

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

August 9, 2022
Date of Report (Date of earliest event reported)



Priority Technology Holdings, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of incorporation)

001-37872
(Commission File Number)

47-4257046
(I.R.S. Employer Identification No.)

2001 Westside Parkway
Suite 155
Alpharetta, Georgia
(Address of Principal Executive Offices)

30004
(Zip Code)

Registrant's telephone number, including area code: **(800) 935-5961**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock, \$0.001 par value

Trading Symbol
PRTH

Name of each exchange on which registered
Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 9, 2022, Priority Technology Holdings, Inc. ("Priority") issued a press release announcing its financial results for the quarter ended June 30, 2022. A copy of that press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 7.01. Regulation FD Disclosure.

On August 9, 2022, Priority will hold an earnings conference call and webcast at 11:00 a.m. (Eastern Time) to discuss the financial results for the quarter ended June 30, 2022. The press release referenced in Item 2.02 contains information about how to access the conference call and webcast. A copy of the slide presentation to be used during the earnings call and webcast is furnished as Exhibit 99.2 to this Current Report on Form 8-K. The slide presentation also will be available on our website, www.prth.com under the "Investor Relations" section.

The information in this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report on Form 8-K shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits – The following exhibit is furnished as part of this Current Report on Form 8-K.

| Exhibit Number | Description |
|-----------------------|--|
| 99.1 | Press Release of Priority Technology Holdings, Inc. dated August 9, 2022 |
| 99.2 | Supplemental Slide Presentation |
| 104 | The cover page from this Current Report on Form 8-K, formatted in Inline XBRL |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 9, 2022

PRIORITY TECHNOLOGY HOLDINGS, INC.

By: /s/ Michael Vollkommer
Name: Michael Vollkommer
Title: Chief Financial Officer



Priority Investor Inquiries:
Chris Kettmann
ckettmann@lincolnchurchilladvisors.com
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Priority Technology Holdings, Inc. Announces Second Quarter 2022 Financial Results

Strong Second Quarter Revenue Growth Across all Business Segments

ALPHARETTA, GA - August 9, 2022 -- Priority Technology Holdings, Inc. (NASDAQ: PRTH) ("Priority" or the "Company"), a leading payments technology company helping customers collect, store and send money, today announced its second quarter 2022 financial results including strong quarter-over-quarter diversified revenue growth.

Highlights of Consolidated Results

Second Quarter 2022, Compared with Second Quarter 2021

Financial highlights of the second quarter of 2022 compared with the second quarter of 2021, are as follows:

- Revenue of \$166.4 million increased 33.1% from \$125.0 million.
- Gross profit (a non-GAAP measure¹) of \$55.7 million increased 58.2% million from \$35.2 million.
- Gross profit margin (a non-GAAP measure¹) of 33.5% increased 540 basis points from 28.1%.
- Operating income of \$13.1 million increased 77.0% from \$7.4 million.
- Adjusted EBITDA (a non-GAAP measure¹) of \$33.9 million increased 61.4% from \$21.0 million.

¹ See "Non-GAAP Financial Measures" and the reconciliations of Gross Profit, Gross Profit Margin, and Adjusted EBITDA, to their most comparable GAAP measures provided below for additional information.

"We delivered another strong quarter of top- and bottom-line growth, driven by increasing demand for our products and services," said Tom Priore, Chairman and CEO of Priority. "Priority's financial performance demonstrates that our unified commerce product vision continues to win in the marketplace. We have built with intention to perform in varying economic climates and our numbers back up our ability to deliver."

Full Year 2022 Financial Guidance

Priority's outlook remains strong and we are reaffirming our full-year 2022 guidance.

- Revenue is forecasted to range between \$650 million to \$665 million, a growth rate of 26% to 29%.
- Adjusted EBITDA (a non-GAAP measure) is forecasted to range between \$145 million to \$150 million, a growth rate of 51% to 56%.

Conference Call

Priority Technology Holdings, Inc.'s leadership will host a conference call on Tuesday, August 9, 2022 at 11:00 a.m. EDT to discuss its second quarter 2022 financial results. Participants can access the call by phone in the U.S. or Canada at (833) 636-1319 or internationally at (412) 902-4286.

The Internet webcast link and accompanying slide presentation can be accessed at <https://edge.media-server.com/mmc/p/fgpa38jm> and will also be posted in the "Investor Relations" section of the Company's website at www.PRTH.com.

An audio replay of the call will be available shortly after the conference call until August 16, 2022 at 2:00 p.m. EDT. To listen to the audio replay, dial (877) 344-7529 or (412) 317-0088 and enter conference ID number **4629057**. Alternatively, you may access the webcast replay in the "Investor Relations" section of the Company's website at www.PRTH.com.

Non-GAAP Financial Measures

This communication includes certain non-GAAP financial measures that we regularly review to evaluate our business and trends, measure our performance, prepare financial projections, allocate resources, and make strategic decisions. We believe these non-GAAP measures help to illustrate the underlying financial and business trends relating to our results of operations and comparability between current and prior periods. We also use these non-GAAP measures to establish and monitor operational goals. However, these non-GAAP measures are not superior to or a substitute for prominent measurements calculated in accordance with GAAP. Rather, the non-GAAP measures are meant to be a complement to understanding measures prepared in accordance with GAAP.

Gross Profit and Gross Profit Margin

The Company's non-GAAP gross profit metric represents revenues less costs of services. Gross profit margin is gross profit divided by revenues. We review these non-GAAP measures to evaluate our underlying profit trends. The reconciliation of gross profit to its most comparable GAAP measure is provided below:

| | <i>(in thousands)</i> | |
|---------------------|------------------------------------|------------------|
| | Three Months Ended June 30, | |
| | 2022 | 2021 |
| Revenues | \$ 166,430 | \$ 125,014 |
| Costs of services | (110,749) | (89,831) |
| Gross profit | \$ 55,681 | \$ 35,183 |
| Gross profit margin | 33.5 % | 28.1 % |

EBITDA and Adjusted EBITDA

EBITDA and adjusted EBITDA are performance measures. EBITDA is earnings before interest, income tax, and depreciation and amortization expenses ("EBITDA"). Adjusted EBITDA begins with EBITDA but further excludes certain non-cash costs, such as stock-based compensation and the write-off of the carrying value of investments or other assets, as well as debt extinguishment and modification expenses and other expenses and income items considered non-recurring, such as acquisition integration expenses, certain professional fees, and litigation settlements. We review the non-GAAP adjusted EBITDA measure to evaluate our business and trends, measure our performance, prepare financial projections, allocate resources, and make strategic decisions.

The reconciliation of adjusted EBITDA to its most comparable GAAP measure is provided below:

| | <i>(in thousands)</i> | |
|--------------------------------------|------------------------------------|---------------|
| | Three Months Ended June 30, | |
| | 2022 | 2021 |
| Net income (loss) | \$ 287 | \$ (9,477) |
| Interest expense | 12,335 | 7,285 |
| Income tax expense | 467 | 1,490 |
| Depreciation and amortization | 17,505 | 10,723 |
| EBITDA | 30,594 | 10,021 |
| Debt extinguishment and modification | — | 8,322 |
| Selling, general and administrative | 1,743 | 1,834 |
| Non-cash stock-based compensation | 1,542 | 856 |
| Other non-operating expense | — | (17) |
| Adjusted EBITDA | 33,879 | 21,016 |

Further detail of certain of these adjustments, and where these items are recorded in our consolidated statements of operations, is provided below:

(in thousands)

| | Three Months Ended June 30, | |
|--|------------------------------------|-----------------|
| | 2022 | 2021 |
| Selling, general and administrative expenses: | | |
| Certain legal fees | \$ 213 | \$ 1,587 |
| Professional, accounting and consulting fees | 373 | 247 |
| IRS penalty for 2014 and 2015 | 703 | — |
| General ledger transition expenses | 96 | — |
| Other expenses | 358 | — |
| Write-down of note receivable | — | — |
| | \$ 1,743 | \$ 1,834 |

Priority does not provide a reconciliation of forward-looking 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 and due to the variability, complexity and limited visibility of the adjusting items that would be excluded from the non-GAAP financial measures in future periods. When planning, forecasting and analyzing future periods, the Company does so primarily on a non-GAAP basis without preparing a GAAP analysis as that would require estimates for various cash and non-cash reconciling items that would be difficult to predict with reasonable accuracy. For example, stock-based compensation expense would be difficult to estimate because it depends on the Company's future hiring and retention needs, as well as the future fair market value of the Company's common stock, all of which are difficult to predict and subject to constant change. As a result, the Company does not believe that a GAAP reconciliation would provide meaningful supplemental information about the Company's outlook.

About Priority Technology Holdings, Inc.

Priority is a payments powerhouse driving the convergence of payments and banking. The company has built a single platform to collect, store, and send money that operates at scale. We help our customers take and make payments while managing business and consumer operating accounts to monetize payment networks. Our tailored, agile technology powers high-value, payments products bolstered by our industry-leading personalized support. Additional information can be found at www.PRTH.com.

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, our 2022 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. 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 17, 2022. 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.

Priority Technology Holdings, Inc.
Unaudited Consolidated Statements of Operations

(in thousands, except per share amounts)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------------|---------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | \$ 166,430 | \$ 125,014 | \$ 319,669 | \$ 238,311 |
| Operating expenses | | | | |
| Cost of revenue | 110,749 | 89,831 | 212,229 | 171,694 |
| Salary and employee benefits | 15,770 | 10,351 | 31,847 | 19,899 |
| Depreciation and amortization | 17,505 | 10,723 | 34,858 | 19,793 |
| Selling, general and administrative | 9,346 | 6,704 | 16,849 | 14,993 |
| Total operating expenses | 153,370 | 117,609 | 295,783 | 226,379 |
| Operating income | 13,060 | 7,405 | 23,886 | 11,932 |
| Other (expense) income | | | | |
| Interest expense | (12,335) | (7,285) | (23,870) | (16,453) |
| Debt extinguishment and modification costs | — | (8,322) | — | (8,322) |
| Other income (expense), net | 29 | 215 | 80 | (54) |
| Total other expense, net | (12,306) | (15,392) | (23,790) | (24,829) |
| Income (loss) before income taxes | 754 | (7,987) | 96 | (12,897) |
| Income tax expense (benefit) | 467 | 1,490 | 142 | (741) |
| Net income (loss) | 287 | (9,477) | (46) | (12,156) |
| Less: Dividends and accretion attributable to redeemable senior preferred stockholders | (8,549) | (3,911) | (16,949) | (3,911) |
| Less: NCI preferred unit redemptions | — | (10,777) | — | (10,777) |
| Net loss attributable to common stockholders | (8,262) | (24,165) | (16,995) | (26,844) |
| Loss per common share: | | | | |
| Basic and diluted | \$ (0.11) | \$ (0.35) | \$ (0.22) | \$ (0.39) |
| Weighted-average common shares outstanding: | | | | |
| Basic and diluted | 78,603 | 69,496 | 78,600 | 68,525 |

Priority Technology Holdings, Inc.
Unaudited Consolidated Balance Sheets

(in thousands)

| | June 30, 2022 | December 31, 2021 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 22,162 | \$ 20,300 |
| Restricted cash | 11,717 | 28,859 |
| Accounts receivable, net of allowances | 70,437 | 58,423 |
| Prepaid expenses and other current assets | 18,200 | 15,807 |
| Current portion of notes receivable | 781 | 272 |
| Settlement assets and customer account balances | 504,132 | 479,471 |
| Total current assets | 627,429 | 603,132 |
| Notes receivable, less current portion | 2,049 | 105 |
| Property, equipment and software, net | 26,749 | 25,233 |
| Goodwill | 365,740 | 365,740 |
| Intangible assets, net | 316,964 | 340,211 |
| Deferred income taxes, net | 11,319 | 8,265 |
| Other noncurrent assets | 11,053 | 9,256 |
| Total assets | \$ 1,361,303 | \$ 1,351,942 |
| Liabilities, Redeemable Senior Preferred Stock and Stockholders' Deficit | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 55,200 | \$ 42,523 |
| Accrued residual commissions | 34,513 | 29,532 |
| Customer deposits and advance payments | 1,065 | 5,021 |
| Current portion of long-term debt | 6,200 | 6,200 |
| Settlement and customer account obligations | 506,691 | 500,291 |
| Total current liabilities | 603,669 | 583,567 |
| Long-term debt, net of current portion, discounts and debt issuance costs | 602,224 | 604,105 |
| Other noncurrent liabilities | 15,533 | 18,349 |
| Total noncurrent liabilities | 617,757 | 622,454 |
| Total liabilities | 1,221,426 | 1,206,021 |
| Redeemable senior preferred stock | 220,031 | 210,158 |
| Stockholders' deficit: | | |
| Preferred stock | — | — |
| Common stock | 78 | 77 |
| Additional paid-in capital | 26,042 | 39,835 |
| Treasury stock, at cost | (6,170) | (4,091) |
| Accumulated deficit | (100,104) | (100,058) |
| Total stockholders' deficit | (80,154) | (64,237) |
| Total liabilities, redeemable senior preferred stock and stockholders' deficit | \$ 1,361,303 | \$ 1,351,942 |

Priority Technology Holdings, Inc.
Unaudited Consolidated Statements of Cash Flows

(in thousands)

| | Six Months Ended June 30, | |
|---|----------------------------------|------------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Net loss | \$ (46) | \$ (12,156) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization of assets | 34,858 | 19,793 |
| Stock-based compensation | 3,100 | 1,414 |
| Amortization of debt issuance costs and discounts | 1,719 | 1,158 |
| Write-off of deferred loan costs and discount | — | 3,006 |
| Deferred income tax benefit | (3,053) | (881) |
| PIK interest | — | (23,715) |
| Other non-cash items, net | — | (39) |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (12,015) | (9,115) |
| Prepaid expenses and other current assets | (4,445) | (3,232) |
| Income taxes (receivable) payable | (304) | 1,606 |
| Notes receivable | 297 | 198 |
| Accounts payable and other accrued liabilities | 14,792 | 10,490 |
| Customer deposits and advance payments | (3,957) | 1,385 |
| Other assets and liabilities, net | (612) | 307 |
| Net cash provided by (used in) operating activities | 30,334 | (9,781) |
| Cash flows from investing activities: | | |
| Acquisitions of businesses, net of cash acquired | — | (34,507) |
| Additions to property, equipment and software | (6,011) | (5,222) |
| Notes receivable loan funding | (2,750) | — |
| Acquisitions of intangible assets | (3,724) | (43,353) |
| Other investing activities | (250) | — |
| Net cash used in investing activities | (12,735) | (83,082) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt, net of issue discount | — | 293,619 |
| Debt issuance and modification costs paid | — | (7,597) |
| Repayments of long-term debt | (3,100) | (358,325) |
| Borrowings under revolving credit facility | 12,000 | 30,000 |
| Repayments of borrowings under revolving credit facility | (12,500) | — |
| Proceeds from the issuance of redeemable senior preferred stock, net of discount | — | 145,000 |
| Redeemable senior preferred stock issuance fees and costs | — | (5,472) |
| Repurchases of common stock and shares withheld for taxes | (2,079) | — |
| Dividends paid to redeemable senior preferred stockholders | (7,076) | (1,575) |
| Settlement and customer accounts obligations, net | 15,180 | (61,570) |
| Contingent consideration for business combinations and asset acquisitions | (1,863) | — |
| Other financing activities | — | 6 |
| Net cash provided by financing activities | 562 | 34,086 |
| Net change in cash and cash equivalents, and restricted cash: | | |
| Net increase (decrease) in cash and cash equivalents, and restricted cash | 18,161 | (58,777) |
| Cash and cash equivalents, and restricted cash at beginning of period | 518,093 | 88,120 |
| Cash and cash equivalents, and restricted cash equivalents at end of period | \$ 536,254 | \$ 29,343 |

(in thousands)

Reconciliation of cash and cash equivalents, and restricted cash:

Cash and cash equivalents
Restricted cash
Customer account balances

Total cash and cash equivalents, and restricted cash

| | | Six Months Ended June 30, | |
|-----------|----------------|----------------------------------|---------------|
| | | 2022 | 2021 |
| \$ | 22,162 | \$ | 11,111 |
| | 11,717 | | 18,232 |
| | 502,375 | | — |
| \$ | 536,254 | \$ | 29,343 |

Priority Technology Holdings, Inc.
Reportable Segments' Results

(in thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------------|---------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| SMB Payments: | | | | |
| Revenue | \$ 142,506 | \$ 120,311 | \$ 272,465 | \$ 229,412 |
| Operating expenses | 128,511 | 105,867 | 245,984 | 201,679 |
| Operating income | \$ 13,995 | \$ 14,444 | \$ 26,481 | \$ 27,733 |
| Operating margin | 9.8 % | 12.0 % | 9.7 % | 12.1 % |
| Depreciation and amortization | \$ 10,980 | \$ 10,373 | \$ 21,804 | \$ 19,081 |
| Key indicators: | | | | |
| Merchant bankcard processing dollar value | \$ 15,402,560 | \$ 13,888,861 | \$ 29,479,407 | \$ 25,772,028 |
| Merchant bankcard transaction volume | 164,341 | 150,733 | 310,289 | 278,316 |
| B2B Payments: | | | | |
| Revenue | \$ 5,295 | \$ 4,041 | \$ 11,220 | \$ 7,541 |
| Operating expenses | 4,632 | 4,020 | 10,148 | 7,929 |
| Operating income (loss) | \$ 663 | \$ 21 | \$ 1,072 | \$ (388) |
| Operating margin | 12.5 % | 0.5 % | 9.6 % | (5.1) % |
| Depreciation and amortization | \$ 73 | \$ 73 | \$ 146 | \$ 147 |
| Key indicators: | | | | |
| Merchant bankcard processing dollar value | \$ 155,462 | \$ 75,289 | \$ 263,869 | \$ 138,939 |
| Merchant bankcard transaction volume | 88 | 48 | 176 | 87 |
| Enterprise Payments: | | | | |
| Revenue | \$ 18,629 | \$ 662 | \$ 35,984 | \$ 1,358 |
| Operating expenses | 12,931 | 491 | 25,792 | 1,023 |
| Operating income | \$ 5,698 | \$ 171 | \$ 10,192 | \$ 335 |
| Operating margin | 30.6 % | 25.8 % | 28.3 % | 24.7 % |
| Depreciation and amortization | \$ 6,199 | \$ — | \$ 12,396 | \$ — |
| Key indicators: | | | | |
| Merchant bankcard processing dollar value | \$ 387,253 | \$ — | \$ 603,652 | \$ — |
| Merchant bankcard transaction volume | 842 | — | 1,214 | — |
| Operating income of reportable segments | \$ 20,356 | \$ 14,636 | \$ 37,745 | \$ 27,680 |
| Less: Corporate expense | (7,296) | (7,231) | (13,859) | (15,748) |
| Consolidated operating income | \$ 13,060 | \$ 7,405 | \$ 23,886 | \$ 11,932 |
| Corporate depreciation and amortization | \$ 253 | \$ 277 | \$ 512 | \$ 565 |
| Key indicators: | | | | |
| Merchant bankcard processing dollar value | \$ 15,945,275 | \$ 13,964,150 | \$ 30,346,928 | \$ 25,910,967 |
| Merchant bankcard transaction volume | 165,271 | 150,781 | 311,680 | 278,403 |



PRIORITY TECHNOLOGY HOLDINGS

Priority (Nasdaq: PRTH)

Supplemental Slides: Second Quarter 2022 Earnings Call
August 9, 2022





DISCLAIMER

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 2022 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 filed with the SEC on March 17, 2022 and our Quarterly Report on Form 10-Q filed with the SEC on May 11, 2022. 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.

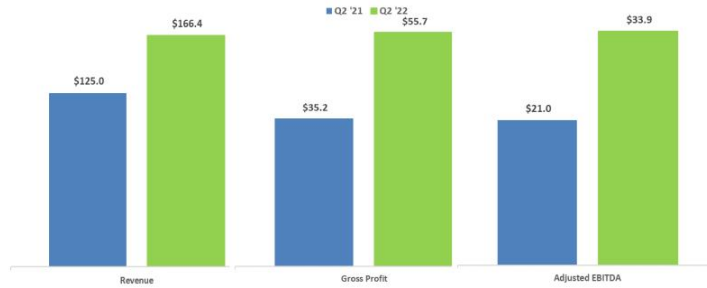
Management believes that non-GAAP financial measures provide a greater understanding of ongoing performance and operations, and enhance comparability with prior periods. Non-GAAP financial measures should not be considered as an alternative to any measure of performance or financial condition as determined 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.



Second Quarter 2022 Highlights

- **Revenue of \$166.4 million** increased 33.1% from \$125.0 million in Q2 2021
- **Gross profit of \$55.7 million** increased 58.2% from \$35.2 million in Q2 2021
- **Gross profit margin of 33.5%** increased 540 basis points from 28.1% in Q2 2021
- **Operating income of \$13.1 million** increased 77.0% from \$7.4 million in Q2 2021
- **Adjusted EBITDA of \$33.9 million** increased 61.4% from \$21.0 million in Q2 2021

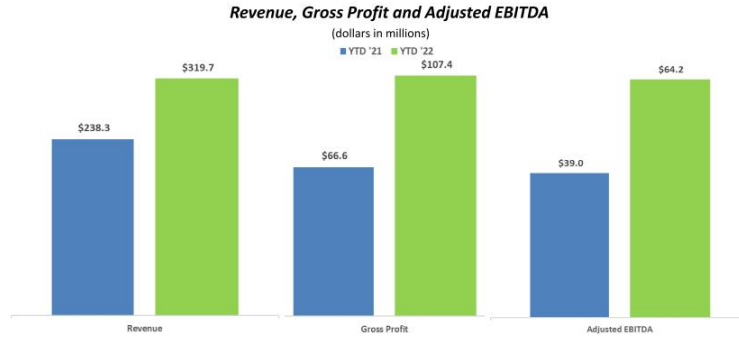
Revenue, Gross Profit and Adjusted EBITDA
(dollars in millions)





Year-to-Date 2022 Highlights

- **Revenue of \$319.7 million** increased 34.2% from \$238.3 million in Q2 YTD 2021
- **Gross profit of \$107.4 million** increased 61.3% from \$66.6 million in Q2 YTD 2021
- **Gross profit margin of 33.6%** increased 560 basis points from 28.0% in Q2 YTD 2021
- **Operating income of \$23.9 million** increased 100.8% from \$11.9 million in Q2 YTD 2021
- **Adjusted EBITDA of \$64.2 million** increased 64.6% from \$39.0 million in Q2 YTD 2021





PRIORITY – THE PAYMENTS POWERHOUSE

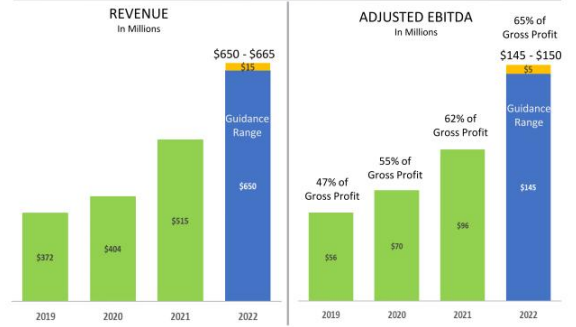
PRIORITY OVERVIEW

- Priority Technology Holdings, Inc. (NASDAQ:PRTH), is a payments technology company that leverages a purpose-built platform to enable clients to collect, store and send money.
- Priority delivers value to its partners by leveraging a native technology platform to embed payments and banking services into their core business platforms. Our approach is simple, we handle the complexities of payments and banking to free our partners to focus on their core business objectives. Priority provides end-to-end operational support including risk & underwriting, full compliance and customer service.

Priority's solutions are delivered via internally developed payment applications and services to the **SMB Payments**, **B2B Payments**, and **Enterprise Payments** business segments

- **SMB PAYMENTS:** Provides full-service acquiring and payment-enabled solutions for B2C transactions, leveraging Priority's proprietary software platform, distributed through ISOs, Direct Sales and vertically focused ISV Channels
- **B2B PAYMENTS:** Provides market-leading A/P automation solutions to corporations, software partners and industry leading financial institutions (including Citi, MasterCard, and AMEX)
- **ENTERPRISE PAYMENTS:** Provides embedded payment and banking solutions to enterprise customers to modernize legacy platforms and accelerate software partners' strategies to monetize payments

PRIORITY AT A GLANCE



390K+ Consumer Bank Accounts



248k+ Active Merchants



\$106B+ in LTM Payment Volume



PRIORITY

PRIORITY ACQUIRING
SMB

PRIORITY B2B
B2B

ENTERPRISE PAYMENTS

PRIORITY COMMERCE API's (PASSPORT)

PASSPORT PLATFORM ARCHITECTURE (SHARED MACRO/MICRO SERVICES)

COMMERCE

Card Processing • Compliance
Card Issuing • Pay Fac

BANKING

Virtual Accounts • Ledger • ACH/ACH+ • Compliance
Check Processing/Recon • Bill Payments

DATA SCIENCE

Data Warehouse • Business Intelligence
Data Science • Visualization

**A NATIVE PLATFORM OF SHARED SERVICES DEPLOYED AS SIMPLE SET OF
API'S TO COLLECT, STORE & SEND MONEY**



SMB PAYMENTS

MX™ CONNECT

MX™ Connect is Priority's powerful reseller CRM and business operating system for partners, powered through web and mobile applications

MX™ MERCHANT SUITE

MX™ Merchant Suite provides core processing and business solutions to SMB clients, which help better manage work functions and revenue performance

COMPARATIVE FINANCIAL PERFORMANCE¹

| Peer Group | YTD 2022 REVENUE GROWTH | YTD 2022 EBITDA GROWTH |
|----------------------------------|-------------------------|------------------------|
| Priority Technology ² | 34.2% | 64.6% |
| Global Payments | 7.5% | 10.4% |
| FIS Global | 7.6% | 6.7% |
| Fiserv | 10.0% | 12.6% |
| Paysafe ³ | -2.6% | -8.2% |

(1) Management calculations based on recent publicly available information

(2) Priority's organic revenue growth, excluding the acquisition of Finxera, was 19.6%.

(3) Paysafe's Q2 Revenue and YTD Growth Metrics are from Q1. Q2 Financials not released to date.



1,250+

PARTNER / RESELLER ACCOUNTS



4,500+

NEW MERCHANT ONBOARDS PER MONTH



80%+

PERCENT OF INTEGRATED OR SEMI-INTEGRATED REVENUE



248K+

MERCHANT ACCOUNTS



702M+

ANNUAL TOTAL TRANSACTIONS



\$66B+

ANNUAL CARD VOLUME PROCESSED



B2B Payments

CPX provides market-leading A/P automation solutions to corporations, software partners and industry leading financial institutions

Overview

CPX offers a robust suite of payments solutions which helps to ease reconciliation, reporting and payments for buyers and suppliers

- Named as CFO Tech Outlook Top 10 Accounts Payable Solution
- Minimal to no upfront investment required
- Purpose-built to automate and integrate every payment method including cards, check and ACH
- Generate interchange from issuing virtual and physical credit cards; and managed service fees
- Integration into any ERP system
- Direct Fed terminal
- Supplier wallet



75k

SUPPLIERS ENROLLED



\$33B

ISSUING VOLUME (ANNUAL)
ENROLLED



46

FINANCIAL INSTITUTIONS
SUPPORTED



ENTERPRISE PAYMENTS



1. Create 'Customer' in Passport
2. Open sub-accounts
3. Execute your workflow for funds movement

PASSPORT APIS



Integrate with Existing Financial Solutions or with In-House Products



CORE BANKING



LENDING



CARD MANAGEMENT & PAYMENTS



MORE...

PRIORITY TECHNOLOGY HOLDINGS

9



INNOVATIVE PAYMENT SOLUTIONS DONE WITH EASE...

★
Simple APIs to Solve Complex Workflows
(Collect, Store & Send)

Simple Rest APIs that are powerful to design any complex funds movement workflow supported by nationwide MTLs

★
Single Virtual Ledger for Having One View of Customer
Eases reconciliation to allow 'closing your books daily or even more frequent'
Automated reconciliation so you build your workflow with confidence

★
Built for Future ...
Modular architecture allows for adding new payment rails quickly.
Co-innovate with external ecosystems.

★
Time Tested & Improving Continuously
PRTH existing products utilize Passport and are thriving
and stays at par with changing regulatory requirements

★
Talented & Matured Fintech Operations Resource
Pool to Support Your Journey

PRIORITY VALUE PROPOSITION

PASSPORT PLATFORM SOLUTIONS

- Passport provides a simple and integrated banking and payments infrastructure for the merchants' ecosystem. It features banking service APIs and a complete, end-to-end solution to collect, store and send money at scale with full regulatory compliance.
- It provides an agile and a secure platform to onboard individual and business customers and supports them in conducting and managing financial transactions, using various major payment instruments such as ACH, Checks and Wires.
- The platform caters to the needs of individuals or businesses that look for a robust system supporting:
 - Efficient and automated disbursement of funds
 - Fee collection and split payment capabilities
 - Virtual account setup and KYC
 - Smooth ledgering and reconciliation
 - Operations infrastructure for compliance, payments & customer support
- And much more

Priority is a payments powerhouse driving the convergence of payments and banking with a single platform to collect, store & send money



Revenue

SMB Revenue of \$142.5 million increased 18.5% from \$120.3 million

- **SMB revenue** key growth drivers included:
 - **Bankcard Volume of \$15.403 billion** increased \$1.514 billion, or 10.9%, from \$13.889 billion
 - **Bankcard Transactions of 164.9 million** increased 13.6 million, or 9.0%, from 150.7 million
 - **Average Ticket of \$93.72** increased \$1.58, or 1.7%, from \$92.14
- **Average Merchant Count of 247.5K** in second quarter 2022 grew 7.0% over second quarter 2021
- **New monthly merchant boards** averaged 4.5K during Q2 2022
 - Historically, new monthly boards average of 4,300 – 5,000

(n millions except average ticket)

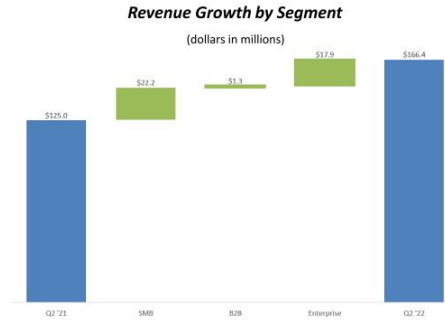
| | Second Quarter | | |
|---|----------------|-------------|----------|
| | 2022 | 2021 | Variance |
| SMB Payments: | | | |
| Merchant bankcard processing dollar value | \$ 15,402.6 | \$ 13,888.9 | 10.9% |
| Merchant bankcard transaction volume | 164.3 | 150.7 | 9.0% |
| Average Ticket | \$ 93.72 | \$ 92.14 | 1.7% |



Revenue

B2B Revenue of \$5.3 million increased 32.5% from \$4.0 million
Enterprise Revenue of \$18.6 million increased \$17.9 million from \$0.7 million

- **B2B revenue** key growth drivers included:
 - **CPX** increased 56.3% to \$2.5 million from \$1.6 million driven by new customer additions, volume increases within existing customers
 - **Managed Services** increased 16.7% to \$2.8 million from \$2.4 million, driven by higher program activity
- **Enterprise revenue** key growth driver was the September 2021 acquisition of CFTPay (Finxera)





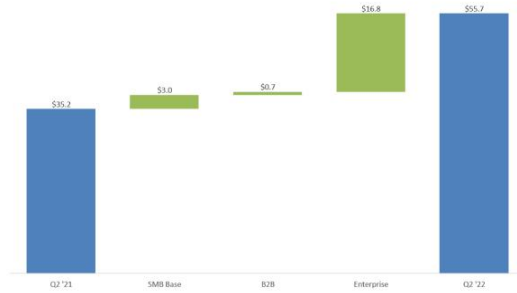
Gross Profit

Gross Profit of \$55.7 million increased 58.2% from \$35.2 million

- **SMB gross profit of \$35.5 million** increased 9.2% from \$32.5 million in Q2 2021
- **B2B gross profit of \$3.2 million** increased 28.0% from \$2.5 million in Q2 2021
- **Enterprise gross profit of \$17.0 million** increased \$16.8 million from \$0.2 million in Q2 2021

Gross Profit Growth by Segment

(dollars in millions)



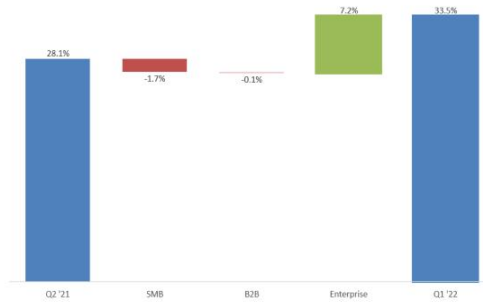


Gross Profit Margin

Gross Profit Margin of 33.5% increased 540 basis points from 28.1%

- **SMB gross profit margin** decline of 170 basis points was driven by mix related margin compression
- **Enterprise gross profit margin** drove the overall margin expansion, significantly more than offsetting the SMB decline

Gross Profit Margin change by Segment

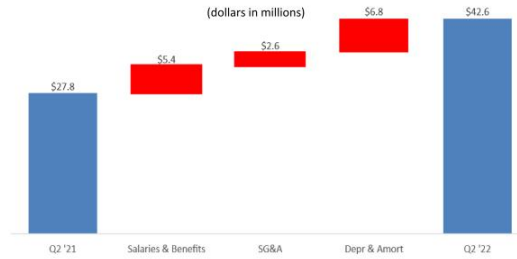




Other Operating Expenses

Other Operating Expenses of \$42.6 million increased 53.2% from \$27.8 million Increase Primarily Driven by Acquisition and Business Growth

- **Salaries and Benefits of \$15.8 million** increased 51.9% from \$10.4 million in Q2 2021
 - Driven by a 70% increase in headcount, primarily from the Q3 2021 acquisition of Finxera
- **SG&A of \$9.3 million** increased 38.8% from \$6.7 million in Q2 2021
 - Acquisition related increase of \$1.6 million and business growth related increase of \$1.0 million
 - Includes non recurring expenses of \$1.7 million in Q2 2022 and \$1.8 million in Q2 2021
- **Depreciation & Amortization of \$17.5 million** increased \$6.8 million from \$10.7 million in Q2 2021
 - Growth driven by acquisitions



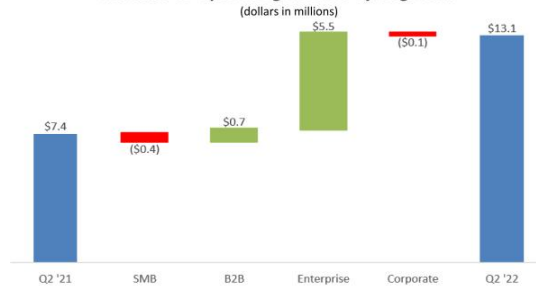


Operating Income

Operating Income of \$13.1 million increased 77.0% from \$7.4 million

- **SMB operating income of \$14.0 million** decreased \$0.4 million from \$14.4 million in Q2 2021
 - Increases of \$1.7 million in Salaries, \$1.2 million in SG&A and \$0.6 million in Depreciation and Amortization
 - Headcount & SG&A increases are attributable to growth initiatives
- **B2B operating income of \$0.7 million** increased \$0.7 million from \$0.0 million in Q2 2021
- **Enterprise operating income of \$5.7 million** increased \$5.5 million from \$0.2 million in Q2 2021
- **Corporate expense of (\$7.3) million** increased \$0.1 million from (\$7.2) million in Q2 2021

Increase in Operating Income by Segment





Adjusted EBITDA

Strong Adjusted EBITDA Growth in Q2

- Q2 2022 Adjusted EBITDA of \$33.9 million increased 61.4% from \$21.0 million in Q2 2021

| EBITDA Walk | | |
|--|-----------------------|-----------------|
| | (dollars in millions) | |
| | 2022 | 2021 |
| | Q2 | Q2 |
| Consolidated net income (loss) (GAAP) | \$ 0.3 | \$ (9.5) |
| Add: Interest expense | 12.3 | 7.3 |
| Add: Depreciation and amortization | 17.5 | 10.7 |
| Add: Income tax expense (benefit) | 0.5 | 1.5 |
| EBITDA (non-GAAP) | 30.6 | 10.0 |
| Further adjusted by: | | |
| Add: Non-cash stock-based compensation | 1.6 | 0.9 |
| Add: Non-recurring expenses: | - | - |
| Debt extinguishment and modification costs | - | 8.3 |
| (Gain) on Investment | - | - |
| Legal, professional, accounting and other SG&A | 1.7 | 1.8 |
| Adjusted EBITDA (non-GAAP) | \$ 33.9 | \$ 21.0 |



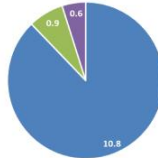
Interest Expense

Components of Q2 2022 and 2021 Interest Expense

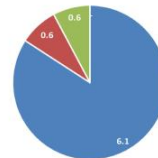
- **Interest expense of \$12.3 million** increased \$5.0 million from \$7.3 million in Q2 2021 driven by higher comparative debt balances
 - Total outstanding debt of \$628.3 million at June 30, 2022 increased \$298.3 million from \$330.0 million at June 30, 2021 due to acquisition financing

(dollars in Millions)

| | Second Quarter | |
|---------------------------|----------------|---------------|
| | 2022 | 2021 |
| Cash Interest & Fees | \$ 10.8 | \$ 6.1 |
| PIK Interest | - | 0.6 |
| Amortization of OID & DIC | 0.9 | 0.6 |
| Other Interest Expense | 0.6 | - |
| | <u>\$ 12.3</u> | <u>\$ 7.3</u> |



■ Cash Int & Fees ■ PIK Int ■ Amort of OID & DIC ■ Other Int Expense



■ Cash Int & Fees ■ PIK Int ■ Amort of OID & DIC ■ Other Int Expense



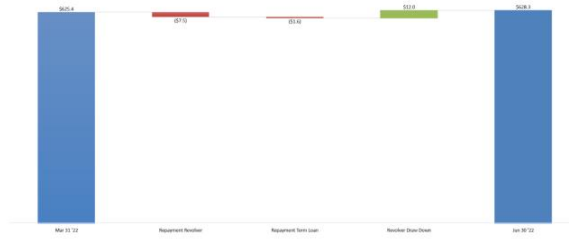
Outstanding Debt

Declining Debt Balances

- **Net Debt of \$606.1 million declined \$5.7 million** from \$611.8 million at March 31, 2022
- **Total Debt of \$628.3 million** at June 30, 2022 included a \$12.0 million temporary five day increase in Revolver borrowings during the last week of June
 - **Total Debt has subsequently been reduced to \$613.8 million** with the entire \$14.5 million of outstanding Revolver borrowings having been repaid in July/August
- **Total Debt reduction of \$34.7 million** since Q3 2021
 - Scheduled amortization payments of \$4.7 million, and
 - Revolver repayments of \$30.0 million

Debt Repayments

(dollars in millions)



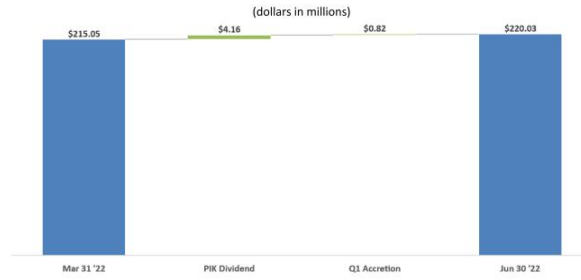


Senior Preferred Stock Walk

Senior Preferred Stock of \$220.0 million, Net of \$21.9 million of Unaccreted Discounts and Issuance Costs

- Second quarter dividends and accretion is as follows:

| | 2nd Quarter 2022 |
|-------------------------------|---------------------|
| <i>(dollars in Thousands)</i> | |
| Dividend: | |
| Payment in Kind | \$ 4,161 |
| Cash | 3,571 |
| | <u>7,732</u> |
| Accretion | 818 |
| | <u>\$ 8,549</u> |





DELIVERING UNIFIED COMMERCE SOLUTIONS

- Priority is a Payments Powerhouse AND Banking Business that Offers Clear Advantages for Businesses to Accelerate Cash Flow
 - Scalable, Innovative Technology Platform – Low Capital Spending Needs
 - Strong Revenue Growth & Significant Operating Leverage
 - Diversified Payment Revenue Sources Balanced with Countercyclical and Early Cycle Assets – Well Positioned for Any Market Conditions
 - Leadership Well Aligned with Shareholders – with Proven Track-Record Overcoming Challenges, Identifying Opportunities Ahead of Peers, and Driving Results
-

