Priority Technology Holdings, Inc.

Supplemental Slides for the Fourth Quarter 2020 Earnings Call

March 17, 2021

Forward-Looking Statements

This press release 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,” “outlook” or words of similar meaning. These forward-looking statements include, but are not limited to, expected timing of the closing of Priority Technology Holdings, Inc.'s ("Priority", "we", "our", or "us") merger with Finxera Holdings, Inc. ("Finxera") 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.

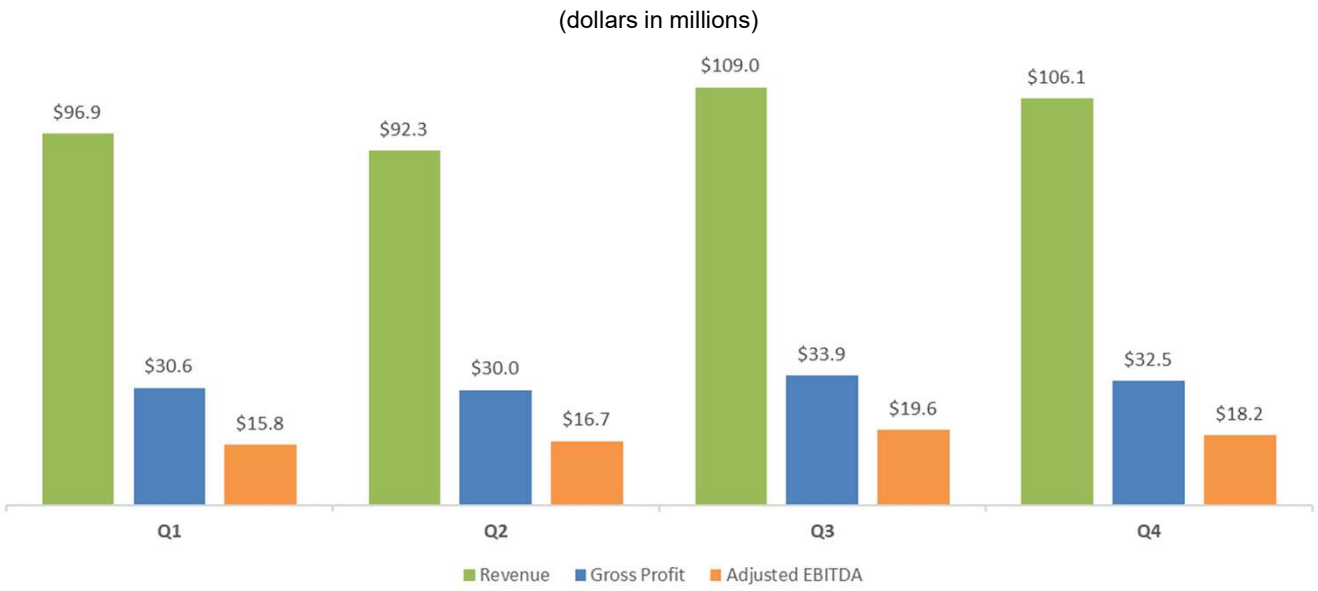
We caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this press release in the context of the risks and uncertainties disclosed in our SEC filings, including our most recent Annual Report on Form 10-K filed with the SEC on March 30, 2020. 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 press release 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.

Fourth Quarter Highlights

- **Revenue of $106.1 million** increased 8.1% from $98.2 million in 2019
- **Gross profit of $32.5 million** increased 3.2% from $31.4 million in 2019
- **Gross profit margin of 30.6%** decreased 144 basis points from 32.0% in 2019
- **Income from operations of $6.2 million** increased 489.3% from $1.1 million in 2019
- **Adjusted EBITDA of $18.2 million** increased 12.7% from $16.2 million in 2019
- **Net debt of $372.8 million** increased $2.4 million from $370.4 million at end of third quarter 2020
- **Net leverage ratio of 5.85x** decreased from 6.16x at end of third quarter 2020

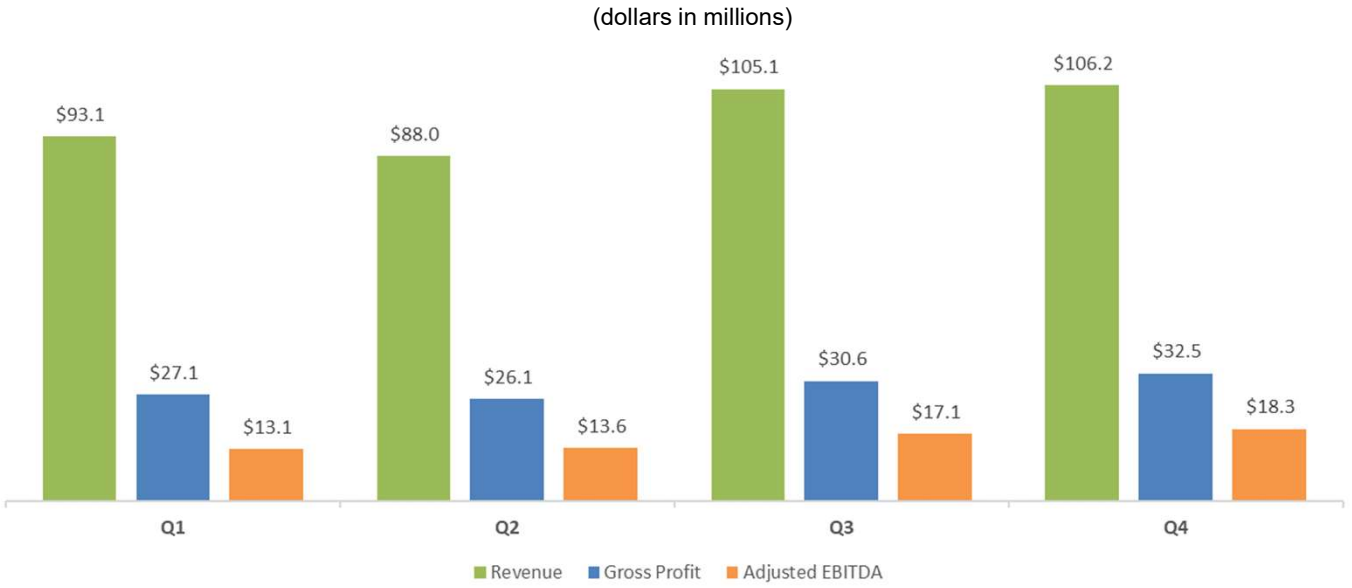
Revenue, Gross Profit and Adjusted EBITDA by Quarter throughout 2020



Fourth Quarter Highlights (Excluding RentPayment)

- **Revenue of $106.2 million** increased 12.3% from $94.5 million in 2019
- **Gross profit of $32.5 million** increased 15.5% from $28.2 million in 2019
- **Gross profit margin of 30.6%** increased 84 basis points from 29.8% in 2019
- **Adjusted EBITDA of $18.3 million** increased 35.2% from $13.6 million in 2019

Revenue, Gross Profit and Adjusted EBITDA by Quarter, excluding RentPayment, throughout 2020



Fourth Quarter 2020 and 2019 (With and Without RentPayment)

(in thousands)

	Fourth Quarter 2020			Fourth Quarter 2019		
	Consolidated	RentPayment(1)	Excl RentPayment	Consolidated	RentPayment	Excl RentPayment
Revenues	$ 106,091	$ (76)	$ 106,167	$ 98,183	$ 3,636	$ 94,547
Operating Expenses:						
Costs of services	73,641	(7)	73,648	66,742	362	66,380
Salary and employee benefits	9,812	23	9,789	10,291	441	9,850
Depreciation and amortization	9,889	-	9,889	10,329	1,208	9,121
Selling, general and administrative	6,520	(113)	6,633	9,764	1,935	7,829
Total operating expenses	99,862	(97)	99,959	97,126	3,946	93,180
Income (loss) from operations	$ 6,229	$ 21	$ 6,208	$ 1,057	$ (310)	$ 1,367
Adjusted EBITDA	$ 18,233	$ (98)	$ 18,331	$ 16,181	$ 2,621	$ 13,560

(1) RentPayment activity in the fourth quarter of 2020 relates to finalization of pre-sale operations.

Full Year 2020 and 2019 (With and Without RentPayment)

(in thousands)

	Twelve Months Ended December 31, 2020			Twelve Months Ended December 31, 2019		
	Consolidated	RentPayment	Excl RentPayment	Consolidated	RentPayment	Excl RentPayment
Revenues	$ 404,342	$ 12,042	$ 392,300	$ 371,854	$ 11,694	$ 360,160
Operating Expenses:						
Costs of services	277,374	1,362	276,012	252,569	1,166	251,403
Salary and employee benefits	39,507	1,649	37,858	42,214	882	41,332
Depreciation and amortization	40,775	3,668	37,107	39,092	4,031	35,061
Selling, general and administrative	25,825	3,538	22,287	30,795	3,340	27,455
Total operating expenses	383,481	10,217	373,264	364,670	9,419	355,251
Income from operations	$ 20,861	$ 1,825	$ 19,036	$ 7,184	$ 2,275	$ 4,909
Adjusted EBITDA	$ 70,333	$ 8,221	$ 62,112	$ 58,904	$ 9,216	$ 49,688

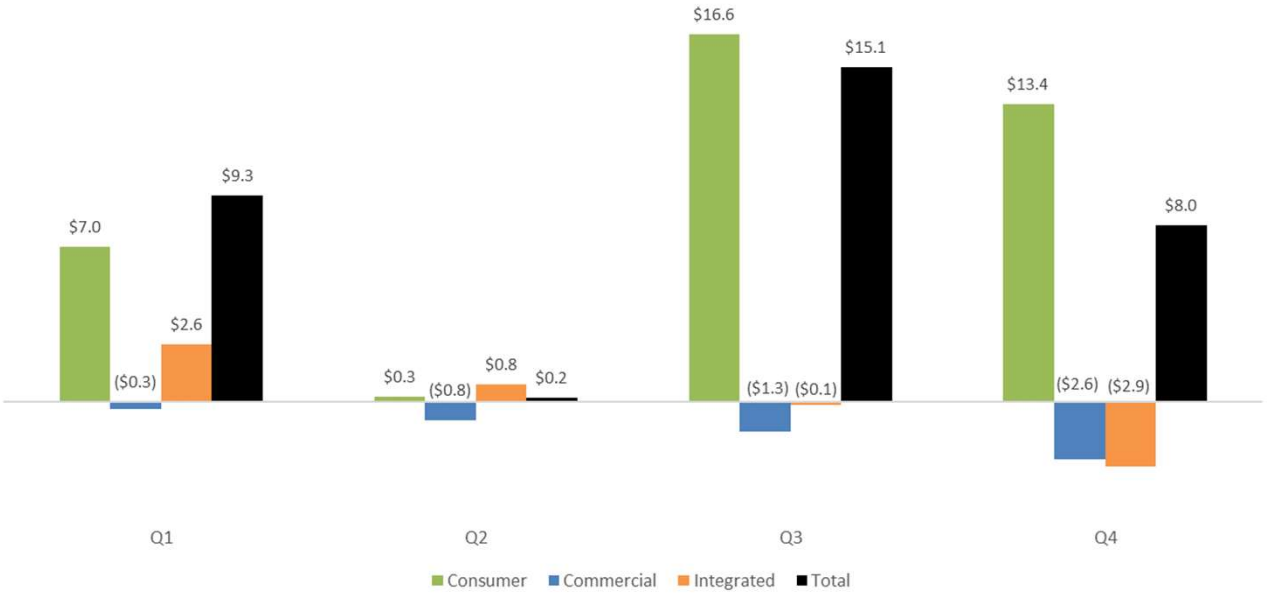
Revenue

Q4 2020 Revenue of $106.1 million increased 8.1% from $98.2 million in 2019

- **Consumer Payments** increased 15.3% to $100.8 million from $87.4 million
- **Commercial Payments** decreased 39.8% to $3.9 million from $6.5 million
  - **CPX** decreased 6.0% to $1.5 million from $1.6 million
  - **Managed Services** decreased 50.8% to $2.4 million from $4.9 million
- **Integrated Partners** decreased 67.2% to $1.4 million from $4.3 million
  - **PRET** decreased 77.3% to $0.8 million from $3.7 million

Revenue Growth (Decline) by Segment

(dollars in millions)



Key Growth Contributors

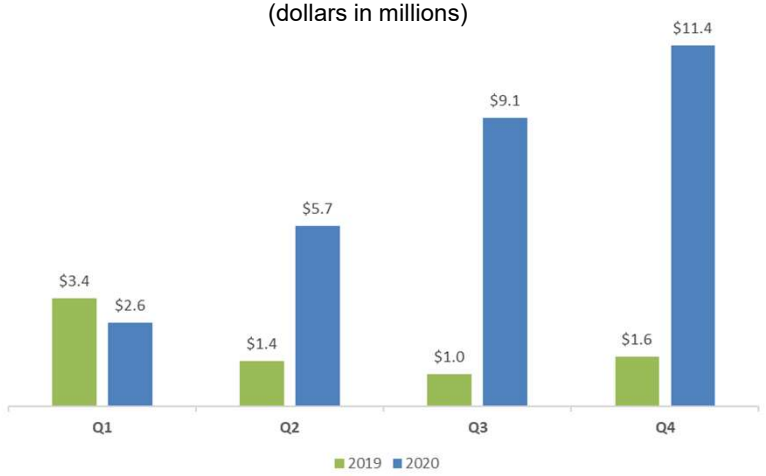
Specialized Merchant Acquiring was a Key Contributor to Q4 2020 Revenue Growth

- **Merchant count** ended the year at 2,537
  - **Over 1,950 net new merchants** added during 2020
- **Revenue of $11.4 million** increased from $1.6 million in 2019
- **Gross Profit of $7.3 million** increased from $0.9 million in 2019

Strong Sustained 2020 Growth Momentum in e-Commerce

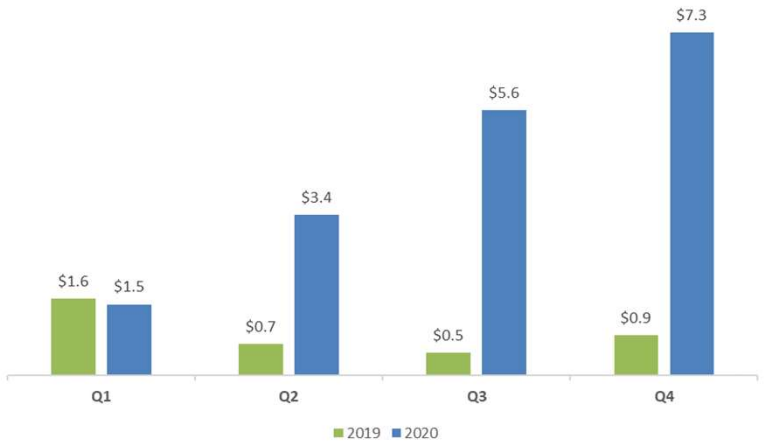
Revenue

(dollars in millions)



Gross Profit

(dollars in millions)

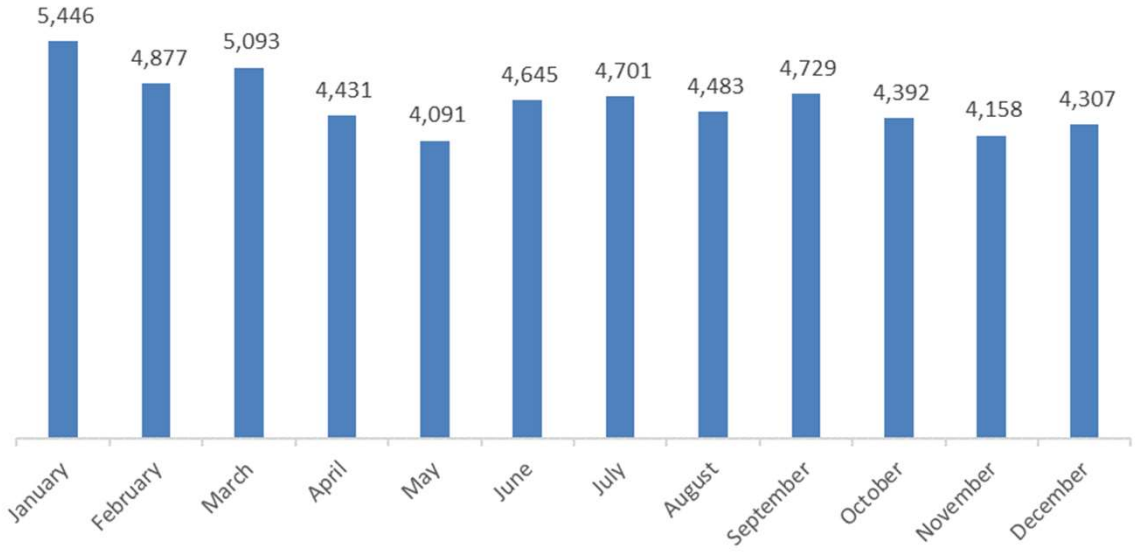


New Merchant Boards

New Merchant Boards Remained 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
  - Fourth quarter averaged 4,286 in 2020 and 4,389 in 2019

Monthly New Merchant Boards Throughout 2020



Merchant Bankcard Volume

Q4 2020 Merchant Bankcard volume of $11.1 billion increased 1.7% from $11.0 billion

	Fourth Quarter			Full Year		
	2020	2019	Variance	2020	2019	Variance
Consumer Payments:						
Merchant bankcard processing dollar value	$ 11,070.9	$ 10,752.5	3.0%	$ 41,703.7	$ 42,303.9	-1.4%
Merchant bankcard transaction volume	120.3	129.2	-6.8%	455.2	511.9	-11.1%
Average Ticket	$ 91.99	$ 83.24	10.5%	$ 91.61	$ 82.65	10.8%
Commercial Payments:						
Merchant bankcard processing dollar value	$ 53.8	$ 75.6	-28.9%	$ 249.0	$ 312.3	-20.3%
Merchant bankcard transaction volume	0.0	0.0	15.2%	0.1	0.1	-9.0%
Average Ticket	$ 1,833.08	$ 2,970.26	-38.3%	$ 2,510.02	$ 2,864.98	-12.4%
Integrated Partners:						
Merchant bankcard processing dollar value	$ 11.9	$ 126.2	-90.5%	$ 364.1	$ 386.1	-5.7%
Merchant bankcard transaction volume	0.1	0.5	-76.7%	1.3	1.4	-4.7%
Average Ticket	$ 109.56	$ 269.98	-59.4%	$ 276.64	$ 279.72	-1.1%
Total:						
Merchant bankcard processing dollar value	$ 11,136.7	$ 10,954.3	1.7%	$ 42,316.7	$ 43,002.3	-1.6%
Merchant bankcard transaction volume	120.5	129.7	-7.1%	456.7	513.3	-11.0%
Average Ticket	$ 92.43	$ 84.48	9.4%	$ 92.67	$ 83.77	10.6%

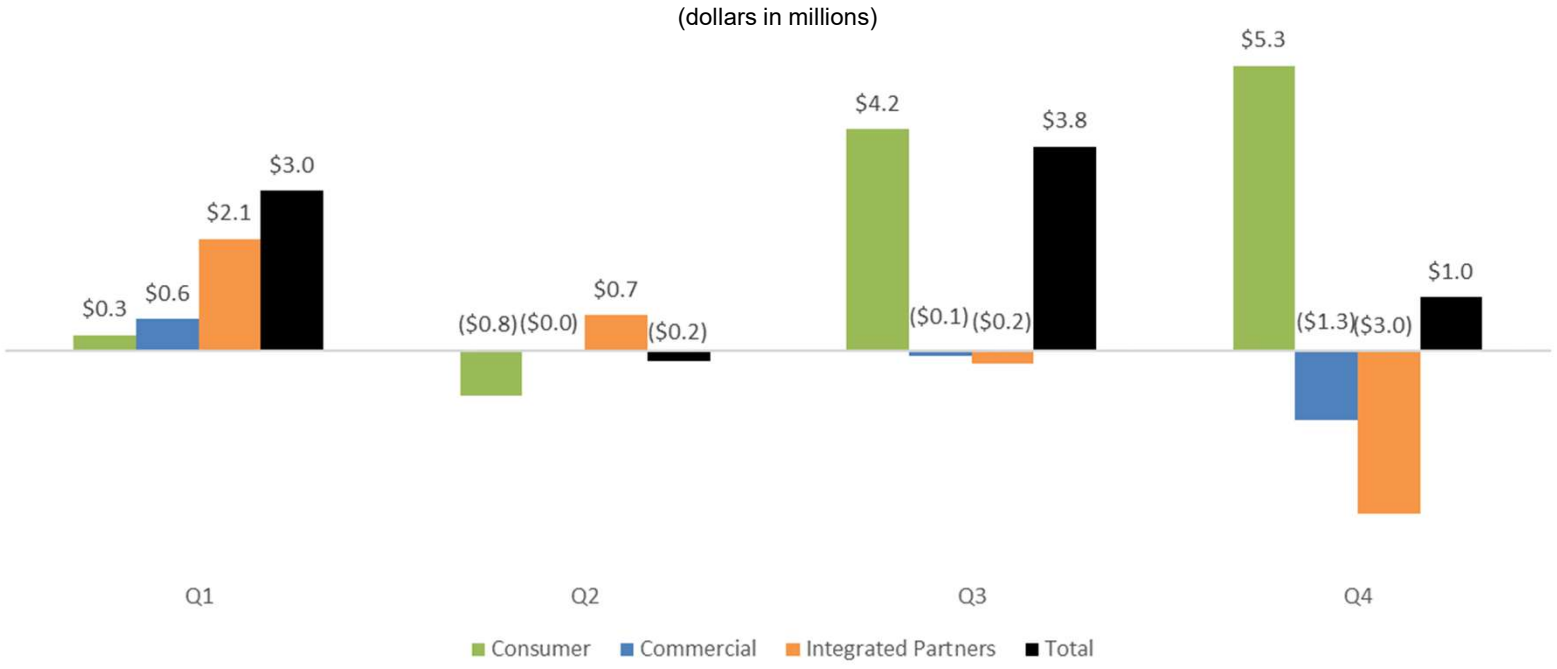
Amounts in millions, except Average Ticket

Gross Profit

Q4 2020 Gross Profit of $32.5 million increased 3.2% from $31.4 million in 2019

- **Consumer Payments** increased 21.8% to $29.9 million from $24.5 million
- **Commercial Payments** decreased 38.8% to $2.0 million from $3.3 million
  - **CPX** decreased 18.2% to $1.1 million from $1.3 million
  - **Managed Services** decreased 52.4% to $1.0 million from $2.0 million
- **Integrated Partners** decreased 85.0% to $0.5 million from $3.6 million
  - **PRET** decreased 93.9% to $0.2 million from $3.3 million

Gross Profit Growth (Decline) by Segment



Operating Expenses

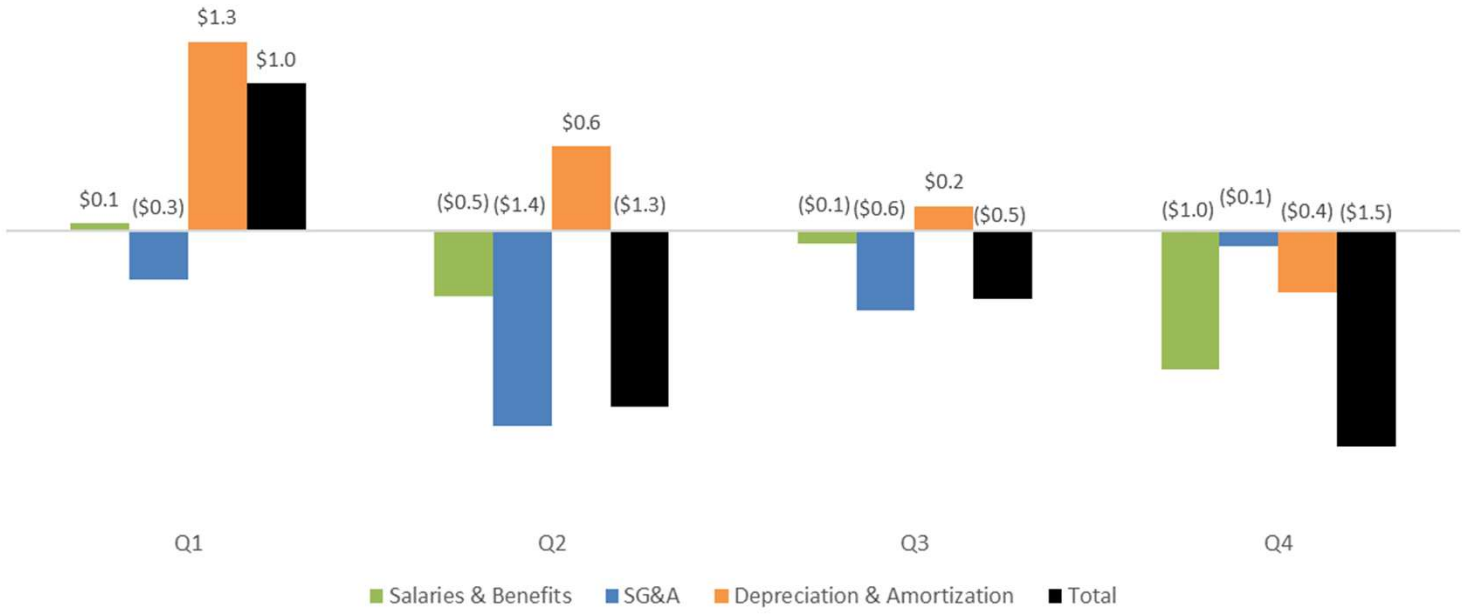
Q4 2020 Operating Expenses of $26.2 million decreased 13.7% from $30.4 million in 2019

- **Salaries and employee benefits of $9.8 million** decreased 4.7% from $10.3 million
  - Salaries and employee benefits decreased $1.0 million excluding non-cash compensation
- **SG&A of $6.5 million** decreased 33.2% from $9.8 million in 2019
  - SG&A decreased $0.1 million excluding non-recurring expenses
- **Depreciation and amortization** decreased 4.3% to $9.9 million from $10.3 million

Increase (Decrease) by Type

Excluding non-cash compensation and non-recurring expenses

(dollars in millions)



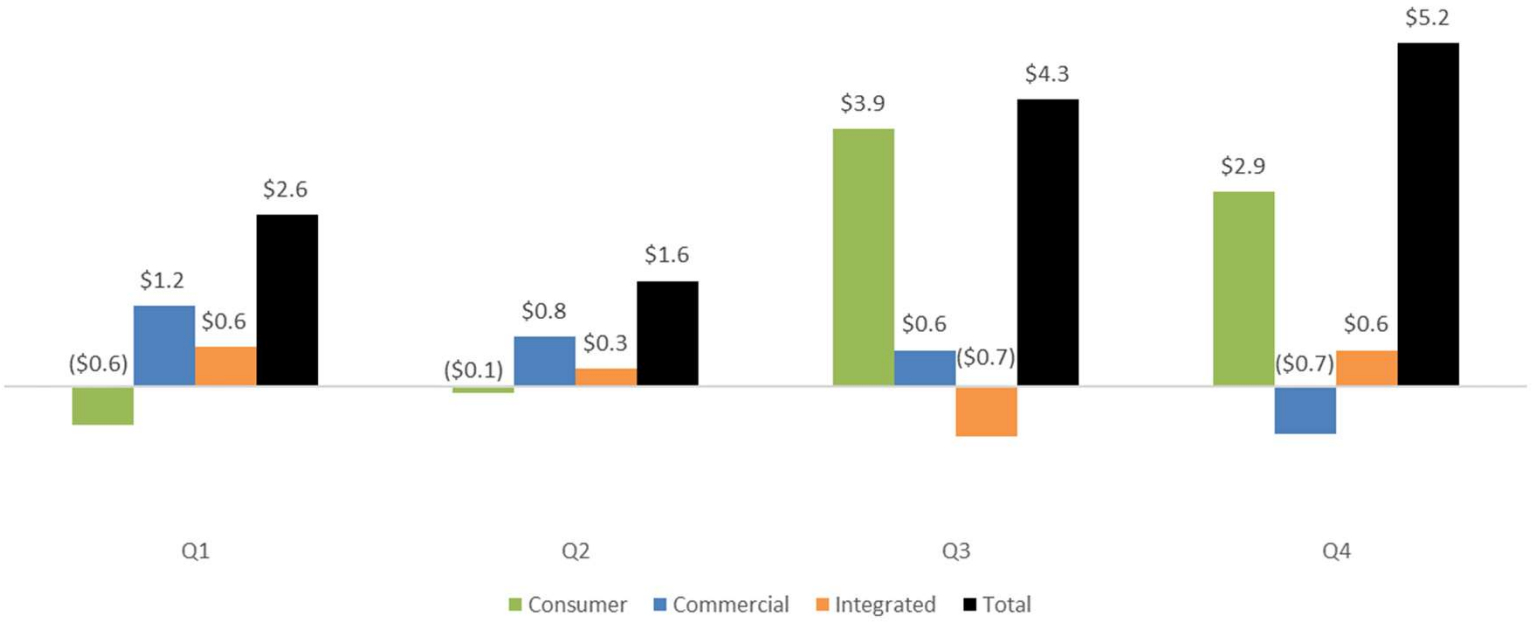
Income from Operations

Q4 2020 Income from Operations of $6.2 million increased 489.3% from $1.1 million in 2019

- **Consumer Payments** increased 29.5% to $12.9 million from $9.9 million
- **Commercial Payments** decreased $0.7 million to a loss of $0.5 million from $0.2 million
- **Integrated Partners** increased $0.6 million to a loss of $0.1 million
  - ➢ Includes $(0.1) million in 2020 and $1.7 million in 2019 of non-recurring integration costs related to the Yapstone acquisition
- **Corporate** improved $2.4 million to $6.1 million from $8.5 million

Increase (Decrease) in Income from Operations by Segment

(dollars in millions)



Other Income (Expense)

Components of Full Year 2020 and 2019 Other Income (Expense)

- **Interest expense of $44.8 million** increased 10.3% from $40.7 million in 2019
- **Debt extinguishment and modification expense of $1.9 million** includes:
  - **$1.5 million** of non-cash write-off of debt discount and issuance costs associated with the portion of the debt repaid in the third quarter 2020
  - **$0.4 million** of debt amendment fees incurred in the first quarter 2020
- **Net pre-tax gain of $62.1m** on sale of RentPayment is recorded in two line items
  - **Other income** of $107.2 million
  - **Income attributable to non-controlling interests** of $45.1 million
- **Other income, net of $596k** is primarily ISO loan interest income

(in thousands)

	Fourth Quarter		Full Year	
	2020	2019	2020	2019
Other Income (Expenses):				
Interest expense	$ (9,385)	$ (10,051)	$ (44,839)	$ (40,653)
Debt extinguishment and modification costs	-	-	(1,899)	-
Gain on sale of business	-	-	107,239	-
Other income, net	182	187	596	710
	$ (9,203)	$ (9,864)	$ 61,097	$ (39,943)
Income attributable to redeemable non-controlling interests:				
NCIs in gain on sale of business	$ -		$ (45,148)	
NCIs in PHOT	(50)		(250)	
	$ (50)		$ (45,398)	

Details of Gain on Sale of RentPayment

	(dollars in thousands)
Gross cash consideration	**$ 180,000**
Working capital adjustment	**(584)**
Net proceeds	**179,416**
Transaction costs	**(5,383)**
Net book value of assets sold	**(62,874)**
Segment goodwill assigned to assets sold	**(2,683)**
Other PRET intangible assets recovered in proceeds	**(1,237)**
Gain on sale of business	**107,239**
Gain attributable to non-controlling interests	**(45,148)**
Net pre-tax gain	**$ 62,091**

- Subject to a final working capital true-up with MRI and proceeds distribution true-up with non-controlling interests, when finalized

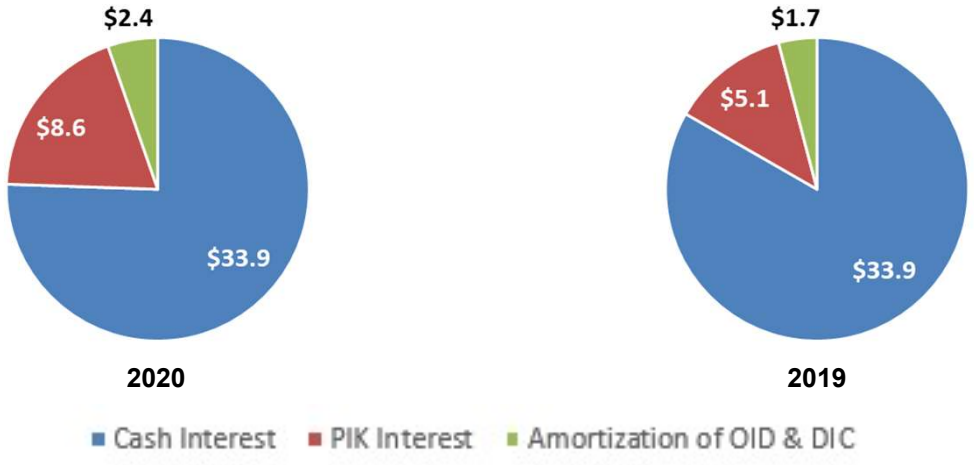
Interest Expense

Full Year 2020 Interest expense of $44.8 million increased by $4.2 million from $40.7 million in 2019

(dollars in millions)	Fourth Quarter 2020	Fourth Quarter 2019	Full Year 2020	Full Year 2019
Cash Interest	$ 6.9	$ 8.3	$ 33.9	$ 33.9
PIK Interest	1.9	1.3	8.6	5.1
Amortization of OID & DIC	0.6	0.4	2.4	1.7
	$ 9.4	$ 10.1	$ 44.8	$ 40.7

- **Cash interest** includes administrative fees of $0.4 million in 2020 and $0.8 million in 2019

Components of Full Year Interest Expense



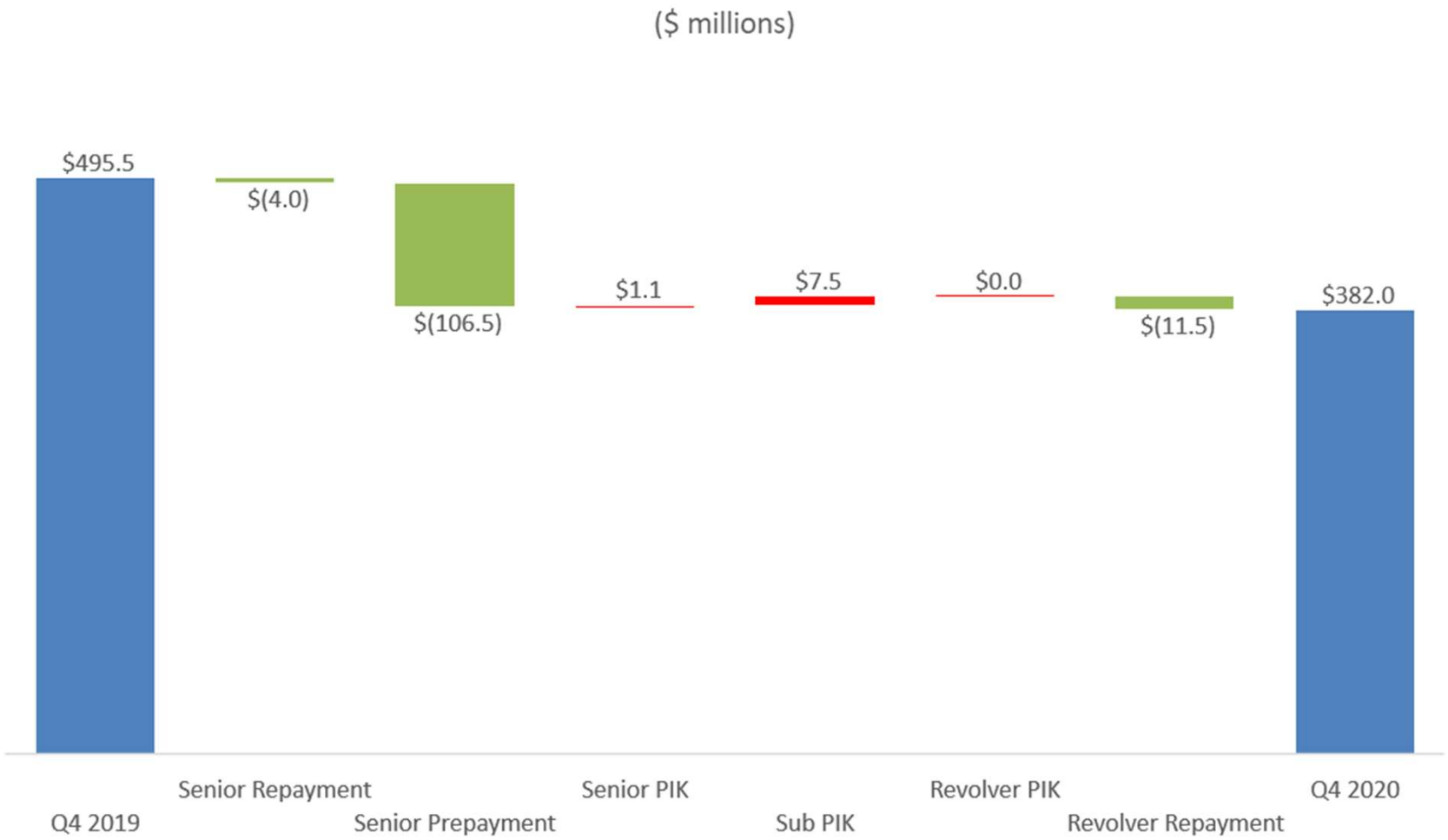
Cash Flow

Full Year Comparative Cash Flows – Unrestricted & Restricted Cash Activity

- **Investing Activities** in Full Year 2020 include:
  - **Software development** of $7.3 million
  - **Other capital expenditures** and intangible asset acquisitions of $5.8 million
  - **Proceeds** from business disposition of $179.4 million
- **Financing Activities** in Full Year 2020 include:
  - **Senior debt** repayments of $110.5 million
  - **Net Revolver** repayments of $11.5 million
  - **Debt issuance and modification costs** of $2.7 million
  - **Redemption** of minority interests in disposed business of $51.1 million

	Full Year		2020		2019	
	2020	2019	Unrestricted	Restricted	Unrestricted	Restricted
(dollars in thousands)						
Net Cash Provided by Operating Activities	$ 47,072	$ 39,364	$ 15,424	$ 31,648	$ 10,333	$ 29,031
Net Cash (Used In) Provided By Investing Activities	166,396	(97,747)	166,396		(97,747)	
Net Cash (Used In) Provided By Financing Activities	(175,813)	75,017	(175,813)		75,017	
Net Increase (Decrease) in Cash	37,655	16,634	6,007	31,648	(12,397)	29,031
Cash at Beginning of Period	50,465	33,831	3,234	47,231	15,631	18,200
Cash at End of Period	$ 88,120	$ 50,465	$ 9,241	$ 78,879	$ 3,234	$ 47,231

Outstanding Debt Walk



EBITDA Walk

- **Net leverage ratio of 5.85x** at December 31, 2020 with Net Debt of $372.8 million
- EBITDA adjustments are referenced to applicable clauses of the Senior Credit Facility Section 1.01 Definition

	Loan Document Sect. 1.01 Clause	Actual
Net income		$ 25,661
Interest expense	(i)(b)	44,839
Income tax expense	(i)c	10,899
Depreciation and amortization	(i)(d), (i)e	40,775
EBITDA		**122,174**
Gain on sale of business, net of $45.1 million attributable to non-controlling interests	(ii)c	(62,091)
Non-cash shared-based compensation	(i)(j)	2,430
PRET transition services	(i)(k)	2,628
Debt extinguishment and modification costs	(i)(f)(h)	1,899
Non-recurring legal and professional fees	(i)(k)(m)	1,941
Litigation recoveries	(i)(k)	(719)
Write-off of equity-method investment	(i)(f)	211
Non-cash asset carrying value adjustments	(i)(f)	1,753
Reversal of earn-out consideration liability	(ii)(a)	(360)
Write-down of note receivable	(i)(f)	467
Adjusted EBITDA (Performance Measure)		**$ 70,333**
Reconciliation to Debt Compliance Adjusted EBITDA:		
Adjusted EBITDA		$ 70,333
Allowable Board fee add-back	(i)(h)	1,500
Other adjustments	(i)(k)(q)	161
Rent Payment 2020 Adjusted EBITDA (1/1/20-9/22/20)	(r)(y)	(8,221)
Consolidated Adjusted EBITDA (Liquidity Measure)		**$ 63,773**