PRIORITY

Priority Technology Holdings, Inc. (Nasdaq: PRTH) Supplemental Slides: 3Q 2023 Earnings Call

November 9, 2023

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, Priority Technology Holdings, Inc.'s ("Priority", "we", "our" or "us") 2023 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 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 23, 2023 and our Quarterly Report on Form 10-Q filed with the SEC on November 9, 2023. These filings are available online at www.sec.gov or www.prioritycommerce.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.

This presentation includes certain non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and that may be different from non-GAAP financial measures used by other companies. Priority believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends of the Company. These non-GAAP measures should not be considered in isolation from, or as an alternative to, financial measures determined in accordance with GAAP. See the footnotes on the slides where these measures are discussed and the slides at the end of this presentation for a reconciliation of such non-GAAP financial measures to the most comparable GAAP numbers. Additionally, we present guidance for Adjusted EBITDA and Adjusted EBITDA as percentage of Adjusted Gross Profit, non-GAAP measures without reconciliation due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations. See more information in Priority's earnings press release. Adjusted Gross profit referred throughout this presentation is a non-GAAP measure calculated by subtracting Cost of services (excluding depreciation and amortization) from Revenue. Adjusted Gross profit margin referred throughout this presentation is a non-GAAP measure calculated by dividing Adjusted Gross Profit discussed above by Revenue. See Appendix 1 of this presentation for a reconciliation of Adjusted Gross Profit to Gross Profit as per GAAP and Priority's earnings press release for more details.

Key 3rd Quarter 2023 Highlights

Q3 2023 RESULTS

NET REVENUE +14%

ADJ GROSS PROFIT[1] +24%

ADJ EBITDA[1] +28%

OPERATING INCOME +67%

Q3 2023 KEY METRICS

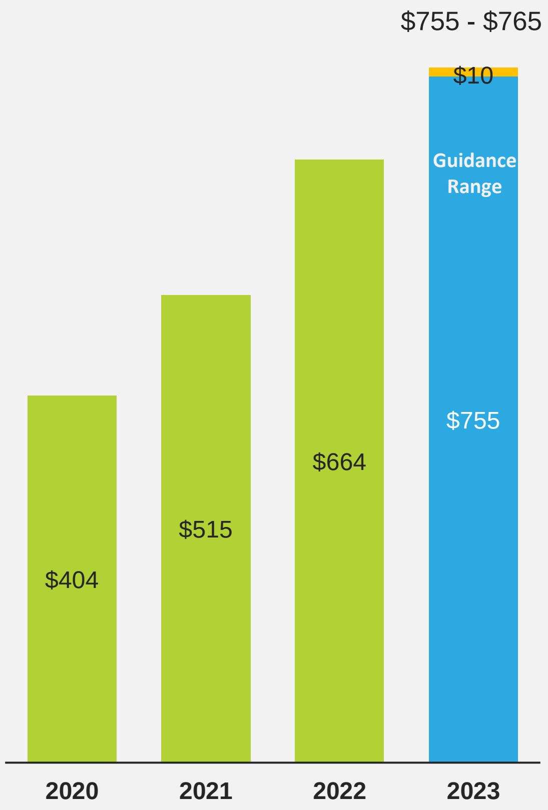
$850MM+ Deposits

820K+ Total Accounts

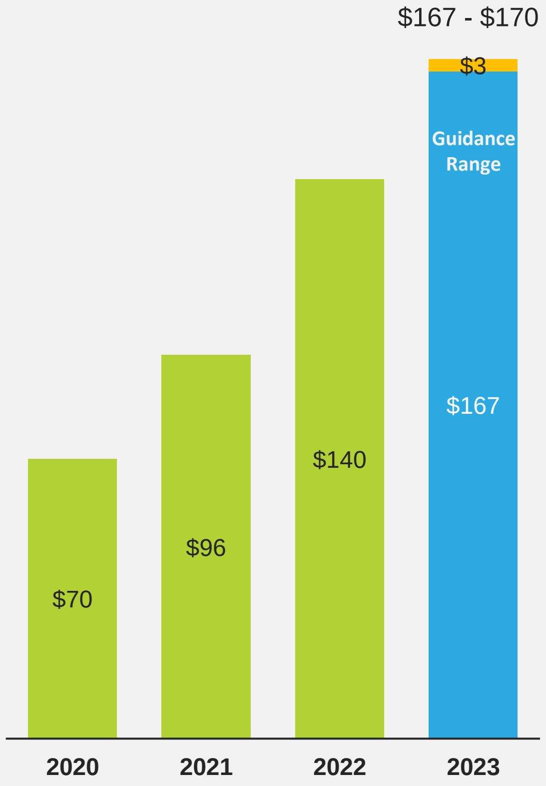
~$118B+ in LTM Total Volume

CONTINUED STRONG MOMENTUM

TOTAL REVENUE
(In Millions)

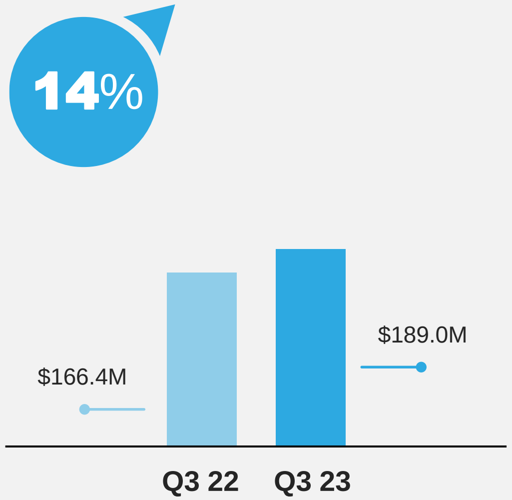


ADJUSTED EBITDA[1]
(In Millions)

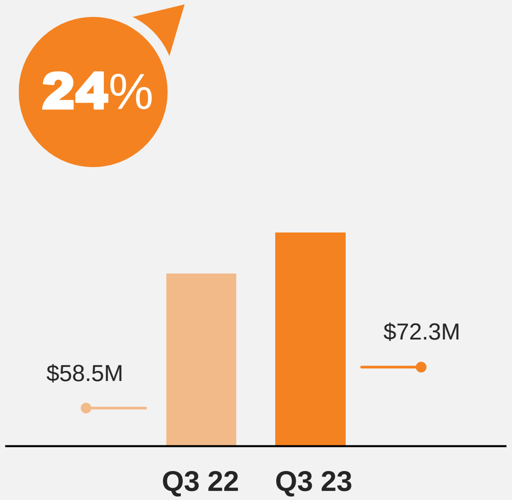


[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details.

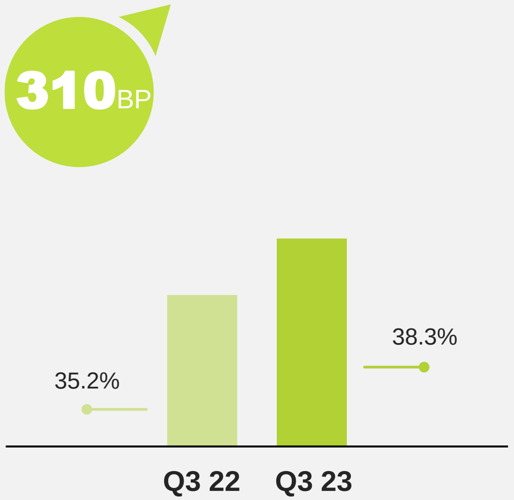
Q3 2023 Consolidated Results



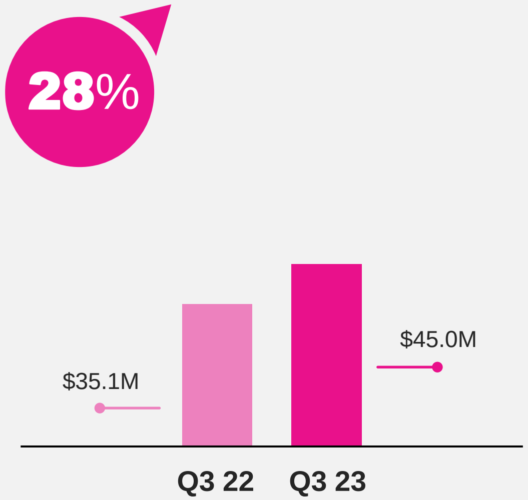
Revenue increased **14%** to **$189.0 million**



Adj Gross Profit[1] increased **24%** to **$72.3 million**



Adj Gross Profit margin[1] increased **310 basis points** to **38.3%**

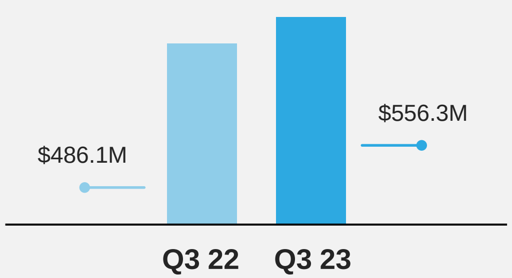


Adjusted EBITDA[1] increased **28%** to **$45.0 million**

[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details.

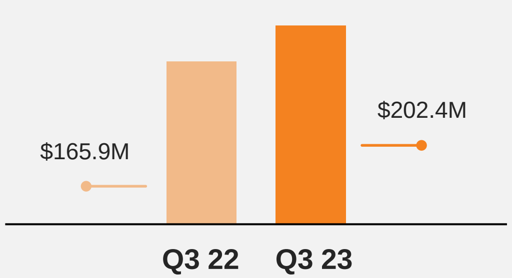
Year-to-Date Consolidated Results

14%



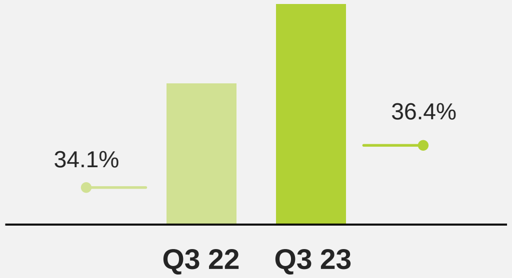
Revenue increased **14%** to **$556.3 million**

22%



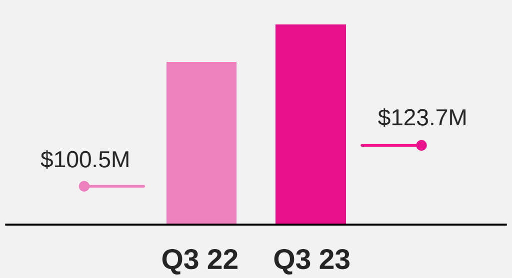
Adj Gross Profit[1] increased **22%** to **$202.4 million**

230BP



Adj Gross Profit margin[1] increased **230 basis points** to **36.4%**

23%



Adjusted EBITDA[1] increased **23%** to **$123.7 million**

[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details.

Priority Unified Commerce Platform

APPLICATIONS

SMB ACQUIRING

POS Terminals
- Pro
- Flex
- Enterprise

MXM™ POS Suite

Applications
- Retail
- Restaurant
- e|tab
- LandlordStation
- Build
- Givve
- PayRight

B2B PAYMENTS

CPX
Supplier Funded

Plastiq
Buyer Funded

AP Automation

ENTERPRISE PAYMENTS

Passport Program Mgmt

CFTPay

CFTConnect

BANKING

Passport Account UI

Passport Commerce APIs (Passport)

ENGINE

Passport Platform Architecture (Shared Macro/Micro Services)

Commerce
- Card Processing
- Compliance
- Card Issuing
- Pay Fac

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

Data Science
- Data Warehouse
- Business Intelligence
- Data Science
- Visualization

FINANCIAL RESULTS

SMB Highlights - Q3 2023

Revenue	Adj. Gross Profit[1]	Adj. Gross Profit Margin[1]	Operating Income
$140.1MM	**$34.2MM**	**24.4%**	**$11.8MM**
+0.1% YoY	(4%) YoY	(100) Bps YoY	(13%) YoY

3Q 2023 Segment Highlights

- Bankcard $ Volumes decreased 6% to $14.2 billion due to diversification strategy of large reseller
- Avg Number of Accounts down 5% to ~240K (up > 5K excluding impact of large reseller)
- New monthly boards averaged 4K during quarter

[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details.

B2B Highlights - Q3 2023

Revenue	Adj. Gross Profit[1]	Adj. Gross Profit Margin[1]	Operating Income
$13.8MM	**$5.0MM**	**36.2%**	**$0.1MM**
+182% YoY	+67% YoY	(2,500) bps YoY	(50%) YoY

3Q 2023 Segment Highlights

- Revenue growth driven by Plastiq and CPX, but partially offset by the final wind down of the Managed Services business
- Adjusted Gross Profit Margins declined due to mix of Revenue

[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details.

Enterprise Highlights - Q3 2023

Revenue	Adj. Gross Profit[1]	Adj. Gross Profit Margin[1]	Operating Income
$35.1MM	$33.1MM	94.3%	$21.3MM
+63% YoY	+66% YoY	+170 bps YoY	+129% YoY

3Q 2023 Segment Highlights

- Avg Monthly New Enrollments of 56K increased 49% from 38K
- Avg Number of Billed Clients increased 52% to 591K from 387K
- Increase in deposit balances and interest rates continues to drive growth in revenue

[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details.

Consolidated Operating Expenses - Q3 2023

Salaries & Benefits

$20.1MM

+23% YoY

SG&A

$11.4MM

+12% YoY

Depreciation & Amortization

$17.3MM

(3%) YoY

3Q 2023 Highlights

- Higher salary and employee benefits expense driven by increased headcount in late 2022 combined with acquisition activity in the quarter
- Increase in selling, general, and administrative expenses primarily due to certain non-recurring items including acquisition related transaction costs

Adjusted EBITDA[1] Walk

Adjusted EBITDA experienced strong growth in Q3 2023

- Q3 2023 Adjusted EBITDA of **$45.0 million** increased **28%** from **$35.1 million** in Q3 2022

EBITDA Walk

(In millions)

	2023 Q3	2022 Q3
Consolidated net income (loss) (GAAP)	**$ (0.1)**	**$ (0.8)**
Add: Interest expense	20.0	13.4
Add: Depreciation and amortization	17.3	17.8
Add: Income tax expense (benefit)	4.3	1.7
EBITDA (non-GAAP)	**41.5**	**32.1**
Further adjusted by:		
Add: Non-cash stock-based compensation	1.5	1.1
Add: Non-recurring expenses:		
Debt extinguishment and modification costs	-	-
Change in fair value of contingent consideration	-	1.1
Gain on sale of PRET/Payix, net of NCI	(0.2)	-
Legal, professional, accounting and other SG&A	2.2	0.8
Adjusted EBITDA (non-GAAP)	**$ 45.0**	**$ 35.1**

[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details.

Capital Structure & Liquidity

Outstanding Debt	
Balance as of June 30, 2023	$612.7
(+/-) Net Revolver Borrowings	$27.5
(+/-) Net Term Loan Borrowings	($1.1)
Balance as of September 30, 2023	**$639.1**

Total Debt of $639.1 million at end of Q3 2023 increased from $612.7 million in Q2 2023

- Net Debt of $614.5 million increased $19.4 million compared to Q2 2023 due to acquisition activity
- Revolver Capacity at the end of Q3 2023 was $32.0 million
- LTM Adj. EBITDA[1] of $163.5 million at end of Q3 2023

Senior Redeemable Preferred Stock	
Balance as of June 30, 2023	$240.7
(+/-) Cash Dividend[2]	$6.8
(+/-) PIK Dividend	$4.5
(+/-) Accretion	$0.8
Balance as of September 30, 2023	**$252.9**

Preferred Stock of $252.9 million, Net of $17.8 million of Unaccreted Discounts and Issuance Costs

(dollars in Millions)	**3rd Quarter 2023**
Dividend:	
Payment in Kind	**$ 4.54**
Cash	**6.81**
	11.35
Accretion	**0.84**
	$ 12.19

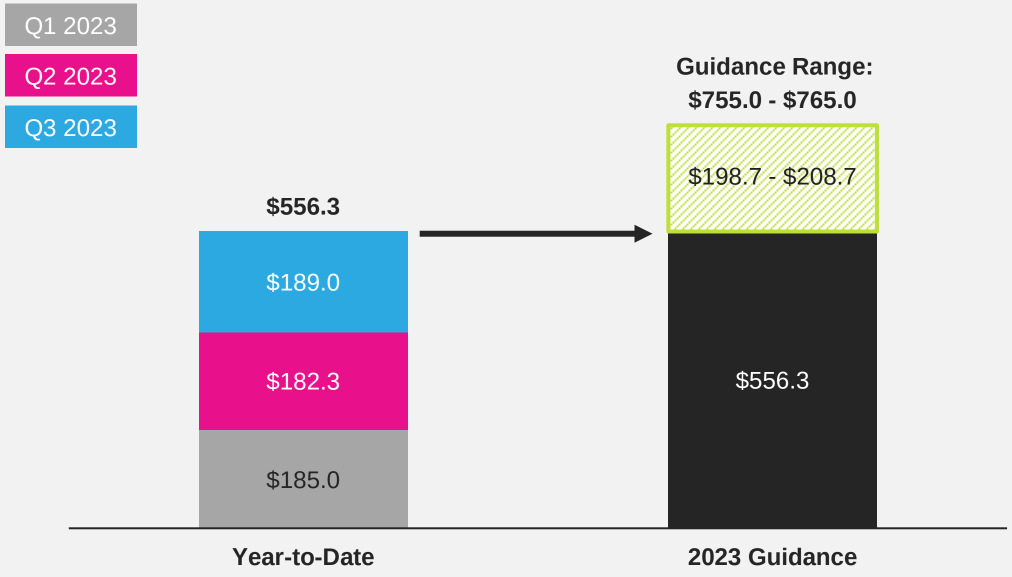
[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details

[2]Paid October 2. 2023

Revised 2023 Financial Guidance

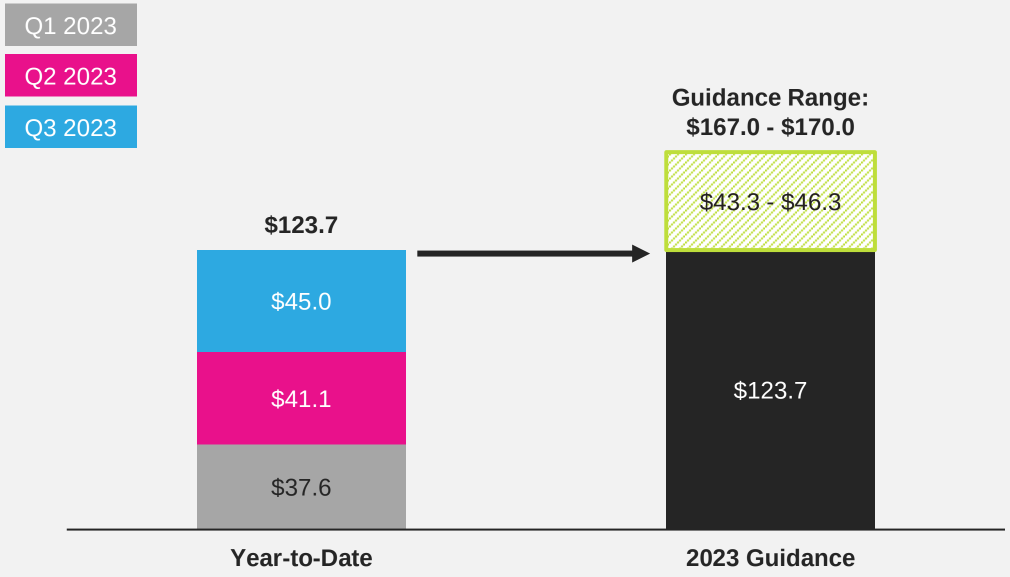
Total Revenue

$755 to $765 million



Adjusted EBITDA[1]

$167 to $170 million



Lower Revenue guidance given top-line headwinds in SMB from declines in lower margin volumes, but increased Adjusted EBITDA guidance based on strong growth in higher margin operating segments

[1]Adjusted Gross Profit, Adjusted Gross Profit margin and Adjusted EBITDA referred in this presentation are non-GAAP measures. See slide 2 for further details.

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APPENDIX

Adjusted Gross Profit Reconciliation

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

	(in Millions) Three Months Ended September 30, 2023				*(in Millions)* Three Months Ended September 30, 2022			
	SMB	B2B	Enterprise	Total	SMB	B2B	Enterprise	Total
Revenues	$ 140.1	$ 13.8	$ 35.1	$ 189.0	$ 139.9	$ 4.9	$ 21.6	$ 166.4
Costs of services (excluding depreciation and amortization)	(105.9)	(8.8)	(2.0)	(116.7)	(104.4)	(1.9)	(1.6)	(107.9)
Adjusted Gross Profit	**34.2**	**5.0**	**33.1**	**72.3**	**35.5**	**3.0**	**20.0**	**58.5**
Adjusted Gross Profit Margin	24.4%	36.2%	94.3%	38.3%	25.4%	61.2%	92.6%	35.2%
Depreciation and amortization of revenue generating assets	(1.5)	(1.1)	(0.4)	(3.0)	(1.5)	(0.9)	(0.3)	(2.7)
Gross Profit	**$ 32.7**	**$ 3.9**	**$ 32.7**	**$ 69.3**	**$ 34.0**	**$ 2.1**	**$ 19.7**	**$ 55.8**
Gross Profit Margin	23.3%	28.3%	93.2%	36.7%	24.3%	42.9%	91.2%	33.5%

	(in Millions) Nine Months Ended September 30, 2023				*(in Millions)* Nine Months Ended September 30, 2022			
	SMB	B2B	Enterprise	Total	SMB	B2B	Enterprise	Total
Revenues	$ 442.9	$ 19.5	$ 93.9	$ 556.3	$ 412.4	$ 16.1	$ 57.6	$ 486.1
Costs of services (excluding depreciation and amortization)	(337.9)	(10.2)	(5.8)	(353.9)	(308.6)	(6.7)	(4.9)	(320.2)
Adjusted Gross Profit	**105.0**	**9.3**	**88.1**	**202.4**	**103.8**	**9.4**	**52.7**	**165.9**
Adjusted Gross Profit Margin	23.7%	47.7%	93.8%	36.4%	25.2%	58.4%	91.5%	34.1%
Depreciation and amortization of revenue generating assets	(5.0)	(3.2)	(0.8)	(9.0)	(4.3)	(2.0)	(0.5)	(6.8)
Gross Profit	**$ 100.0**	**$ 6.1**	**$ 87.3**	**$ 193.4**	**$ 99.5**	**$ 7.4**	**$ 52.2**	**$ 159.1**
Gross Profit Margin	22.6%	31.3%	93.0%	34.8%	24.1%	46.0%	90.6%	32.7%