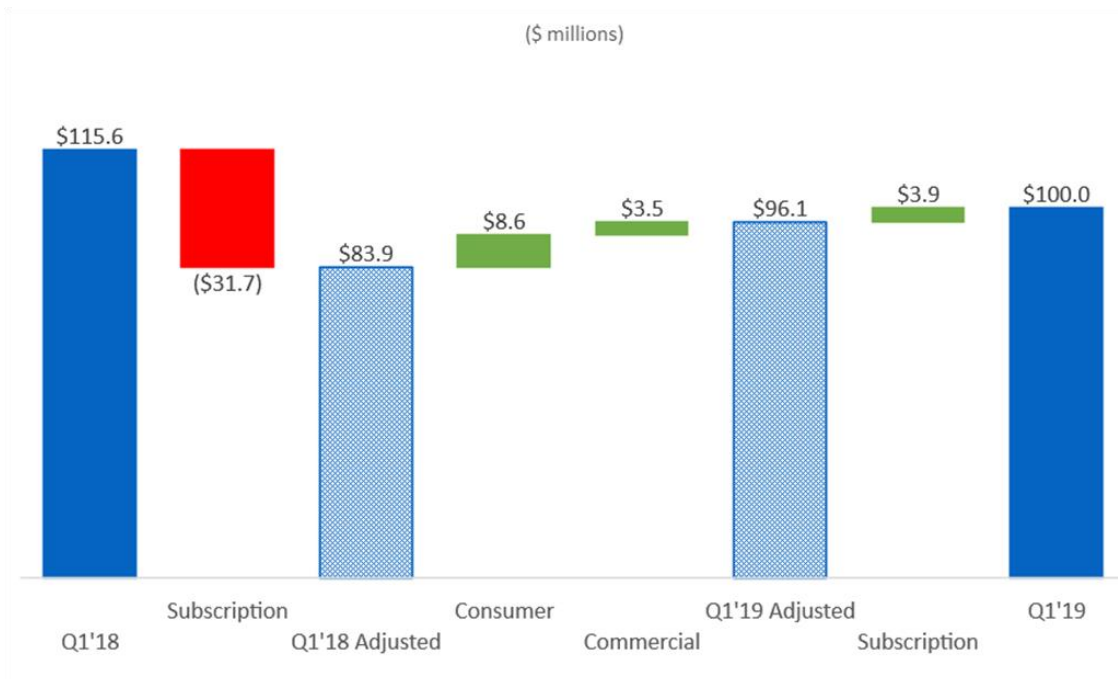
Certain Expenses

Certain expenses that the company considers non-recurring in nature, largely associated with conversion to a public company, such as legal, accounting, advisory and consulting expenses plus certain litigation costs incurred. Non-recurring expenses, entirely within Corporate were \$1.2 million and \$3.3 million in the first quarters of 2019 and 2018, respectively.



Revenue – Q1 2019 vs. Q1 2018

- **Revenue** declined 13.5% to \$100.0 million from \$115.6 million
 - **Consumer Payments** declined 17.6% to \$89.8 million from \$109.0 million
 - **Commercial Payments and Managed Services** increased 53.5% to \$10.2 million from \$6.6 million
- **Adjusted Revenue** increased 14.5% to \$96.1 million from \$83.9 million
 - **Consumer Payments** increased \$8.6 million, or 11.1% to \$85.9
- **Q1 2019 acquisition related revenue** amounted to \$2.3 million in Commercial Payments and Managed Services



Gross Profit

- **Gross profit** declined \$0.9 million from \$28.4 million to \$27.5 million
 - **Gross profit margin** increased 290 bps from 24.6% to 27.5%
- **Gross profit** and income from operations associated with subscription-billing e-commerce merchants was \$1.6 million in the first quarter of 2019 compared with \$10.0 million in the first quarter of 2018.
- **Adjusted gross profit** increased by \$7.5 million from \$18.4 million to \$25.9 million
 - Adjusted gross profit margin** increased 510 bps from 21.9% to 27.0%



Income from Operations

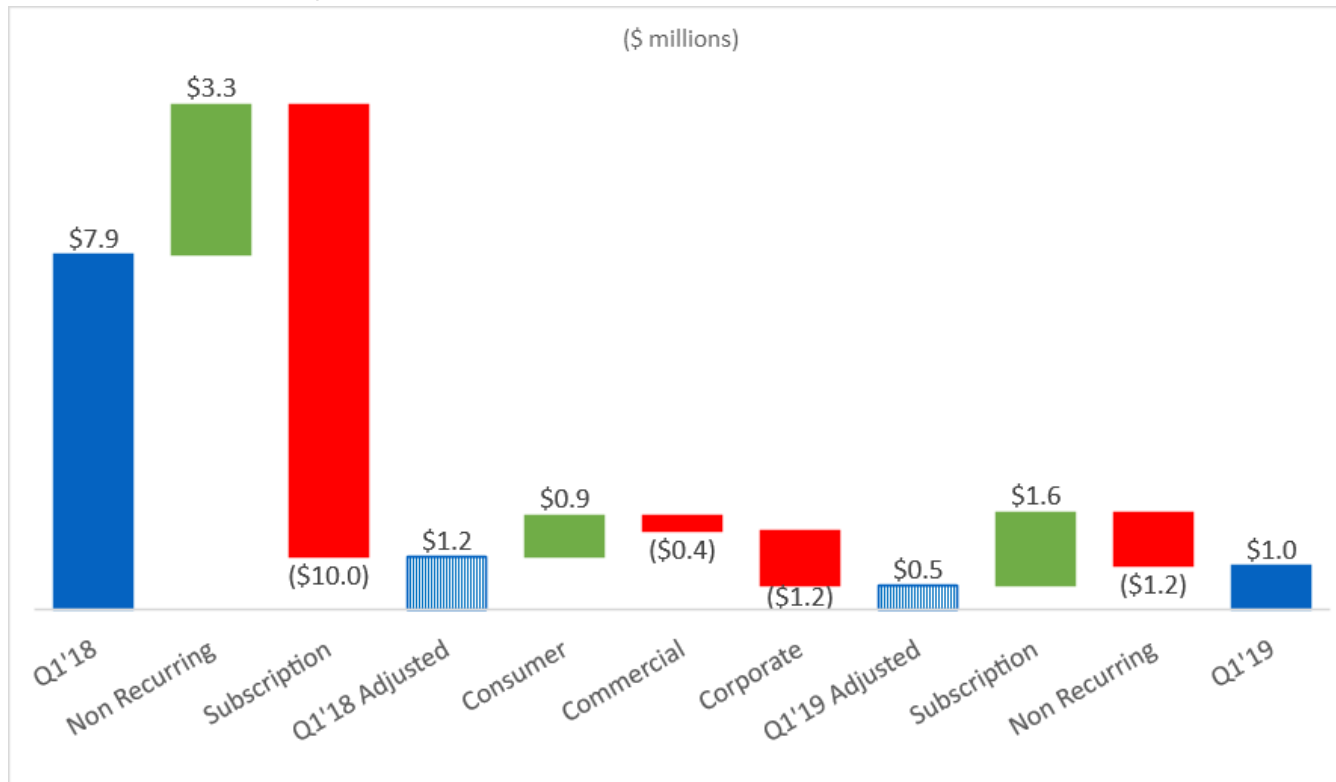
- **Income from operations** declined \$6.9 million to \$1.0 million due to:
 - Increase in **depreciation and amortization** of \$5.2 million
 - Increase in **salaries and benefits** of \$1.9 million
 - Decrease in **SG&A** of \$1.0 million
 - Lower **gross profit** of \$0.9 million
 - SG&A included \$1.2 million and \$3.3 million of **non-recurring expenses** in the first quarter of 2019 and 2018, respectively

** Any differences are due to rounding*



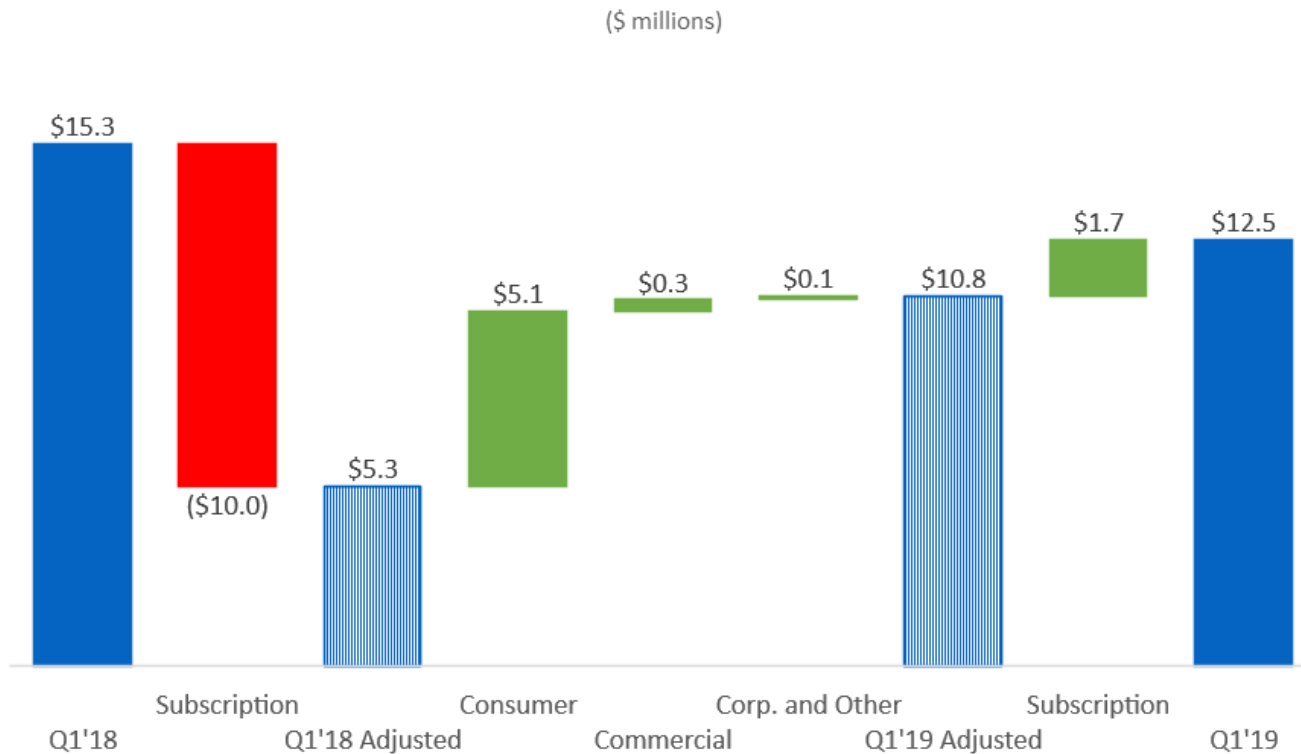
Income from Operations – Q1 2019 vs. Q1 2018

- **Income from Operations** declined \$6.9 million to \$1.0 million from \$7.9 million
 - **Consumer Payments** declined 49.3% to \$7.7 million
 - **Commercial Payments and Managed Services** declined from a loss of \$0.3 million to a loss of \$0.7 million
 - **Corporate Expense** declined 13.4% to \$6.1 million
- **Adjusted Income from Operations** declined \$0.6 million to \$0.5 million
 - **Consumer Payments** increased 17.7% to \$6.1 million

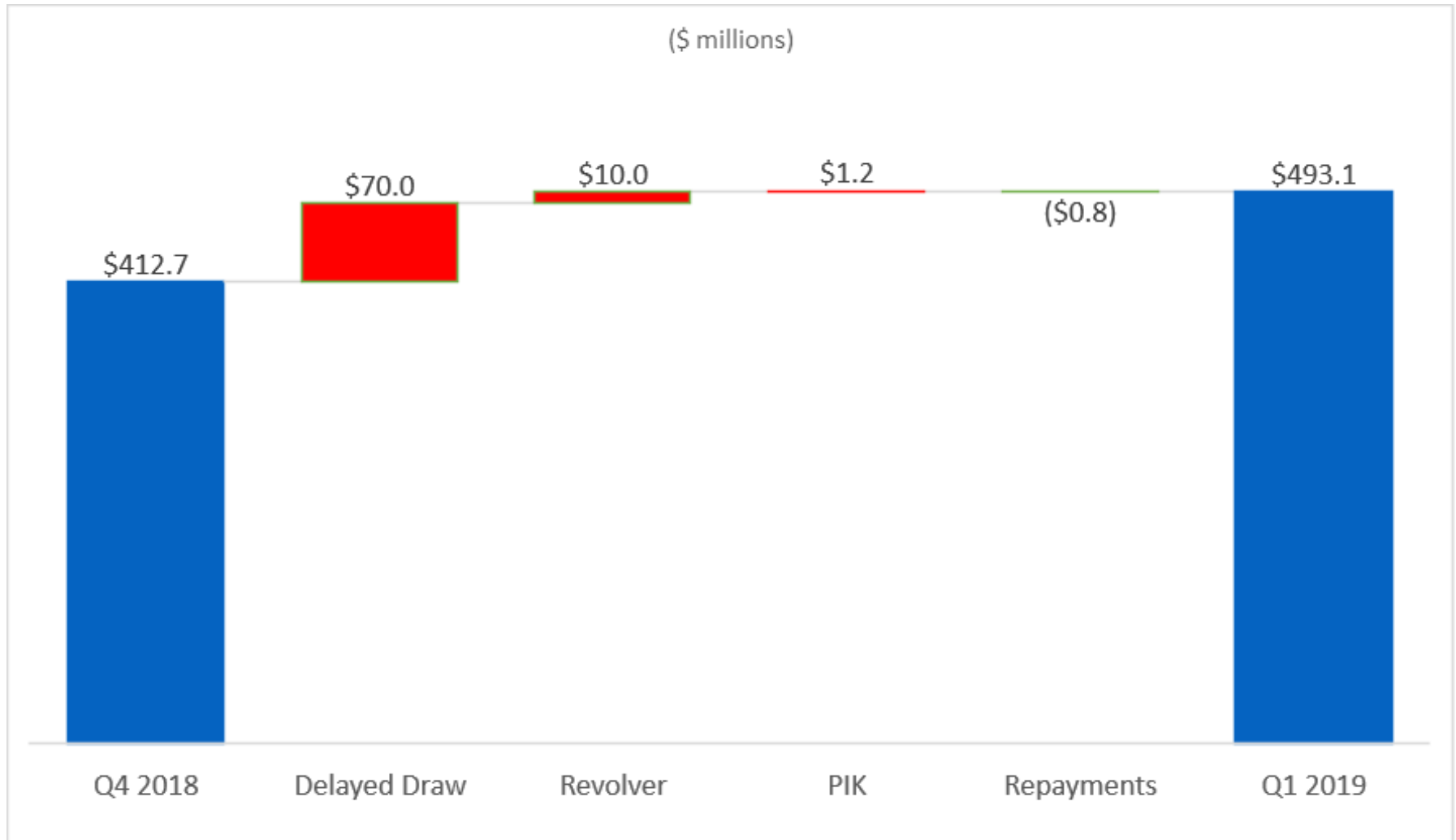


Adjusted EBITDA

- **Adjusted EBITDA** of \$12.5 million declined \$2.8 million from \$15.3 million in 2018
- Excluding the impact of subscription-billing e-commerce merchants, **adjusted EBITDA** of \$10.8 million increased \$5.6 million from \$5.3 million in 2018



Outstanding Debt – Q1 2019



Other Income (Expenses), Net

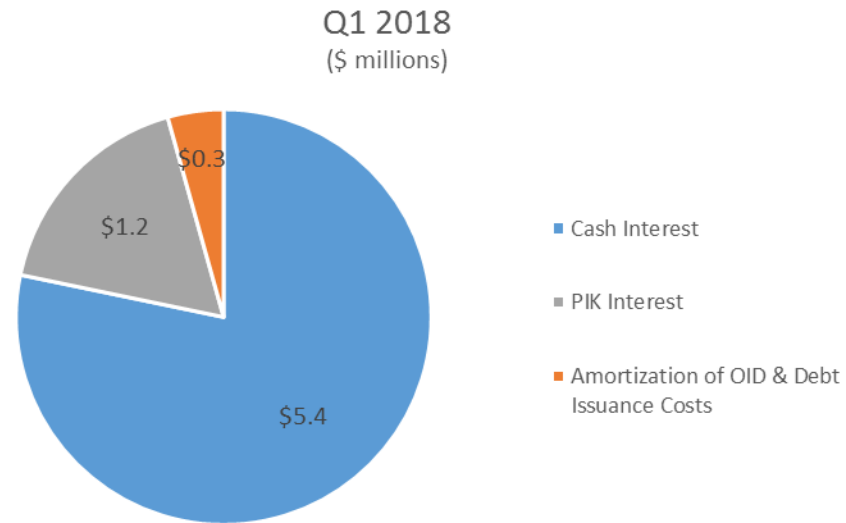
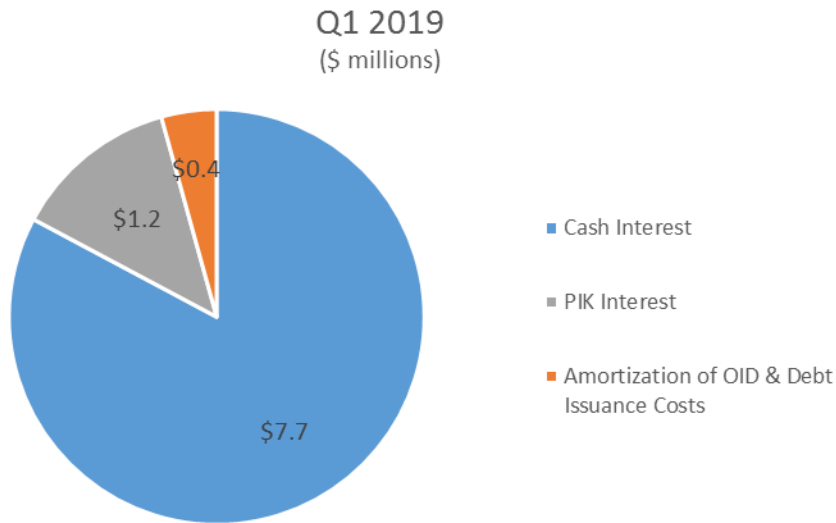
	<u>Q1 2019</u>	<u>Q1 2018</u>	<u>Change</u>
Change in fair value of GS warrants	\$ -	\$ (3.5)	\$ 3.5
Debt modification costs	-	(0.8)	0.8
Other, net	<u>0.2</u>	<u>0.2</u>	<u>-</u>
	<u>\$ 0.2</u>	<u>\$ (4.1)</u>	<u>\$ 4.3</u>

Any differences are due to rounding



Interest Expense – Q1 2019

Interest expense of \$9.4 million in the first quarter of 2019 increased by \$2.4 million from \$6.9 million in the 2018 first quarter. The increase is due to higher outstanding borrowings driven by acquisition financing.



Any differences are due to rounding

