

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

March 10, 2021
Date of Report (Date of earliest event reported)

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

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>001-37872</u> (Commission File Number)	<u>47-4257046</u> (I.R.S. Employer Identification No.)
<u>2001 Westside Parkway Suite 155</u> <u>Alpharetta, Georgia</u> (Address of Principal Executive Offices)		<u>30004</u> (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	Trading Symbol	Name of each exchange on which registered
Common stock, \$0.001 par value	PRTH	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 7.01 Regulation FD Disclosure

On March 10, 2021, Priority Technology Holdings, Inc. (the “Company”) issued a Press Release announcing that executives of Priority Technology Holdings, Inc. (the “Company”) will present to various investors at the 33rd Annual Roth Conference on March 15, 2021. A copy of the Press Release and Presentation are furnished herewith as Exhibit 99.1 and 99.2, respectively.

Item 9.01 Financial Statements and Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release of Priority Technology Holdings, Inc. dated March 10, 2021
99.2	33rd Annual Roth Conference Investor Presentation
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

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.

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: March 10, 2021

PRIORITY TECHNOLOGY HOLDINGS, INC.

By: /s/ Bradley J. Miller
Name: Bradley J. Miller
Title: General Counsel and Chief Risk Officer



Investor and Media Inquiries:
Dave Faupel
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Priority Technology Holdings, Inc. to Participate in the 33rd Annual Roth Conference on March 15, 2021

In Advance of the Scheduled Release of Financial Results on March 16, 2021, Unaudited 2020 Financial Results and 2021 Financial Guidance are Being Disclosed

ALPHARETTA, GA - March 10, 2021 -- Priority Technology Holdings, Inc. (NASDAQ: PRTH) ("Priority" or the "Company"), a leading provider of merchant acquiring, integrated payment software and commercial payment solutions, today announced that it is participating in the 33rd Annual Roth Conference on March 15, 2021. Priority's Chairman and Chief Executive Officer Tom Priore and other company representatives will participate in one-on-one meetings with investors and analysts during the conference. To schedule a one-on-one meeting with Priority, please contact your Roth representative. A copy of the investor presentation will be available on our website on March 15, 2021. In these meetings, the Company may be discussing the following unaudited fourth quarter and full year 2020 financial results and financial guidance for 2021.

Fourth Quarter 2020 Unaudited Results

Financial highlights of the fourth quarter of 2020 compared with the fourth quarter of 2019, are as follows:

- Revenue of \$106.1 million increased 8.1% from \$98.2 million.
- Adjusted EBITDA (a non-GAAP measure¹) of \$18.2 million increased 12.7% from \$16.2 million.

The fourth quarter of 2019 includes the results of the RentPayment business sold to MRI Software ("MRI") in September 2020. The fourth quarter of 2020 results compared with the fourth quarter of 2019, excluding the RentPayment business, are as follows:

- Revenue increased 12.3% from \$94.5 million.
- Adjusted EBITDA (a non-GAAP measure¹) increased 35.2% from \$13.6 million.

Full Year 2020 Unaudited Results

Financial highlights of the full year 2020 compared with the full year 2019, are as follows:

- Revenue of \$404.3 million increased 8.7% from \$371.9 million.
- Adjusted EBITDA (a non-GAAP measure¹) of \$70.3 million increased 19.4% from \$58.9 million.

The consolidated results include the results of the RentPayment business from March 1, 2019 through September 22, 2020. The results for full year 2020 compared with the results for full year 2019, excluding the RentPayment business, are as follows:

- Revenue of \$392.3 million increased 8.9% from \$360.2 million.
- Adjusted EBITDA (a non-GAAP measure¹) of \$62.1 million increased 25.0% from \$49.7 million.

Full Year 2021 Financial Guidance

The Company expects the full year 2021 results, before any increases related to its anticipated acquisition of Finxera Holdings, Inc., to include:

- Revenue in a range between \$450 to \$470 million, a growth of 15% to 20% above 2020 revenue of \$392.3 million, excluding RentPayment.
- Adjusted EBITDA (a non-GAAP measure¹) in a range between \$76 to \$80 million, a growth of 22% to 29% above 2020 adjusted EBITDA of \$62.1 million, excluding RentPayment.

(1) See “Non-GAAP Financial Measures” and the reconciliations of Adjusted EBITDA to their most comparable GAAP measures provided within the attached financial schedules.

Results With and Without RentPayment

Summary reconciliations of actual financial results for each quarter and full year 2020 (unaudited) and 2019 with actual results excluding the RentPayment business sold in September 2020 are included within the attached financial schedules.

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.

EBITDA, Adjusted EBITDA and Consolidated 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. Consolidated adjusted EBITDA, which is a liquidity measure used in determining our total net leverage ratio, is adjusted EBITDA further adjusted for items specified in the definition of consolidated adjusted EBITDA within our debt agreements, which include the pro-forma impact of acquisitions and dispositions and other specified adjustments. 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. We review the non-GAAP consolidated adjusted EBITDA to evaluate compliance with our total net leverage ratio at each measurement period.

The reconciliation of adjusted EBITDA to its most comparable GAAP measure is provided within the attached financial schedules.

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.

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," "anticipates," "outlook" or words of similar meaning. These forward-looking statements include, but are not limited to, our 2021 outlook. 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 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 March 30, 2020 and November 13, 2020, 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 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.
Non-GAAP Financial Measures
Unaudited

	<i>(in thousands)</i>			<i>(in thousands)</i>		
	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
Depreciation and amortization	40,775	3,668	37,107	39,092	4,031	35,061
Other income, net	807	—	807	710	—	710
Net income attributable to NCIs	(250)	—	(250)	—	—	—
Non-cash stock-based compensation	2,430	—	2,430	3,652	—	3,652
Legal and professional fees	1,941	—	1,941	6,353	—	6,353
Legal settlements	(719)	100	(819)	(377)	—	(377)
Acquisition integration services	2,628	2,628	—	2,910	2,910	—
Intangible carrying value adjustment	1,753	—	1,753	—	—	—
Change in FV of contingent consideration	(360)	—	(360)	(620)	—	(620)
Write-down of note receivable	467	—	467	—	—	—
Adjusted EBITDA	\$ 70,333	\$ 8,221	\$ 62,112	\$ 58,904	\$ 9,216	\$ 49,688

PRIORITY TECHNOLOGY HOLDINGS, INC.
Non-GAAP Financial Measures
Unaudited

	<i>(in thousands)</i>			<i>(in thousands)</i>		
	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
Depreciation and amortization	9,889	—	9,889	10,329	1,208	9,121
Other income, net	182	—	182	187	—	187
Net income attributable to NCIs	(50)	—	(50)	—	—	—
Non-cash stock-based compensation	803	—	803	298	—	298
Legal and professional fees	416	—	416	3,173	—	3,173
Legal settlements	3	—	3	34	—	34
Acquisition integration services	(119)	(119)	—	1,723	1,723	—
Intangible carrying value adjustment	773	—	773	—	—	—
Change in FV of contingent consideration	(360)	—	(360)	(620)	—	(620)
Write-down of note receivable	467	—	467	—	—	—
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.

PRIORITY TECHNOLOGY HOLDINGS, INC.
Non-GAAP Financial Measures
Unaudited

	<i>(in thousands)</i>			<i>(in thousands)</i>		
	Third Quarter 2020			Third Quarter 2019		
	Consolidated	RentPayment	Excl RentPayment	Consolidated	RentPayment	Excl RentPayment
Revenues	\$ 108,962	\$ 3,883	\$ 105,079	\$ 93,883	\$ 3,652	\$ 90,231
Operating Expenses:						
Costs of services	74,971	497	74,474	63,718	342	63,376
Salary and employee benefits	10,010	580	9,430	10,668	395	10,273
Depreciation and amortization	10,251	1,238	9,013	10,077	1,206	8,871
Selling, general and administrative	6,688	1,261	5,427	6,695	592	6,103
Total operating expenses	101,920	3,576	98,344	91,158	2,535	88,623
Income from operations	7,042	307	6,735	2,725	1,117	1,608
Depreciation and amortization	10,251	1,238	9,013	10,077	1,206	8,871
Other income, net	190	—	190	158	—	158
Net income attributable to NCIs	(200)	—	(200)	—	—	—
Non-cash stock-based compensation	601	—	601	1,171	—	1,171
Legal and professional fees	560	—	560	853	—	853
Legal settlements	(801)	—	(801)	(100)	—	(100)
Acquisition integration services	1,012	1,012	—	441	441	—
Intangible carrying value adjustment	980	—	980	—	—	—
Adjusted EBITDA	\$ 19,635	\$ 2,557	\$ 17,078	\$ 15,325	\$ 2,764	\$ 12,561

PRIORITY TECHNOLOGY HOLDINGS, INC.
Non-GAAP Financial Measures
Unaudited

	<i>(in thousands)</i>			<i>(in thousands)</i>		
	Second Quarter 2020			Second Quarter 2019		
	<u>Consolidated</u>	<u>RentPayment</u>	<u>Excl RentPayment</u>	<u>Consolidated</u>	<u>RentPayment</u>	<u>Excl RentPayment</u>
Revenues	\$ 92,356	\$ 4,391	\$ 87,965	\$ 92,142	\$ 3,336	\$ 88,806
Operating Expenses:						
Costs of services	62,398	498	61,900	62,003	351	61,652
Salary and employee benefits	9,556	507	9,049	10,356	45	10,311
Depreciation and amortization	10,363	1,214	9,149	9,761	1,152	8,609
Selling, general and administrative	6,008	1,231	4,777	7,586	798	6,788
Total operating expenses	<u>88,325</u>	<u>3,450</u>	<u>84,875</u>	<u>89,706</u>	<u>2,346</u>	<u>87,360</u>
Income from operations	4,031	941	3,090	2,436	990	1,446
Depreciation and amortization	10,363	1,214	9,149	9,761	1,152	8,609
Other income, net	194	—	194	138	—	138
Non-cash stock-based compensation	688	—	688	1,023	—	1,023
Legal and professional fees	469	—	469	1,141	—	1,141
Legal settlements	77	100	(23)	(311)	—	(311)
Acquisition integration services	<u>839</u>	<u>839</u>	<u>—</u>	<u>747</u>	<u>747</u>	<u>—</u>
Adjusted EBITDA	<u>\$ 16,661</u>	<u>\$ 3,094</u>	<u>\$ 13,567</u>	<u>\$ 14,935</u>	<u>\$ 2,889</u>	<u>\$ 12,046</u>

PRIORITY TECHNOLOGY HOLDINGS, INC.
Non-GAAP Financial Measures
Unaudited

	<i>(in thousands)</i>			<i>(in thousands)</i>		
	First Quarter 2020			First Quarter 2019		
	Consolidated	RentPayment	Excl RentPayment	Consolidated	RentPayment	Excl RentPayment
Revenues	\$ 96,933	\$ 3,844	\$ 93,089	\$ 87,646	\$ 1,070	\$ 86,576
Operating Expenses:						
Costs of services	66,364	374	65,990	60,106	111	59,995
Salary and employee benefits	10,129	539	9,590	10,899	1	10,898
Depreciation and amortization	10,272	1,216	9,056	8,925	465	8,460
Selling, general and administrative	6,609	1,159	5,450	6,750	15	6,735
Total operating expenses	93,374	3,288	90,086	86,680	592	86,088
Income from operations	3,559	556	3,003	966	478	488
Depreciation and amortization	10,272	1,216	9,056	8,925	465	8,460
Other income, net	241	—	241	227	—	227
Non-cash stock-based compensation	338	—	338	1,160	—	1,160
Legal and professional fees	496	—	496	1,185	—	1,185
Legal settlements	2	—	2	—	—	—
Acquisition integration services	896	896	—	—	—	—
Adjusted EBITDA	\$ 15,804	\$ 2,668	\$ 13,136	\$ 12,463	\$ 943	\$ 11,520



PRIORITY TECHNOLOGY HOLDINGS

Roth Conference March 15, 2021





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, expected timing of the closing of Priority Technology Holdings, Inc.'s ("Priority," "we," "our" or "us") merger with Finxera Holdings, Inc. ("Finxera"), the expected returns and other benefits of the merger 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, 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 March 30, 2020 and November 13, 2020, 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.



PRTH Overview

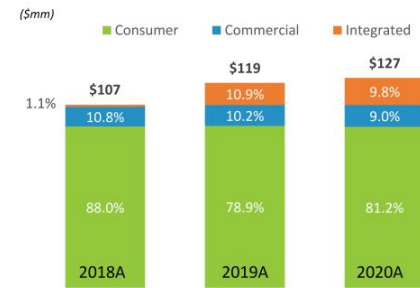
Priority is a leading provider of merchant acquiring and commercial payment solutions. The Company leverages a proprietary payment infrastructure purpose-built to monetize vertically-specialized merchant networks

Priority Overview

- Priority Technology Holdings, Inc. (NASDAQ:PRTH), a technology company serving the payments industry, is the leading Payment Infrastructure as a Service (PIAAS) provider. Priority has built a single horizontal technology platform to serve customers with highly complex payment operations needs.
- Priority has built a reputation for delivering value to its customers, and our pioneering PIAAS approach allows companies to focus on their core business while Priority handles the risk, underwriting, and all other aspects of making or taking payments. This approach relies on best-in-class technology and award-winning service along with unparalleled expertise in the payments space.
- Priority's solutions are delivered via internally developed payment applications and services to the **Consumer Payments**, **Commercial Payments**, and **Integrated Partners** business segments
 - **Consumer Payments:** Provides full-service payment processing and payment-enabled solutions for B2C transactions, leveraging Priority's proprietary software platform, distributed through ISOs, agents, banks, and ISVs
 - **Commercial Payments:** Provides market-leading accounts payable automation software, payment processing and managed services to industry leading financial institutions (including Citi, MasterCard, and AMEX) and corporations
 - **Integrated Partners:** Provides vertical-specific payment-enabled software solutions for high-growth markets

Note: Priority announced the sale of RentPayment on 9/1/2020. The transaction is expected to close in September '20. Historical financials include RentPayment for the period post acquisition in March of 2019.
(1) Gross profit is a non-GAAP measure defined as revenue less cost of revenue, including, but not limited to, processing and residual expenses.
(2) The Nilson report.

Gross Profit by Segment⁽¹⁾



*Priority's revenues are primarily generated from volume-based payment processing fees, along with software and subscription fees and managed services fees for supporting B2B programs



Investment Highlights

Large Market Opportunity with Strong Tailwinds

- Electronic consumer payment volume expected to grow at a 7% 10-year CAGR, as consumers increasingly use cards over paper-based payments and global eCommerce continues to accelerate
- 11% 7-year CAGR for digital B2B payments volume, driven by an increase in AP automation and card payment adoption
- COVID pandemic accelerates the shift to electronic payments

Scalable, Innovative Technology Platform

- Single horizontal technology platform to serve customers with highly complex payment operations needs
- Robust, agile technology provides resellers and merchants with a fully customizable suite of applications and solutions to help manage critical workflows and an integrated processing ecosystem with direct connections to card networks
- Pioneering PIAAS approach relies on best-in-class technology that allows companies to focus on their core business while Priority handles the risk, underwriting, and all other aspects of making or taking payments.

Capitalizing on Attractive Organic Growth Opportunities

- Robust core acquiring growth through diverse reseller network
- Strong growth in specialized merchant acquiring business lines and exceptional growth in Integrated Partner channels as COVID-19 accelerates shift of cash and paper payments to digital
- Commercial payments fueled by large FI partner signings, pipeline conversions and acceleration of AP automation

Strong Revenue Growth and Inherent Operating Leverage

- High-value solution. Low volume attrition of 11%⁽¹⁾
- High-growth transaction-based business provides recurring revenue stream
- Secure, long-term relationships with distribution partners delivers steady stream of 4,900+ new merchant onboards per month
- Capex-lite business, with 85% operating free cash flow conversion⁽²⁾

M&A Platform Opportunity

- Purpose-built shared services and technology infrastructure enables Priority to quickly board new volume, eliminate redundant operating costs and introduce proprietary products to drive new revenue sources and improve retention
- Robust M&A pipeline, targeting attractive merchant acquirers, vertical-specific software, and expanded capabilities in new payment adjacencies

Strong Management Team with Track Record of Execution

- Priority's executive management team has a record of execution in the merchant acquiring and technology-enabled payments industry
- Priority's proven execution track record is reflected in its core revenue growth and strong profitability

1) LTM as of February 2020 (pre-COVID). Excludes Specialty Acquiring, Company.com, Direct Connect and SignaPay.

2) Defined as (EBITDA - Capex) / EBITDA.



PRIORITY TECHNOLOGY HOLDINGS

FINXERA ACQUISITION



Priority Key Highlights



PRIORITY
TECHNOLOGY HOLDINGS



finxera

~\$540M

2021 Pro Forma Net
Revenue

~15%

Organic Pro Forma Net
Revenue Growth

~75%

% Integrated
Revenue

~\$130M

2021 Pro Forma Adjusted
EBITDA

~15%

Pro Forma Adjusted
EBITDA Growth

~25%

Pro Forma Adjusted
EBITDA Margins

~\$60M

2021 Pro Forma
Free Cash Flow

650+

Employees



Strategic Rationale

Leading Provider of Payment & Financial Technology Solutions



- Integrated account administrator to burgeoning, counter-cyclical debt settlement market
- Digital banking and account ledgering solutions leverageable across integrated payment verticals



PayFac and Banking-as-a-Service Capabilities

- Scalable payment aggregation and sub-ledger system
- Deposit and e-wallet account solutions coupled with robust compliance and money transmission capabilities opens up fintech / neobank opportunity



Highly Scalable Technology Platform

- Outstanding technology development talent, including scalable India Development Center (IDC)



Excellent Financial Profile

- Recurring, highly predictable and countercyclical revenue
- High operating margins, minimal capex fuels stellar free cash flow



Strong, Highly Complementary Management Team

- Existing Finxera Management will continue in their roles and expand PRTH's management team



finxera



Priority Business Overview

Priority operates three main segments today: Consumer Payments, Commercial Payments, and Integrated Partners

PRIORITY TECHNOLOGY HOLDINGS

1



Consumer Payments

Full-service payment processing and payment-enabled solutions for B2C transactions



5th

Largest U.S.
Non-bank Acquirer



~\$50B

Q4'20 Run-Rate
Volume Processed

2



Commercial Payments

Core enterprise-level offering primarily consists of automated payables, B2B payments and managed service solutions



~50K

Suppliers Enrolled
on Virtual Card



37

Financial Institutions
Supported

3



Integrated Partners

Vertical-specific, payment-enabled software and payment processing



Real Estate



Healthcare



Dining



Consumer Finance



Priority's Key Proprietary Technology

MX Platform



Storefront



Medical



Insights



Invoice



Retail



Connect

Platform for merchants and resellers to run their business more efficiently



Software for buyers and suppliers to ease reconciliation, reporting and payments



Vortex
API and Cloud

Powerful API along with market-leading, vertical-specific software solutions

(1) Priority is delivering PlusS.
(2) CFTpay is Finserve's technology.



Finxera | Leading Banking-as-a-Service Platform

Finxera provides differentiated digital banking, account management, and regulatory / compliance services

- API-driven platform that facilitates account creation, collection, storage, and transmission of funds for businesses and consumers
- Market Leading position as administrator to debt settlement industry, managing FDIC-insured accounts for consumers
- World-Class compliance capabilities embedded in platform
- Platform and technology has applicability into multiple end-markets in which complex money collection, storage, transmission and reconciliation are required
- **Headquartered in San Jose, California; Founded in 2008**
- **Currently 210 Employees**



Finxera By The Numbers (Q4'20)



Key Solutions

1	Maintenance of Consumer Directed Savings Account	✓ Account administration and ledgering
2	Processing of Payments to Creditors	✓ Movement of money ✓ Money transfer licenses
3	CRM Integrations & Reporting	✓ CRM ✓ Reporting ✓ BI Analytics



Transforming Digital Payments and Banking

Priority and Finxera's combined resources deliver a complete **infrastructure platform that serves, supports and monetizes payment networks**



Payments

- ✓ Payment gateway (credit, debit, ACH, *digital currency*⁽¹⁾)
- ✓ Card issuing (virtual card & physical plastics)
- ✓ Full automated payables
- ✓ *Full settlement processing*⁽¹⁾
- ✓ *International payment processing*⁽¹⁾



Banking

- ✓ FDIC-insured bank account
- ✓ Full Master & sub account ledgering
- ✓ Nationwide money transmitter licenses
- ✓ Proprietary CRM for consumer account management

A single operational support platform that operates at scale



Payment / banking
infrastructure



Underwriting & Risk
Management



Compliance
(AML • BSA • FinCen • OFAC)



Customer Service

(1) Still in development phase.



REVENUE SEGMENTS



PRIORITY TECHNOLOGY HOLDINGS



Consumer Payments

The Consumer Payments segment provides full-service payment processing and payment-enabled solutions for B2C transactions, leveraging Priority's proprietary MX platform

Overview

Founded in 2005 with a mission to build a merchant-inspired payments platform

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

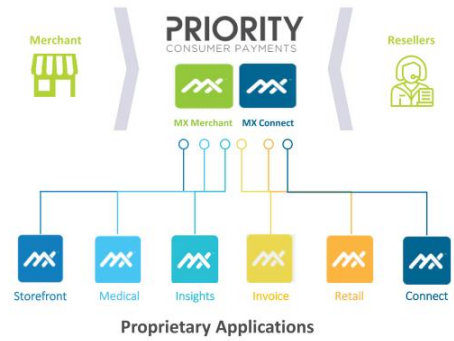
- Fully customizable platform through proprietary & 3rd party add-on applications

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

- Low-friction electronic onboarding to improve merchant acquisition
- Superior data sharing capability, enabling resellers to better manage client service needs and retain merchants

Priority supports a variable cost sales structure with low merchant acquisition expense

- Independent ISOs and agents, FIs and vertical software resellers



5th

Largest US
Non-bank Acquirer



\$50B+

Q3'20 Run-Rate
Volume Processed



219K+

Total Merchant Base
Served



~4,750

New Merchant
Onboards Per Month



Commercial Payments

Priority's Commercial Payments segment continues to build momentum as Priority penetrates the \$130 trillion B2B payments market

Overview

Consists of Priority's accounts payable automation and integrated payments platform, CPX and other managed services for enterprise customers

Composed of four channels: CPX, ACH.com, B2B Acquiring and Managed services

CPX fully automates a client's accounts payable process through the CPX gateway

- Intelligently routes payments via virtual card, ACH, or check to the vendor, based on the client's pre-determined preference or through the method that optimizes rebate revenue for the buyer

Priority earns interchange fees for payments sent via virtual cards and earns transaction fees for ACH and check payments

CPX Direct automatically processes virtual card payments for suppliers that use Priority as its merchant acquirer, removing manual entry or additional intervention from the supplier




~50,000

Suppliers Enrolled on Virtual Card


\$10.5B

B2B Spend (Annual)


37

Financial Institutions Supported



The Priority Advantage

Consumer

Commercial

Integrated

Fully Integrated Payments

PRIORITY
COMMERCIAL PAYMENTS

x avidxchange

PaymodeX

invoicepay

COMDATA

wex

Finexio

vCard/ACH/Checks	●	●	●	●	●	●	
vCard: BIP/SIP/Ghost	●	●		●	●	●	●
Early Pay	●		●	●			●
Dynamic Discounting	●						
Split Payments	●	●					
Payment Approval Workflow	●	●	●	●	●	●	
API's & Open Architecture	●				●	●	
Automated Supplier Enrollments	●	●	●	●		●	
Buyer/Supplier-Centric Networks	●	●					
Plug-in any Bank/Card Issuer	●					●	



Integrated Partners

Priority's Integrated Partners segment is executing on a significant opportunity to capitalize on the convergence of software and payments, leveraging its payment infrastructure-as-a-service platform

Overview

Priority's Integrated Partners segment consists of proprietary, vertical-specific payment-enabled software companies that Priority partners with or has acquired

Priority invests in and nurtures emerging companies in verticals that are early in the cycle of digital payment adoption

Integrated Partners leverages Priority's purpose-built, in-house cloud platform, Vortex OS, to access various applications and payment-enabled products, such as payment processing, MX Merchant, and MX Connect, to drive growth

In addition to providing high utility revenue-generating resources, Priority offers business development services and other shared common services (e.g., underwriting, accounting, legal, etc.), enabling its Integrated Partners to focus on their core competencies of developing and selling leading software solutions

Priority has focused on partnering with or acquiring software solutions within fast growing verticals such as Real Estate, Healthcare, Hospitality and Consumer Finance

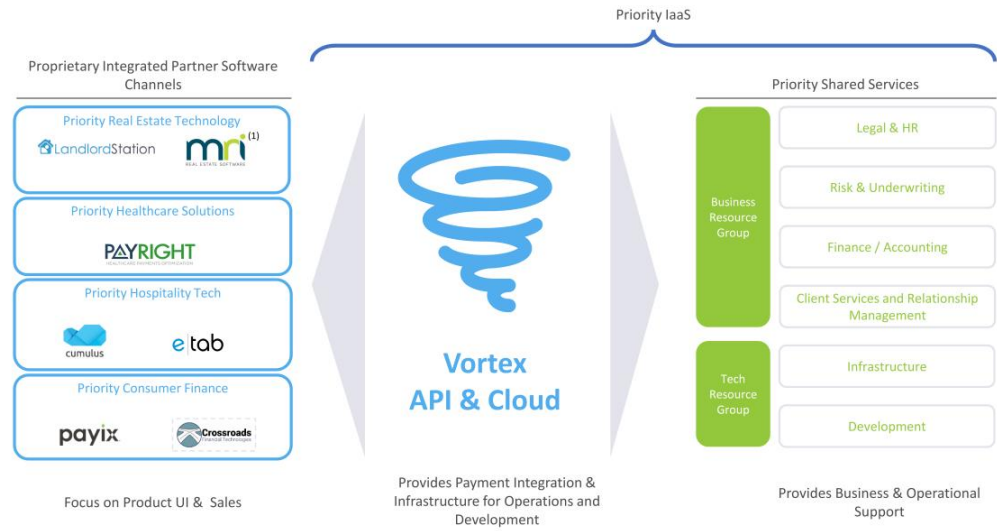
In September 2020, Priority divested its RentPayment business, and signed a multi-year MSA and processing agreement with MRI software, presenting significant upside

Consumer Commercial Integrated





Integrated Partners – Payment IaaS



(1) Priority is delivering PaaS.



PRIORITY TECHNOLOGY HOLDINGS

FINANCIAL OVERVIEW



Consolidated Net Revenue & Adj. EBITDA

Net Revenue
(\$mm)



Adj. EBITDA⁽¹⁾
(\$mm)

—○— Margin %



□ = Legacy e-Commerce

(1) Adj. EBITDA is EBITDA adjusted for non-recurring expenses and stock-based compensation.
(2) 2019 and 2020 includes RentPayment results



Results With and Without RentPayment

Years Ended December 31, 2020 and 2019

	Year Ended December 31, 2020 (Unaudited)			Year Ended December 31, 2019		
	Consolidated	RentPayment (RP)	Without (RP)	Consolidated	RentPayment (RP)	Without (RP)
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



PRIORITY TECHNOLOGY
HOLDINGS

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