

Priority Technology Holdings, Inc.

**Supplemental Slides for the Third Quarter 2021 Earnings Call
November 15, 2021**



Forward-Looking Statement

Important Notice Regarding Forward-Looking Statements and Non-GAAP Measures

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about future financial and operating results, our plans, objectives, expectations and intentions with respect to future operations, products and services, and other statements identified by words such as “may,” “will,” “should,” “anticipates,” “believes,” “expects,” “plans,” “future,” “intends,” “could,” “estimate,” “predict,” “projects,” “targeting,” “potential” or “contingent,” “guidance,” “anticipates,” “outlook” or words of similar meaning. These forward-looking statements include, but are not limited to, the expected returns and other benefits of the merger of Priority Technology Holdings, Inc.’s (“Priority”, “we”, “our” or “us”) with Finxera Holdings, Inc. (“Finxera”) to shareholders, expected improvement in operating efficiency resulting from the merger, estimated expense reductions resulting from the transactions and the timing of achievement of such reductions, and our 2021 outlook and statements regarding our market and growth opportunities,. Such forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive risks, trends and uncertainties that could cause actual results to differ materially from those projected, expressed, or implied by such forward-looking statements. These forward-looking statements may include, but are not limited to, statements about the effects of the COVID-19 pandemic on our revenues and financial operating results. Our actual results could differ materially, and potentially adversely, from those discussed or implied herein. We caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in our Securities and Exchange Commission (“SEC”) filings, including our Annual Report on Form 10-K and our Quarterly Report on Form 10-Q filed with the SEC on May 14, 2021, August 16, 2021, and November 15, 2021, respectively. These filings are available online at www.sec.gov or www.PRTH.com.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences we anticipate or affect us or our operations in the way we expect. You are cautioned not to place undue reliance on forward-looking statements as a predictor of future performance. The forward-looking statements included in this presentation are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

Statements included in this presentation include non-GAAP financial measures, including: (i) Revenue Growth, (ii) EBITDA Growth Acceleration, (iii) Run-Rate PF Net Revenue, (iv) Run-Rate Organic PF Net Revenue Growth, (v) Integrated Revenue, (vi) Run-Rate PF Adj. EBITDA, (vii) PF Adj. EBITDA Growth, (viii) PF Adj. EBITDA Margins, (ix) PF Annual Free Cash Flow. Priority does not provide a reconciliation for projected non-GAAP financial measures to their comparable GAAP financial measures because it could not do so without unreasonable effort due to the unavailability of the information needed to calculate reconciling items. Priority does not believe that a GAAP reconciliation would provide meaningful supplemental information about the Priority’s outlook.

Management believes that non-GAAP financial measures provide a greater understanding of ongoing performance and operations, and enhance comparability with prior periods. Non-GAAP financial measures should not be considered as an alternative to any measure of performance or financial condition as determined in accordance with GAAP, and investors should consider Priority’s performance and financial condition as reported under GAAP and all other relevant information when assessing its performance or financial condition. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the results or financial condition as reported under GAAP. Non-GAAP financial measures may not be comparable to non-GAAP financial measures presented by other companies.



Third Quarter Highlights

- **Revenue of \$132.5 million** increased 21.6% from \$109.0 million in 2020
 - Q3 2021 includes \$3.0M from Finxera business acquired on 9/17/21
 - Q3 2020 includes \$3.9M from RentPayment business disposed on 9/22/20
- **Gross profit of \$39.7 million** increased 16.8% from \$34.0 million in 2020
- **Gross profit margin of 30.0%** decreased 120 basis points from 31.2% in 2020
- **Operating Income of \$8.3 million** increased 17.2% from \$7.0 million in 2020
- **Adjusted EBITDA of \$23.6 million** increased 20.0% from \$19.6 million in 2020
 - Q3 2021 includes \$2.0M from Finxera business acquired on 9/17/21
 - Q3 2020 includes \$2.6M from RentPayment business disposed on 9/22/20

Revenue, Gross Profit and Adjusted EBITDA

(dollars in millions)



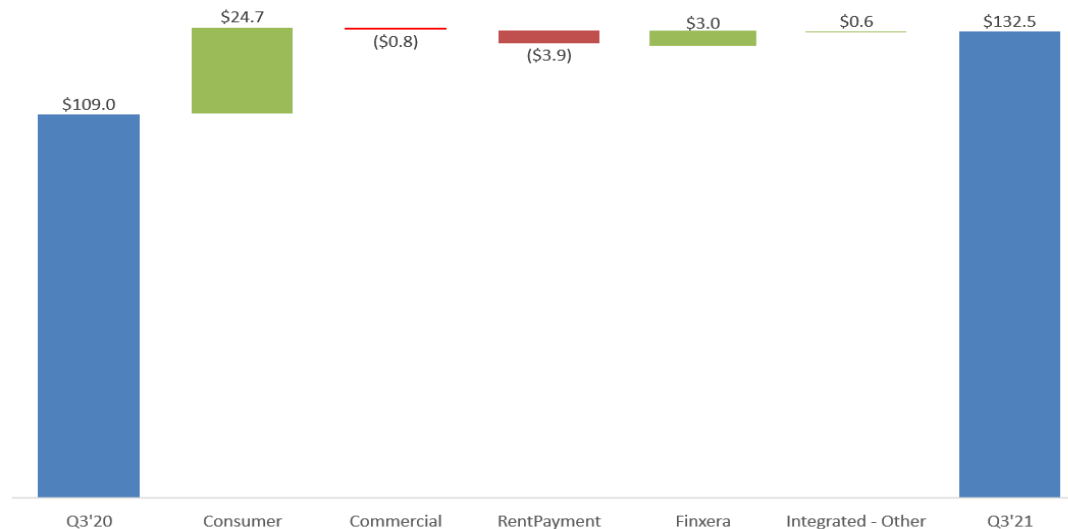
Revenue

Third Quarter 2021 Revenue of \$132.5 million increased 21.6% from \$109.0 million in 2020

- **Consumer Payments** increased 24.9% to \$124.0 million from \$99.3 million
- **Commercial Payments** decreased 16.3% to \$4.2 million from \$5.0 million
 - **CPX** increased 3.9% to \$1.6 million from \$1.5 million
 - **Managed Services** decreased 25.1% to \$2.6 million from \$3.5 million
- **Integrated Partners** decreased 7.1% to \$4.3 million from \$4.7 million
 - **Finxera** revenue of \$3.0 million in Q3 2021
 - **Rent Payment** revenue of \$3.9 million in Q3 2020

Revenue Growth (Decline) by Segment

(dollars in millions)



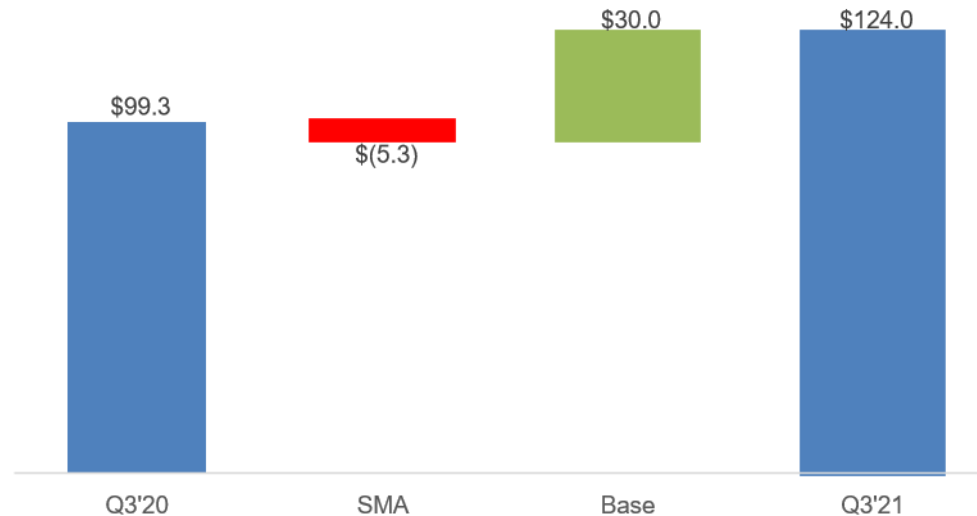
Key Consumer Payments Revenue Growth Contributors

Strong Growth in Base partially offset by risk paring in SMA

- Revenue of **\$124.0 million** increased \$24.7 million, or 24.9%, from \$99.3 million
 - **Base Revenue of \$120.2 million** increased \$30.0 million, or 33%, from \$90.2 million
 - **SMA Revenue of \$3.8 million** decreased \$5.3 million, or 58.0%, from \$9.2 million

Strong Revenue Growth Momentum in Base and SMA

(dollars in millions)



Consumer Payments Merchant Bankcard Volume

Third Quarter 2021 Merchant Bankcard Volume of \$13.8 billion increased 23% from \$11.2 billion

- **Bankcard Volume of \$13.8 billion** increased \$2.6 billion, or 23.0%, from \$11.2 billion
 - **Base of \$13.7 billion** increased \$2.6 billion, or 23.4%, from \$11.1 billion
 - **SMA of \$99.7 million** decreased \$20.3 million, or 16.9%, from \$120.0 million
- **Bankcard Transactions of 151.5 million** increased 28.9 million, or 23.6%, from 122.6 million
 - **Base of 150.6 million** increased 30.0 million, or 248%, from 120.1 million
 - **SMA of 0.9 million** decreased 1.1 million, or 53.5%, from 2.0 million
- **Average Ticket of \$91.19** decreased \$0.44, or 0.5%, from \$91.62
 - **Base Average Ticket of \$91.09** decreased \$1.06, or 1.1%, from \$92.14
 - **SMA Average Ticket of \$107.72** increased \$47.48, or 78.8%, from \$60.24

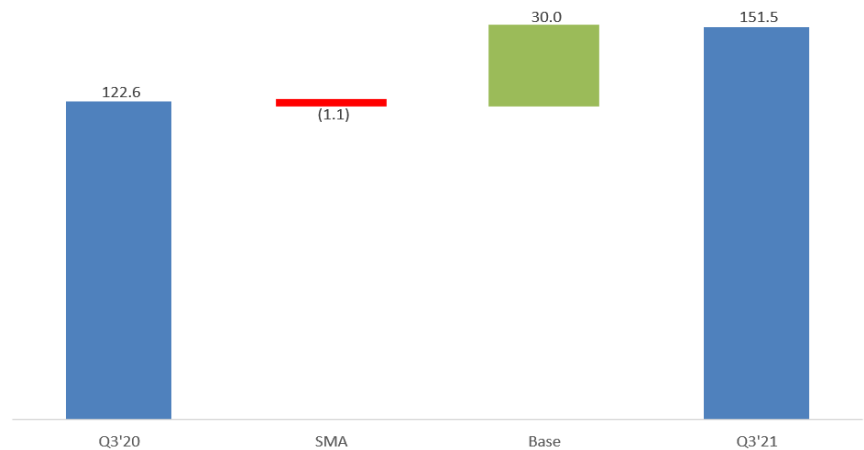
Merchant Bankcard Dollar Volume

(dollars in millions)



Merchant Bankcard Transactions

(in millions)

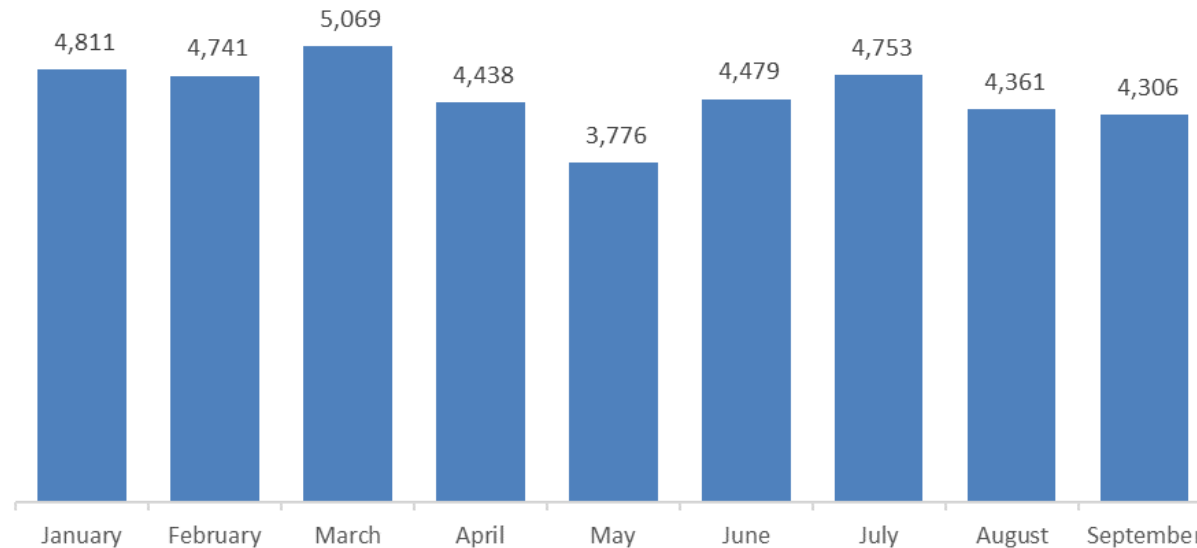


New Merchant Boards

New Merchant Boards Remain Strong

- **New Merchant Boards** remain strong
 - Historically, monthly new merchant boards average in the range of 4,300 - 5,000
 - Monthly Third Quarter average of 4,473 in 2021 compared to 4,638 in 2020
- **SMA merchant count** at the end of Third Quarter 2021 was 1,009 compared with 1,799 at the end of First Quarter 2021 and 937 at the end of July 2021

Monthly New Merchant Boards in 2021



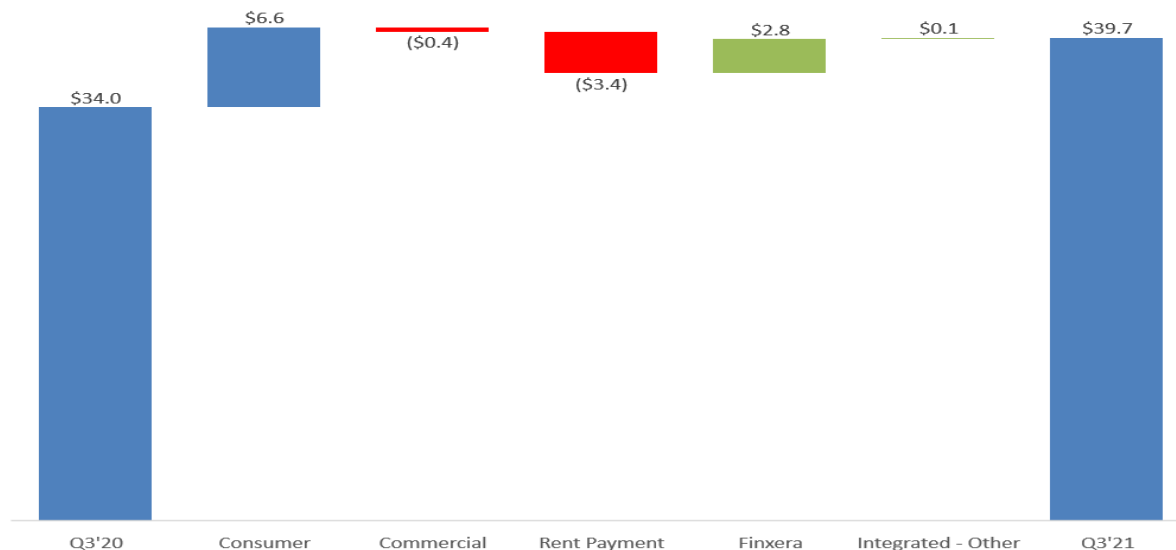
Gross Profit

Third Quarter 2021 Gross Profit of \$39.7 million increased 16.8% from \$34.0 million in 2020

- **Consumer Payments** increased 24.1% to \$33.9 million from \$27.4 million
- **Commercial Payments** decreased 12.7% to \$2.4 million from \$2.8 million
 - **CPX** decreased 12.4% to \$1.0 million from \$1.1 million
 - **Managed Services** decreased 12.8% to \$1.4 million from \$1.7 million
- **Integrated Partners** decreased 13.3% to \$3.3 million from \$3.8 million
 - **Finxera** contributed \$2.8 million to Gross Profit in Q3 2021
 - **RentPayment** contributed \$3.4 million to Gross Profit in Q3 2020

Gross Profit Growth (Decline) by Segment

(dollars in millions)



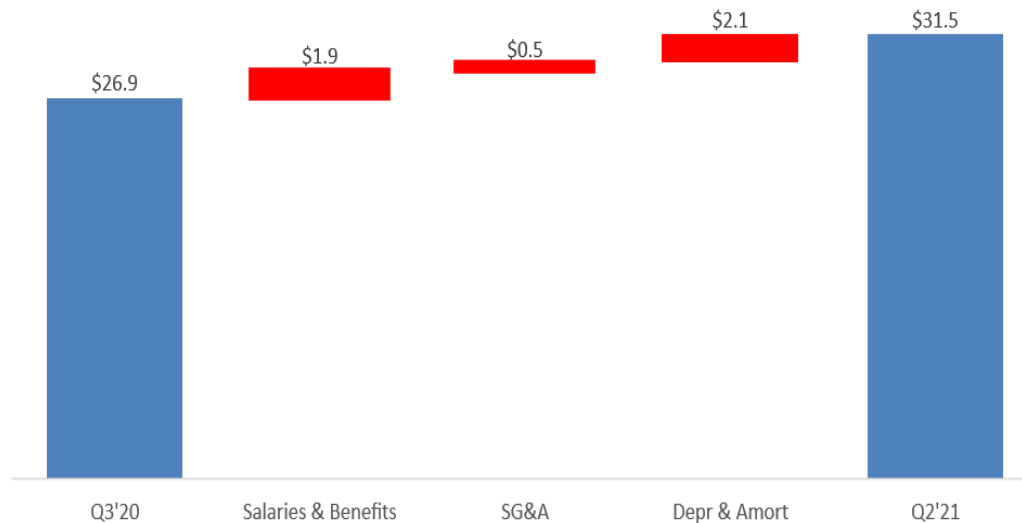
Operating Expenses

Third Quarter 2021 Operating Expense of \$31.5 million increased \$4.6 million from \$26.9 million in 2020

- **Salaries and benefits of \$11.9 million** increased \$1.9 million from \$10.0 million in 2020
 - Includes Stock Based Compensation of \$0.9 million in 2021 and \$0.6 million in 2020
- **SG&A of \$7.2 million** increased \$0.5 million from \$6.7 million in 2020
 - Includes Non-recurring expenses of \$1.9 million in 2021 and \$1.8 million in 2020
- **Depreciation and amortization of \$12.3 million** increased \$2.1 million from \$10.3 million in 2020

Increase (Decrease) by Type Including non-recurring expenses

(dollars in millions)

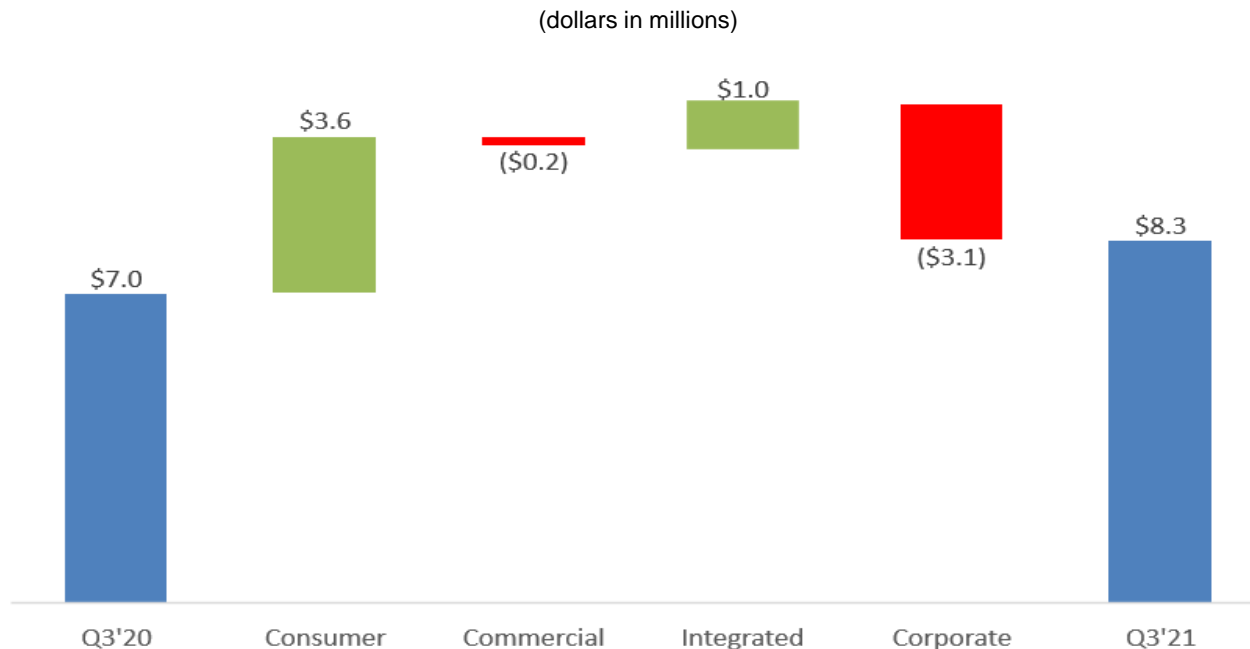


Operating Income

Third Quarter 2021 Operating Income of \$8.3 million increased 17.2% from \$7.0 million in 2020

- **Consumer Payments** increased \$3.6 million or 32.1% to \$14.7 million from \$11.1 million
- **Commercial Payments** decreased \$0.2 million to \$0.0 million from \$0.2 million
- **Integrated Partners** increased \$1.0 million to \$1.2 million from \$0.3 million
- **Corporate expense** increased \$3.1 million to \$7.6 million from \$4.5 million

Increase (Decrease) in Income from Operations by Segment

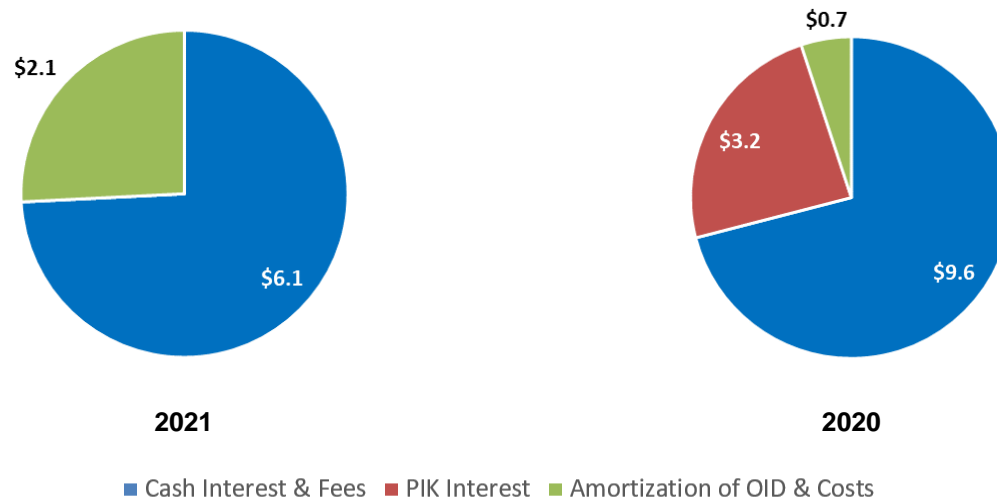


Interest Expense

Third Quarter 2021 Interest expense of \$8.2 million decreased by \$5.3 million from \$13.5 million in 2020

(dollars in millions)	Third Quarter	
	2021	2020
Cash Interest & Fees	\$ 6.1	\$ 9.6
PIK Interest	-	3.2
Amortization of OID & DIC	2.1	0.7
	<u>\$ 8.2</u>	<u>\$ 13.5</u>

Components of Third Quarter Interest Expense



Other Income and Expense

Components of Third Quarter 2021 and 2020 Other Income (Expense)

- **Other income, net** was comprised of:

	<u>Third Quarter</u>	
	<u>2021</u>	<u>2020</u>
<i>(dollars in Millions)</i>		
Other Income (Expense):		
Debt extinguishment and modification costs	\$ -	\$ (1.5)
Gain RentPayment Sale ¹	-	107.2
Other income, net	0.1	0.2
Total Other Income (Expense)	<u>\$ 0.1</u>	<u>\$ 105.9</u>

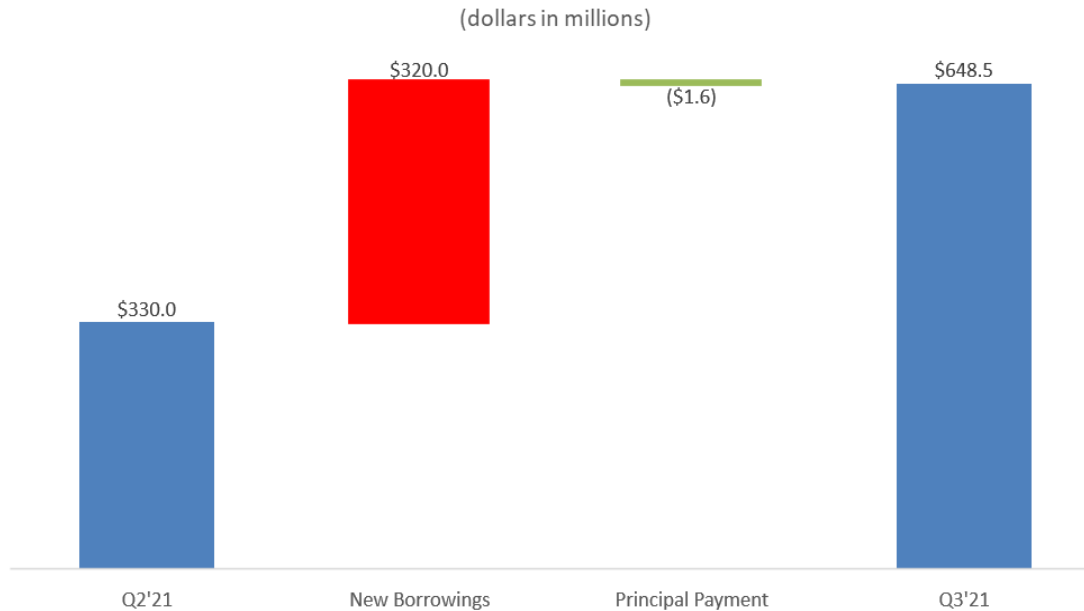
¹ Q3 2020 Includes \$45.1M in Non-controlling Interest

- **Gain from RentPayment sale** in Third Quarter 2020 was recorded as follows:

<i>(dollars in Millions, except per share)</i>	<u>2020</u>	<u>Line Item in Statement of Operations</u>
Gain on sale RentPayment	\$107.2	Other income
Income tax expense	(12.3)	Income tax expense
Net Income	94.9	Net Income
Income attributable to non-controlling interests	(45.1)	Income attributable to non-controlling interests
Net income attributable to common stockholders	<u>\$49.8</u>	Net income attributable to common stockholders
Diluted shares outstanding <i>(in Millions)</i>	<u>67.2</u>	
Diluted EPS	<u>\$0.74</u>	Contribution to Third Quarter 2020 EPS



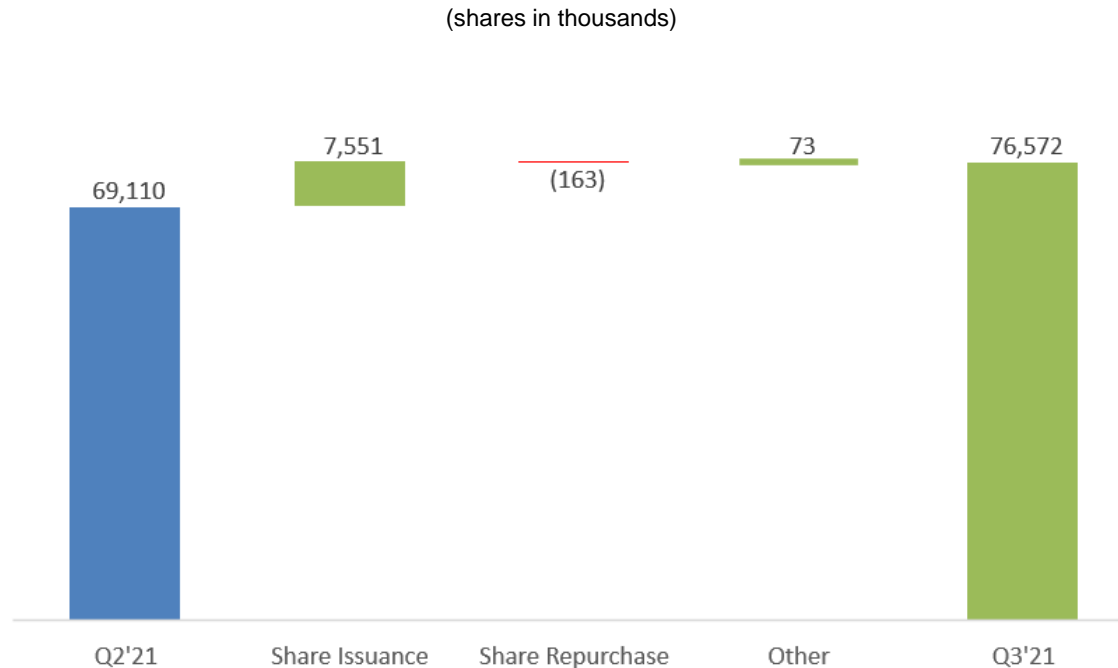
Outstanding Debt Walk



- New Borrowings related to Acquisition financing.
- Debt net of unamortized discount and deferred financing costs:
 - \$626.2M at Q3 2021 (\$6.2M Current ; \$620.0M Long-Term)
 - \$321.2M at Q2 2021 (\$3.0M Current ; \$318.2M Long-Term)



Common Stock Outstanding Walk

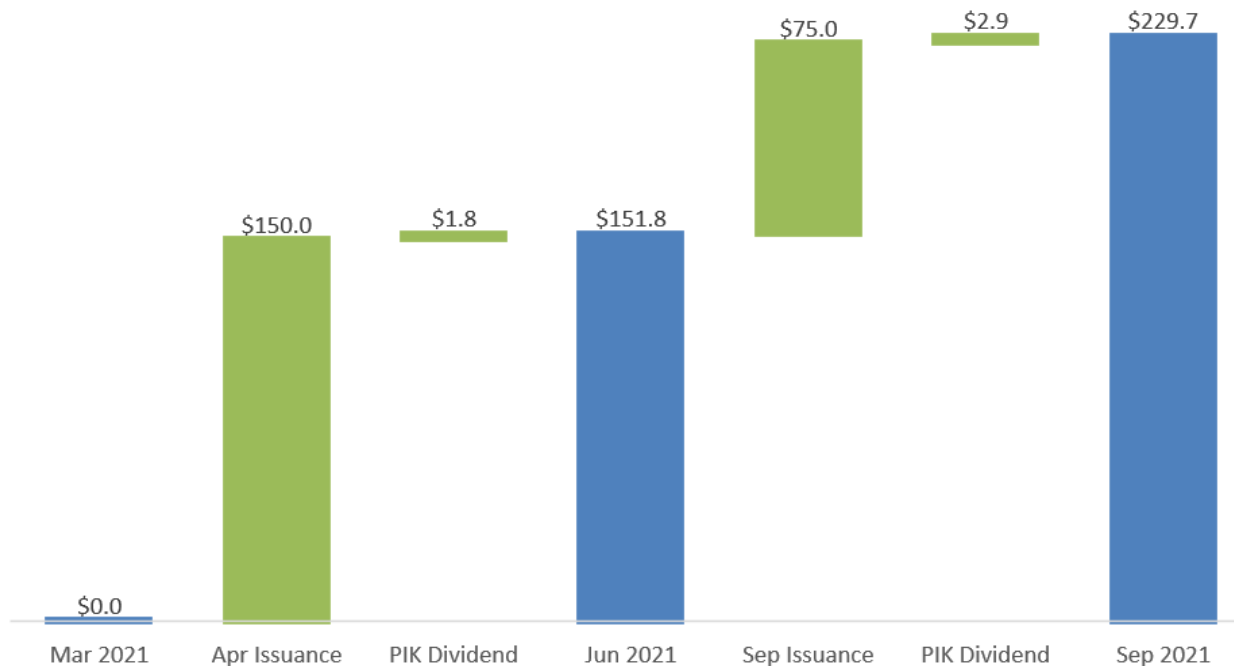


- Share Issuance related to Acquisition financing.
- Common Stock outstanding does not include unvested Restricted Stock units, unexercised Warrants, and unexercised employee stock options.



Preferred Stock Walk

(dollars in millions)



- April Issuance refinanced subordinated debt and provided cash for Q2 tuck-in acquisitions
- September Issuance related to Acquisition financing
- Preferred Stock Net of Deferred Placement costs:
 - \$205.3M at September 2021
 - \$133.8M at June 2021

