

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 10, 2023  
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:

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
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.

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**Item 2.02. Results of Operations and Financial Condition.**

On August 10, 2023, Priority Technology Holdings, Inc. ("Priority") issued a press release announcing its financial results for the quarter ended June 30, 2023. 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 10, 2023, 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, 2023. 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.prioritycommerce.com](http://www.prioritycommerce.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.

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press Release of Priority Technology Holdings, Inc. dated August 10, 2023</a>
99.2	<a href="#">Supplemental Slide Presentation</a>
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 10, 2023

PRIORITY TECHNOLOGY HOLDINGS, INC.

By: /s/ Timothy O'Leary  
Name: Timothy O'Leary  
Title: Chief Financial Officer



Priority Investor Inquiries:  
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## Priority Technology Holdings, Inc. Announces Second Quarter 2023 Financial Results

*Strong Second Quarter Growth Driven by Performance Across Diverse Business Segments*

ALPHARETTA, GA - August 10, 2023 -- Priority Technology Holdings, Inc. (NASDAQ: PRTH) ("Priority" or the "Company"), the platform for unified commerce that delivers integrated payments and banking services at scale, today announced its second quarter 2023 financial results including strong quarter-over-quarter diversified revenue growth.

### **Highlights of Consolidated Results**

#### **Second Quarter 2023 Compared with Second Quarter 2022**

Financial highlights of the second quarter of 2023 compared with the second quarter of 2022, are as follows:

- Revenue of \$182.3 million increased 9.6% from \$166.4 million
- Adjusted gross profit (a non-GAAP measure<sup>1</sup>) of \$67.0 million increased 20.3% from \$55.7 million
- Adjusted gross profit margin (a non-GAAP measure<sup>1</sup>) of 36.8% increased 330 basis points from 33.5%
- Operating income of \$19.1 million increased 45.8% from \$13.1 million
- Adjusted EBITDA (a non-GAAP measure<sup>1</sup>) of \$41.1 million increased 21.2% from \$33.9 million

"Consistent with the first few months of the year, we continued to deliver strong results as we executed our unified commerce vision combining payments and banking on a single platform, enhanced by the strength of our counter cyclical business lines that were positioned to benefit from higher interest rates and weakening macroeconomic trends," said Tom Priore, Chairman & CEO of Priority. "We continue to invest thoughtfully, as our recent acquisition of PlastiQ demonstrates, to deliver differentiated solutions to our business and integrated software clients that accelerate cash flow and optimize working capital, which will drive consistent long-term performance for our shareholders."

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

### **Updated Full Year 2023 Financial Guidance**

The Company has updated its outlook for the full year 2023 to include the forecasted post-acquisition contribution from the PlastiQ business as follows:

- Revenue forecast revised to range between \$765 million to \$780 million, a growth rate of 15% to 17%, from \$740 million to \$755 million
- Adjusted EBITDA (a non-GAAP measure) forecast remains in range between \$160 million to \$165 million, a growth rate of 14% to 18%

### **Conference Call**

Priority's leadership will host a conference call on Thursday, August 10, 2023 at 11:00 a.m. EDT to discuss its second quarter 2023 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/yohu2k4c> and will also be posted in the "Investor Relations" section of the Company's website at [www.prioritycommerce.com](http://www.prioritycommerce.com).

An audio replay of the call will be available shortly after the conference call until August 17, 2023 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 2194982. Alternatively, you may access the webcast replay in the "Investor Relations" section of the Company's website at [www.prioritycommerce.com](http://www.prioritycommerce.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.

### Adjusted Gross Profit and Adjusted Gross Profit Margin

The Company's adjusted gross profit metric represents revenues less cost of revenue (excluding depreciation and amortization). Adjusted gross profit margin is adjusted gross profit divided by revenues. We review these non-GAAP measures to evaluate our underlying profit trends. The reconciliation of adjusted gross profit to its most comparable GAAP measure is provided below:

(in thousands)

	Three Months Ended June 30,	
	2023	2022
Revenues	\$ 182,290	\$ 166,430
Cost of revenue (excluding depreciation and amortization)	(115,281)	(110,749)
Adjusted gross profit	<u>\$ 67,009</u>	<u>\$ 55,681</u>
Adjusted gross profit margin	36.8 %	33.5 %
Depreciation and amortization of revenue generating assets	(3,030)	(2,538)
Gross profit	<u>\$ 63,979</u>	<u>\$ 53,143</u>
Gross profit margin	35.1 %	31.9 %

### 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:

(in thousands)

	Three Months Ended June 30,	
	2023	2022
Net loss (income)	\$ (612)	\$ 287
Interest expense	17,765	12,335
Income tax expense	2,355	467
Depreciation and amortization	17,980	17,505
EBITDA	37,488	30,594
Selling, general and administrative (non-recurring)	1,859	1,743
Non-cash stock-based compensation	1,746	1,542
Adjusted EBITDA	<u>\$ 41,093</u>	<u>\$ 33,879</u>

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

(in thousands)

**Selling, general and administrative expenses (non-recurring):**

Certain legal fees  
Professional, accounting and consulting fees  
IRS penalty for 2014 and 2015  
General ledger transition expenses  
Other expenses

<b>Three Months Ended June 30,</b>			
<b>2023</b>		<b>2022</b>	
\$	1,221	\$	213
	509		373
	—		703
	—		96
	129		358
<b>\$</b>	<b>1,859</b>	<b>\$</b>	<b>1,743</b>

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 technology company that leverages a purpose-built platform to enable clients to collect, store and send money, operating at scale. Priority helps its customers take and make payments while managing business and consumer operating accounts to monetize payment networks. Priority's tailored, agile technology powers high-value payments products bolstered by industry-leading personalized support, and delivers value to its partners by leveraging its payments and embedded finance technology to deliver solutions that power modern commerce. The Company's approach is simple – Priority handles the complexities of payments and embedded finance to free its partners to focus on their core business objectives. Priority's solutions are offered via API or proprietary applications with nationwide money transmission licenses, providing end-to-end operational support including automated risk management and underwriting, full compliance and industry leading customer service. Additional information can be found at [www.prioritycommerce.com](http://www.prioritycommerce.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 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 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 23, 2023. These filings are available online at [www.sec.gov](http://www.sec.gov) or [www.prioritycommerce.com](http://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 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,	
	2023	2022	2023	2022
<b>Revenues</b>	\$ 182,290	\$ 166,430	\$ 367,318	\$ 319,669
<b>Operating expenses</b>				
Cost of revenue (excludes depreciation and amortization)	115,281	110,749	237,247	212,229
Salary and employee benefits	19,109	15,770	38,157	31,847
Depreciation and amortization	17,980	17,505	36,028	34,858
Selling, general and administrative	10,787	9,346	19,905	16,849
Total operating expenses	163,157	153,370	331,337	295,783
<b>Operating income</b>	19,133	13,060	35,981	23,886
<b>Other (expense) income</b>				
Interest expense	(17,765)	(12,335)	(35,464)	(23,870)
Other income, net	375	29	587	80
Total other expense, net	(17,390)	(12,306)	(34,877)	(23,790)
Income before income taxes	1,743	754	1,104	96
Income tax expense	2,355	467	2,222	142
<b>Net (loss) income</b>	(612)	287	(1,118)	(46)
Less: Dividends and accretion attributable to redeemable senior preferred stockholders	(11,765)	(8,549)	(23,060)	(16,949)
<b>Loss attributable to common stockholders</b>	(12,377)	(8,262)	\$ (24,178)	\$ (16,995)
<b>Other comprehensive income (loss)</b>				
Foreign currency translation adjustments	7	—	31	—
<b>Comprehensive loss</b>	\$ (12,370)	\$ (8,262)	\$ (24,147)	\$ (16,995)
<b>Loss per common share:</b>				
Basic and diluted	\$ (0.16)	\$ (0.11)	\$ (0.31)	\$ (0.22)
<b>Weighted-average common shares outstanding:</b>				
Basic and diluted	78,292	78,603	78,213	78,600

**Priority Technology Holdings, Inc.**  
**Unaudited Consolidated Balance Sheets**

(in thousands)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,567	\$ 18,454
Restricted cash	12,357	10,582
Accounts receivable, net of allowances	60,130	78,113
Prepaid expenses and other current assets	14,608	11,832
Current portion of notes receivable	2,530	1,471
Settlement assets and customer/subscriber account balances	710,705	532,018
Total current assets	817,897	652,470
Notes receivable, less current portion	3,018	3,191
Property, equipment and software, net	38,984	34,687
Goodwill	368,740	369,337
Intangible assets, net	269,428	288,794
Deferred income taxes, net	26,066	16,447
Other noncurrent assets	8,147	8,437
<b>Total assets</b>	<b>\$ 1,532,280</b>	<b>\$ 1,373,363</b>
<b>Liabilities, Redeemable Senior Preferred Stock and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 59,839	\$ 51,864
Accrued residual commissions	34,614	35,979
Customer deposits and advance payments	3,253	2,618
Current portion of long-term debt	6,200	6,200
Settlement and customer/subscriber account obligations	710,551	533,340
Total current liabilities	814,457	630,001
Long-term debt, net of current portion, discounts and debt issuance costs	589,932	598,926
Other noncurrent liabilities	11,752	11,643
Total noncurrent liabilities	601,684	610,569
<b>Total liabilities</b>	1,416,141	1,240,570
Redeemable senior preferred stock	240,731	235,579
Stockholders' deficit:		
Preferred stock	—	—
Common stock	76	76
Treasury stock, at cost	(12,577)	(11,559)
Additional paid-in capital	—	9,650
Accumulated other comprehensive income	31	—
Accumulated deficit	(112,974)	(102,208)
<b>Total stockholders' deficit attributable to stockholders of PRTH</b>	(125,444)	(104,041)
Non-controlling interest	852	1,255
<b>Total stockholders' deficit</b>	(124,592)	(102,786)
<b>Total liabilities, redeemable senior preferred stock and stockholders' deficit</b>	<b>\$ 1,532,280</b>	<b>\$ 1,373,363</b>

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

(in thousands)

	<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (1,118)	\$ (46)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of assets	36,028	34,858
Stock-based compensation	3,682	3,100
Amortization of debt issuance costs and discounts	1,826	1,719
Deferred income tax	(9,619)	(3,053)
Change in contingent consideration	346	—
Other non-cash items, net	(461)	—
Change in operating assets and liabilities:		
Accounts receivable	18,066	(12,015)
Prepaid expenses and other current assets	(3,560)	(4,445)
Income taxes (receivable) payable	498	(304)
Notes receivable	(389)	297
Accounts payable and other accrued liabilities	1,306	14,792
Customer deposits and advance payments	635	(3,957)
Other assets and liabilities, net	(383)	(612)
<b>Net cash provided by operating activities</b>	<b>46,857</b>	<b>30,334</b>
<b>Cash flows from investing activities:</b>		
Additions to property, equipment and software	(9,869)	(6,011)
Notes receivable, net	(498)	(2,750)
Acquisitions of assets and other investing activities	(2,715)	(3,974)
<b>Net cash used in investing activities</b>	<b>(13,082)</b>	<b>(12,735)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term debt	(3,525)	(3,100)
Borrowings under revolving credit facility	5,000	12,000
Repayments of borrowings under revolving credit facility	(12,000)	(12,500)
Repurchases of common stock and shares withheld for taxes	(1,018)	(2,079)
Dividends paid to redeemable senior preferred stockholders	(17,908)	(7,076)
Settlement and customer/subscriber accounts obligations, net	175,548	15,180
Payment of contingent consideration related to business combination	(1,959)	(1,863)
<b>Net cash provided by financing activities</b>	<b>144,138</b>	<b>562</b>
<b>Net change in cash and cash equivalents, and restricted cash:</b>		
Net increase in cash and cash equivalents, and restricted cash	177,913	18,161
Cash and cash equivalents, and restricted cash at beginning of period	560,610	518,093
<b>Cash and cash equivalents, and restricted cash equivalents at end of period</b>	<b>\$ 738,523</b>	<b>\$ 536,254</b>
<b>Reconciliation of cash and cash equivalents, and restricted cash:</b>		
Cash and cash equivalents	\$ 17,567	\$ 22,162
Restricted cash	12,357	11,717
Cash and cash equivalents included in settlement assets and customer/subscriber account balances	708,599	502,375
<b>Total cash and cash equivalents, and restricted cash</b>	<b>\$ 738,523</b>	<b>\$ 536,254</b>

**Priority Technology Holdings, Inc.**  
**Unaudited Reportable Segments' Results**

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>SMB Payments:</b>				
Revenue	\$ 147,895	\$ 142,506	\$ 302,828	\$ 272,465
Operating expenses	136,353	128,511	279,275	245,984
<b>Operating income</b>	<b>\$ 11,542</b>	<b>\$ 13,995</b>	<b>\$ 23,553</b>	<b>\$ 26,481</b>
Operating margin	7.8 %	9.8 %	7.8 %	9.7 %
Depreciation and amortization	\$ 10,769	\$ 10,980	\$ 21,615	\$ 21,804
Key indicators:				
Merchant bankcard processing dollar value	\$ 15,111,781	\$ 15,402,560	\$ 30,332,495	\$ 29,479,407
Merchant bankcard transaction count	180,343	164,341	343,749	310,289
<b>B2B Payments:</b>				
Revenue	\$ 2,971	\$ 5,295	\$ 5,757	\$ 11,220
Operating expenses	2,990	4,632	6,625	10,148
<b>Operating (loss) income</b>	<b>\$ (19)</b>	<b>\$ 663</b>	<b>\$ (868)</b>	<b>\$ 1,072</b>
Operating margin	(0.6)%	12.5 %	(15.1)%	9.6 %
Depreciation and amortization	\$ 127	\$ 73	\$ 252	\$ 146
Key indicators:				
B2B issuing dollar volume	\$ 216,358	\$ 214,085	\$ 414,904	\$ 383,580
B2B issuing transaction count	282	247	562	435
<b>Enterprise Payments:</b>				
Revenue	\$ 31,424	\$ 18,629	\$ 58,733	\$ 35,984
Operating expenses	15,345	12,931	29,991	25,792
<b>Operating income</b>	<b>\$ 16,079</b>	<b>\$ 5,698</b>	<b>\$ 28,742</b>	<b>\$ 10,192</b>
Operating margin	51.2 %	30.6 %	48.9 %	28.3 %
Depreciation and amortization	\$ 6,713	\$ 6,199	\$ 13,403	\$ 12,396
Key indicators:				
Average billed clients	520,028	362,552	492,622	354,473
Average new enrollments	53,374	28,251	49,661	25,846
<b>Operating income of reportable segments</b>	<b>\$ 27,602</b>	<b>\$ 20,356</b>	<b>\$ 51,427</b>	<b>\$ 37,745</b>
Less: Corporate expense	(8,469)	(7,296)	(15,446)	(13,859)
<b>Consolidated operating income</b>	<b>\$ 19,133</b>	<b>\$ 13,060</b>	<b>\$ 35,981</b>	<b>\$ 23,886</b>
Corporate depreciation and amortization	\$ 371	\$ 253	\$ 758	\$ 512



## Priority Technology Holdings, Inc. (Nasdaq: PRTH) Supplemental Slides: Q2 2023 Earnings Call

August 10, 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 August 10, 2023. These filings are available online at [www.sec.gov](http://www.sec.gov) or [www.prioritycommerce.com](http://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 2<sup>nd</sup> Quarter 2023 Highlights

## Q2 2023 Results

 <p><b>NET REVENUE</b> <b>+10%</b></p>	 <p><b>ADJ GROSS PROFIT<sup>1</sup></b> <b>+20%</b></p>
 <p><b>ADJ EBITDA<sup>1</sup></b> <b>+21%</b></p>	 <p><b>OPERATING INCOME</b> <b>+46%</b></p>

## Q2 2023 KEY METRICS



548K+ Consumer Accounts



258K+ Active Merchants



\$117B+ in LTM Total Volume

## Continued STRONG MOMENTUM



# Second Quarter 2023 Consolidated Results



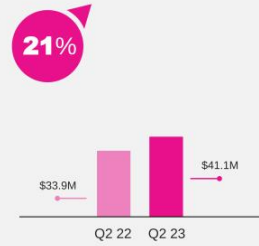
Revenue increased **10%** to **\$182.3 million**



Adj Gross Profit<sup>1</sup> increased **20%** to **\$67.0 million**



Adj Gross Profit margin<sup>1</sup> increased **330 basis points** to **36.8%**



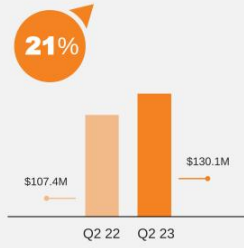
Adjusted EBITDA<sup>1</sup> increased **21%** to **\$41.1 million**



# Year-to-Date Consolidated Results



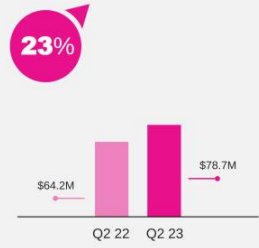
Revenue increased **15%** to **\$367.3 million**



Adj Gross Profit<sup>1</sup> increased **21%** to **\$130.1 million**



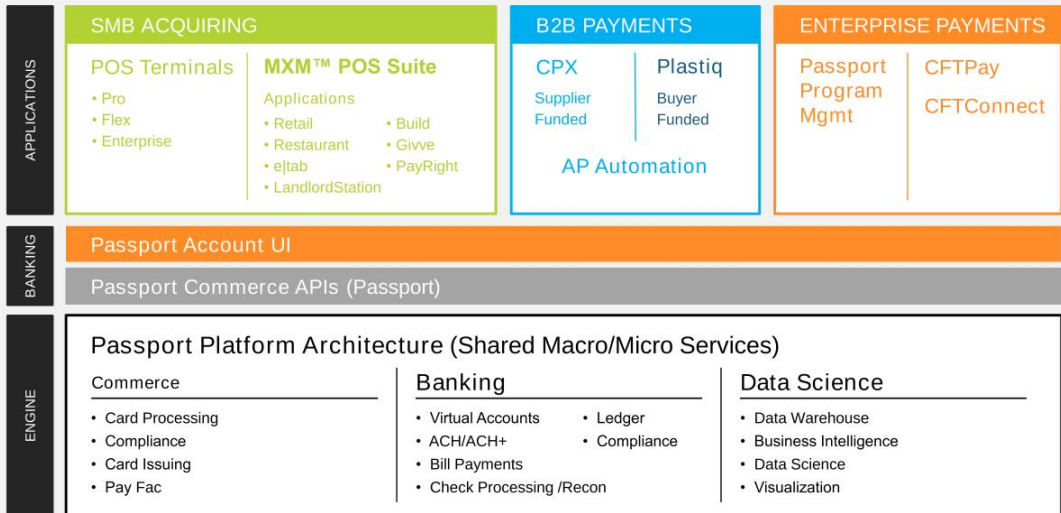
Adj Gross Profit margin<sup>1</sup> increased **180 basis points** to **35.4%**



Adjusted EBITDA<sup>1</sup> increased **23%** to **\$78.7 million**



# Priority Unified Commerce Platform

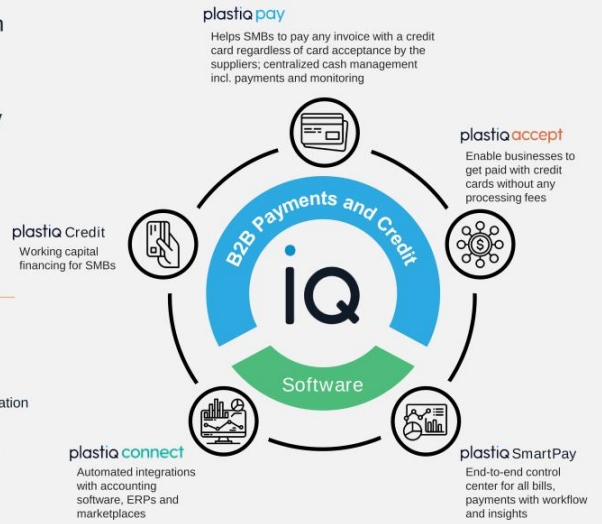


# Plastiq Overview

- Leading software platform for B2B payments automation that powers all aspects of accounts payable (“AP”) and accounts receivable (“AR”) operations for SMBs
- Plastiq’s buyer funded AP solution combines seamlessly with CPX’s supplier funded model to offer a complete automated payables solution to address working capital needs and cash flow acceleration for businesses of all sizes

## Plastiq at a glance

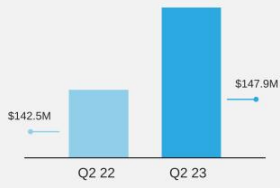
 <b>&gt; 215,000</b> SMBs have used Plastiq	 <b>~\$70 million</b> Net Revenue run rate <sup>4</sup>
 <b>&gt; 230,000+</b> Suppliers connected to Plastiq	 <b>\$1+ trillion</b> TAM unlocked with B2B modernization
 <b>~\$3 billion</b> Volume run rate <sup>3</sup>	 <b>50+</b> Countries served, 20+ currencies



**FINANCIAL RESULTS**

## Second Quarter 2023 – SMB (Revenue)

4%



Revenue increased **4%** to **\$147.9 million**

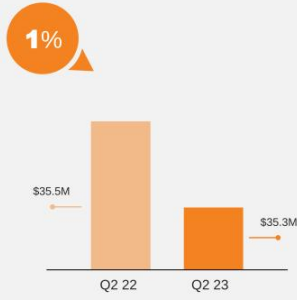
### Key Revenue Drivers

SMB revenue of **\$147.9 million** increased **4%** from **\$142.5 million** in Q2 2022

- Bankcard \$ Volumes of \$15.1 billion decreased 2%
- Average Merchant Count of 257K increased by 4%
- New Merchant Boards averaged 4K per month in Q2



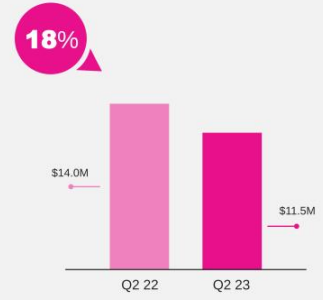
## Second Quarter 2023 – SMB (Profits)



Adj Gross Profit<sup>1</sup> decreased **1%** to **\$35.3 million**



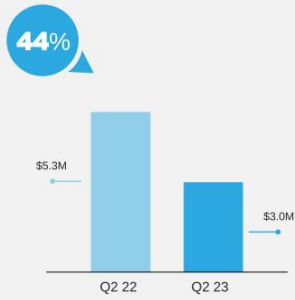
Adj Gross Profit margin<sup>1</sup> decreased **100 basis points** to **23.9%**



Operating Income decreased **18%** to **\$11.5 million**



## Second Quarter 2023 – B2B (Revenue)



Revenue decreased **44%**  
to **\$3.0 million**

### Key Revenue Drivers

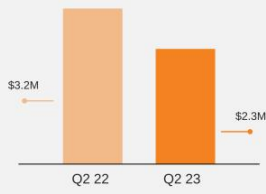
B2B revenue of **\$3.0 million** decreased **44%** from **\$5.3 million** in Q2 2022

- Largely driven by Managed Services decrease from \$2.8 million to \$0.2 million due to final wind down of a specific customer program
- CPX increased from \$2.5 million in Q2 2022 to \$2.8 million in Q2 2023 due to volume growth in core business



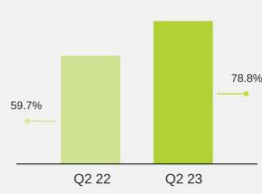
## Second Quarter 2023 – B2B (Profits)

**26%**



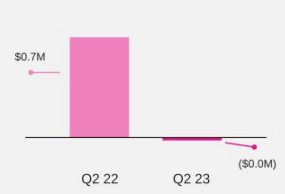
Adj Gross Profit<sup>1</sup> decreased **26%** to **\$2.3 million**

**1900**  
BP



Adj Gross Profit margin<sup>1</sup> increased from **59.7%** to **78.8%**

**103%**

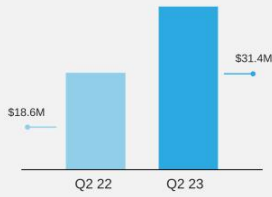


Operating Loss of **\$0.0 million** decreased from Operating Income of **\$0.7M**



## Second Quarter 2023 – Enterprise (Revenue)

69%



Revenue increased **69%**  
to **\$31.4 million**

### Key Revenue Drivers

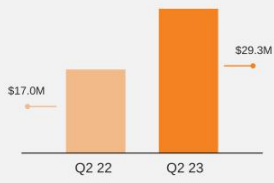
ENTERPRISE revenue of **\$31.4 million** increased **69%** from **\$18.6 million** in Q2 2022

- Avg Monthly New Enrollments of 53K increased 89% from 28K
- Avg Number of Billed Clients increased 44% to 520K from 362K
- Increase in deposit balances and interest rates continues to drive growth in revenue



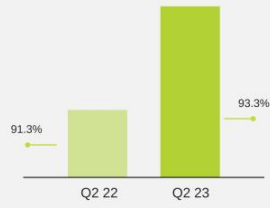
## Second Quarter 2023 – Enterprise (Profits)

**72%**



Adj Gross Profit<sup>1</sup> increased **72%** to **\$29.3 million**

**200BP**



Adj Gross Profit margin<sup>1</sup> increased **200 basis points** to **93.3%**

**182%**



Operating Income increased **182%** to **\$16.1 million**



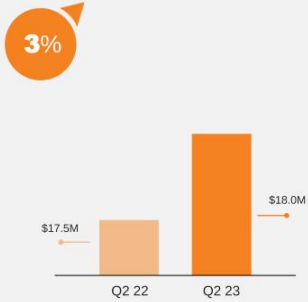
# Operating Expenses



**Salaries & Benefits** increased **21%** to **\$19.1 million**



**SG&A** increased **15%** to **\$10.8 million**



**Depreciation & Amortization** increased **3%** to **\$18.0 million**



# Adjusted EBITDA<sup>1</sup> Walk

Adjusted EBITDA experienced strong growth in Q2 2023

➤ Q2 2023 Adjusted EBITDA of **\$41.1 million** increased **21.2%** from **\$33.9 million** in Q2 2022

EBITDA Walk <i>(In millions)</i>	2023		2022	
	Q2		Q2	
<b>Consolidated net income (loss) (GAAP)</b>	\$	(0.6)	\$	0.3
Add: Interest expense		17.8		12.3
Add: Depreciation and amortization		18.0		17.5
Add: Income tax expense (benefit)		2.3		0.5
<b>EBITDA (non-GAAP)</b>		<b>37.5</b>		<b>30.6</b>
<b>Further adjusted by:</b>				
Add: Non-cash stock-based compensation		1.7		1.5
Add: Non-recurring expenses:				
Legal, professional, accounting and other SG&A		1.9		1.8
<b>Adjusted EBITDA (non-GAAP)</b>	\$	<b>41.1</b>	\$	<b>33.9</b>



# Outstanding Debt

Total Debt of **\$612.7 million** at end of Q2 2023 decreased from \$615.7 million in Q1 2023

- Decrease driven by net \$1.0 million Revolver decrease and \$2.0 million in Term Loan Repayments
- Net Debt of **\$595.1 million** decreased \$4.7 million compared to Q1 2023
- Revolver Capacity at the end of Q2 2023 was **\$49.5 million**



# Senior Redeemable Preferred Stock

Preferred Stock of **\$240.7 million**, Net of \$19.5 million of Unaccreted Discounts and Issuance Costs

➤ Second Quarter Dividends and Accretion as follows:



	<b>2nd Quarter</b>
<i>(dollars in Millions)</i>	<b>2023</b>
<b>Dividend:</b>	
Payment in Kind	\$ 4.46
Cash	6.47
	<u>10.93</u>
Accretion	0.83
	<u>\$ 11.76</u>





# Adjusted Gross Profit Reconciliation

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

	<i>(in Millions)</i>				<i>(in Millions)</i>			
	Three Months Ended June 30, 2023				Three Months Ended June 30, 2022			
	SMB	B2B	Enterprise	Total	SMB	B2B	Enterprise	Total
Revenues	\$ 147.9	\$ 3.0	\$ 31.4	\$ 182.3	\$ 142.5	\$ 5.3	\$ 18.6	\$ 166.4
Costs of services (excluding depreciation and amortization)	(112.6)	(0.6)	(2.1)	(115.3)	(107.0)	(2.1)	(1.6)	(110.7)
Adjusted Gross Profit	<b>35.3</b>	<b>2.4</b>	<b>29.3</b>	<b>67.0</b>	<b>35.5</b>	<b>3.2</b>	<b>17.0</b>	<b>55.7</b>
Adjusted Gross Profit Margin	23.9%	80.0%	93.3%	36.8%	24.9%	60.4%	91.4%	33.5%
Depreciation and amortization of revenue generating assets	(1.7)	(1.0)	(0.3)	(3.0)	(1.4)	(1.0)	(0.2)	(2.6)
Gross Profit	<b>\$ 33.6</b>	<b>\$ 1.4</b>	<b>\$ 29.0</b>	<b>\$ 64.0</b>	<b>\$ 34.1</b>	<b>\$ 2.2</b>	<b>\$ 16.8</b>	<b>\$ 53.1</b>
Gross Profit Margin	22.7%	46.7%	92.4%	35.1%	23.9%	41.5%	90.3%	31.9%

	<i>(in Millions)</i>				<i>(in Millions)</i>			
	Six Months Ended June 30, 2023				Six Months Ended June 30, 2022			
	SMB	B2B	Enterprise	Total	SMB	B2B	Enterprise	Total
Revenues	\$ 302.8	\$ 5.8	\$ 58.7	\$ 367.3	\$ 272.5	\$ 11.2	\$ 36.0	\$ 319.7
Costs of services (excluding depreciation and amortization)	(232.0)	(1.5)	(3.7)	(237.2)	(204.1)	(4.9)	(3.3)	(212.3)
Adjusted Gross Profit	<b>70.8</b>	<b>4.3</b>	<b>55.0</b>	<b>130.1</b>	<b>68.4</b>	<b>6.3</b>	<b>32.7</b>	<b>107.4</b>
Adjusted Gross Profit Margin	23.4%	74.1%	93.7%	35.4%	25.1%	56.3%	90.8%	33.6%
Depreciation and amortization of revenue generating assets	(3.4)	(2.2)	(0.4)	(6.0)	(2.8)	(1.9)	(0.3)	(5.0)
Gross Profit	<b>\$ 67.4</b>	<b>\$ 2.1</b>	<b>\$ 54.6</b>	<b>\$ 124.1</b>	<b>\$ 65.6</b>	<b>\$ 4.4</b>	<b>\$ 32.4</b>	<b>\$ 102.4</b>
Gross Profit Margin	22.3%	36.2%	93.0%	33.8%	24.1%	39.3%	90.0%	32.0%



