UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-37872

Priority Technology Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-4257046**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2001 Westside Parkway **Suite 155**		
Alpharetta,	**Georgia**	**30004**
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: **(404) 952-2107**

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

Title of each class	**Trading symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.001 par value	**PRTH**	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financials statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 28, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant was approximately $93.1 million (based upon the closing sale price of the Common Stock on that date on The Nasdaq Capital Market).

As of February 28, 2025, the number of the registrant's Common Stock outstanding was 79,519,234.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to the Annual Meeting of shareholders of Priority Technology Holdings, Inc., scheduled to be held on May 21, 2025, will be incorporated by reference in Part III of this Form 10-K. Priority Technology Holdings, Inc. intends to file such proxy statement with the Securities and Exchange Commission no later than 120 days after its fiscal year ended December 31, 2024.

Table of Contents

Cautionary Note Regarding Forward-looking Statements

Some of the statements made in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements include, but are not limited to, statements regarding our management's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, such as statements about our future financial performance, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "future," "goal," "intend," "likely," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "would," "will," "approximately," "shall" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- negative economic and political conditions that adversely affect the general economy, consumer confidence and consumer and commercial spending habits, which may, among other things, negatively impact our business, financial condition and results of operations;
- competition in the payment processing industry;
- the use of distribution partners;
- any unauthorized disclosures of merchant or cardholder data, whether through breach of our computer systems, computer viruses or otherwise;
- any breakdowns in our processing systems;
- government regulation, including regulation of consumer information;
- the use of third-party vendors;
- any changes in card association and debit network fees or products;
- any changes in interest rates by the Federal Reserve
- any failure to comply with the rules established by payment networks or standards established by third-party processors;
- any proposed acquisitions or dispositions or any risks associated with completed acquisitions or dispositions; and
- other risks and uncertainties set forth in the "Item 1A - Risk Factors" section of this Annual Report on Form 10-K.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

The forward-looking statements contained in this Annual Report on Form 10-K are based on our current expectations and beliefs concerning future developments and their potential effects on us. You should not place undue reliance on these forward-looking statements in deciding whether to invest in our securities. We cannot assure you that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions, including the risk factors set forth in the "Item 1A - Risk Factors" section of this Annual Report on Form 10-K, that may cause our actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

You should read this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Forward-looking statements speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Terms Used in this Annual Report on Form 10-K

As used in this Annual Report on Form 10-K, unless the context otherwise requires, references to the terms "Company," "Priority," "we," "us" and "our" refer to Priority Technology Holdings, Inc. and its consolidated subsidiaries.

Commonly Used or Defined Terms

Term	Definition
2018 Plan	Priority Technology Holdings, Inc. 2018 Equity Incentive Plan
2021 Stock Purchase Plan	Priority Technology Holdings, Inc. 2021 Employee Stock Purchase Plan
2021 Share Repurchase Program	Priority Technology Holdings, Inc. 2021 Share Repurchase Program
ACH	Automated clearing house
AML	Anti-money laundering
AOCI	Accumulated other comprehensive income
AP	Accounts payable
API	Application program interface
APIC	Additional paid-in capital
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATI	Adjusted taxable income
B2B	Business-to-business
B2C	Business-to-consumer
BaaS	Banking as a service
BSA	Bank Secrecy Act of 1970, as amended by the USA Patriot Act of 2001
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CCPA	California Consumer Protection Act
CEO	The Company's Chairman and Chief Executive Officer
CFO	The Company's Chief Financial Officer
CFPB	U.S. Consumer Financial Protection Bureau
Common Stock	The Company's Common Stock, par value $.001 per share
Company	Priority Technology Holdings, Inc., a Delaware corporation, and its direct and indirect subsidiaries
2024 Credit Agreement	Credit and Guaranty Agreement with Truist Bank dated as of May 16, 2024 (as amended)
2021 Credit Agreement	Credit and Guaranty Agreement with Truist Bank dated as of April 27, 2021 (as amended)
CRM	Customer relationship management
Delayed Draw Term Loan	Delayed draw term loan facility under the credit agreement
Dodd-Frank Act	Dodd Frank Wall Street Reform and Consumer Protection Act of 2010
EBITDA	Earnings before interest, taxes, depreciation, and amortization
Electronic Payments	Payments with credit, debit, prepaid cards, ACH and wire
EPS	Earnings (loss) per share
ESPP	Employee stock purchase plan
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FBO	For the benefit of
FCRA	Fair Credit Reporting Act
Federal Reserve Board	Governors of the Federal Reserve System
FDIC	Federal Deposit Insurance Corporation

FFIEC	Federal Financial Institutions Examination Council
FI	Financial institution
FIFO	First in, first out
FinCEN	Financial Crimes Enforcement Network
Finxera	Finxera Holdings, Inc.
FSOC	Financial Stability Oversight Council
GAAP	United States Generally Accepted Accounting Principles
Initial Term Loan	A senior secured first lien term loan facility in an aggregate principal amount of $300,000,000
IRA	Inflation Reduction Act
ISO	Independent sales organization
ISV	Independent software vendors
IT	Information technology
LIBOR	London Interbank Offered Rate
LIFO	Last in, first out
LLC	Limited Liability Company
Nasdaq	National Association of Securities Dealers Automated Quotations
NCI	Non-controlling interests
OFAC	Office of Foreign Assets Control
Passport	Priority Passport
PHOT	Priority Hospitality Technology, LLC a Delaware limited liability company
Plastiq	Acquisition of Plastiq, Inc. and certain affiliates
2024 Revolving Facility	$70.0 million line issued under 2024 Credit Agreement
2021 Revolving Facility	$65.0 million line issued under 2021 Credit Agreement
PIK	Payment-in-kind
POS	Point-of-sale
PRET	Priority Real Estate Technology, LLC, a Delaware limited liability company
PRTH	The Company's Nasdaq Capital Market trading symbol
PSU	Restricted stock unit (performance-based)
Redeemable NCI's	Redeemable non-controlling preferred equity interests
ROU Asset	Right of use asset
RSU	Restricted stock unit (service-based)
SaaS	Software as a Service
SAR	Stock appreciation rights
SEC	United States Securities and Exchange Commission
SMB	Small and medium-sized businesses
SMS	Short message service
SOFR	Secured Overnight Financing Rate
Tax Act	The Housing Assistance Tax Act of 2008
TCPA	Federal Telephone Consumer Protection Act of 1991
Term Facility	Term loan facility issued under the 2024 Credit Agreement

Total Net Leverage Ratio	The ratio of consolidated total debt to the Consolidated Adjusted EBITDA (as defined in the Credit Agreement).
Truist	Truist Bank
TSP	Technology service provider
U.S.	United States of America
VARs	Value-added resellers

PART I.

Item 1. Business

Overview of the Company

Priority is a payments and banking fintech that streamlines collecting, storing, lending and sending money through its innovative commerce engine (the "Priority Commerce Engine" or "PCE") to unlock revenue opportunities and generate operational success for businesses. Our mission is to provide a personalized financial toolset to accelerate cashflow and optimize working capital for our customers by providing merchant services, payables and banking & treasury solutions. Priority operates at scale across three primary business segments: SMB Acquiring, B2B Payables and Enterprise Payments and is presently serving approximately 1.2 million customer accounts processing over $130.0 billion in annual transaction activity while administering approximately $1.2 billion dollars in account balances. The Priority Commerce Engine serves enterprise grade independent software vendors (ISV's), as well as discrete institutional and SMB customers across all major sectors of the U.S. economy including Retail, Hospitality, Healthcare, Real Estate, Government, Utility, Education, Non-Profit, Business-to-Business, Professional Services and Financial Institutions. Priority builds with intention, utilizing market research and stakeholder feedback to drive growth activity. The result is an end-to-end solution that customers leverage across their financial lifecycle, engineered to accelerate cash flow and optimize working capital. Trust is paramount in partnerships with customers, which is why Priority works with multiple, proven partners, to ensure our customers experience the security and peace of mind that comes with diversification, while enjoying the cost and time-saving benefits of consolidation. Priority centralizes all money movement activity within a single, integrated platform, empowering users to seamlessly collect, store, lend, and send money. Highly configurable and easy to use, the Priority Commerce Engine enables financial agility and operational stability for today's fastest-growing enterprises.

Priority was established in 2005 and has grown from a founder-financed technology startup with a mission to build an institutional caliber enterprise to advance the convergence of software and payments to become the 6th largest non-bank merchant acquirer in the U.S. by volume, according to the Nilson Report issued in March 2024. Since inception, we have built a native technology platform that provides all forms of payments (card acquiring and issuing, ACH, check and wire) and embedded finance solutions that serve customers of any size. Priority maintains a global business platform with 1,019 employees operating from its headquarters in Alpharetta, GA and regional offices in other locations, including New York, NY; Hicksville, NY; Nashville,TN; Chattanooga, TN; Raleigh, NC; Houston, TX; Dallas, TX; San Francisco, CA; and Chandigarh, India.

Priority delivers value to its partners by leveraging its payments and embedded finance technology to deliver solutions that power modern commerce for SMBs and enterprise software and business partners. We handle the complexities of payments and embedded finance to allow 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.

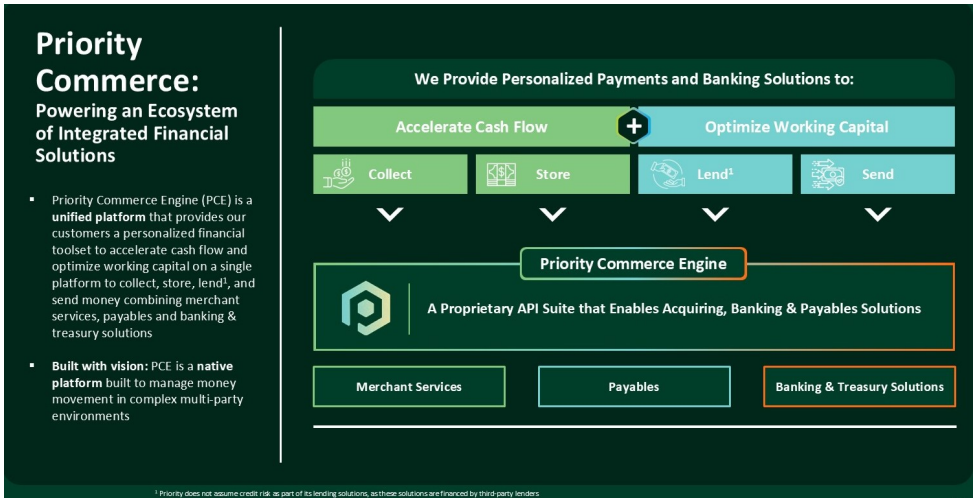
Our growth has been underpinned by three key strengths: 1) market leading proprietary product platforms in SMB, B2B and Enterprise Payments verticals; 2) focused distribution engines dedicated to helping partners monetize their merchant payment networks; and 3) a cost-efficient, agile payment and business processing infrastructure, purpose-built to support our partners' operations.

Priority's solutions are delivered via internally developed payment applications and services to customers in the following business segments:

- *SMB Payments*: Provides full-service acquiring and payment-enabled solutions for B2C transactions, leveraging Priority's proprietary software platform, distributed through ISO, direct sales and vertically focused ISV channels.

- *B2B Payments*: Provides market-leading AP automation solutions to corporations, software partners and industry leading FIs (including Citibank, Visa and Mastercard) in addition to improving cash flows by providing instant access to working capital.

- *Enterprise Payments*: Provides embedded finance and BaaS solutions to customers to modernize legacy platforms and accelerate software partners' strategies to monetize payments.



The MX product suite provides technology-enabled payment acceptance and business management capabilities to merchants, enterprises and our distribution partners. The MX product suite includes MX Connect and MX Merchant products, which together provide resellers and merchant clients a flexible and customizable set of business applications that help better manage critical business work functions and revenue performance using core payment processing as our leverage point. MX Connect provides our SMB payments reselling partners with automated tools that support low friction merchant on-boarding, underwriting and risk management, client service, and commission processing through a single mobile-enabled, web-based interface. The result is a smooth merchant activation onto our flagship consumer payments offering, MX Merchant, which provides core processing and business solutions to SMB clients. In addition to payment processing, the MX Merchant product suite encompasses a variety of proprietary and third-party product applications that merchants can adopt such as MX Insights, MX Storefront, MX Retail, MX Invoice, MX B2B and ACH.com, among others. This comprehensive suite of solutions enables merchants to 1) identify key consumer trends in their businesses; 2) quickly implement e-commerce or retail POS solutions; and 3) handle ACH payments. By empowering resellers to adopt a consultative selling approach and embedding our technology into the critical day-to-day workflows and operations of both merchants and resellers, we believe that we have established and maintained "sticky" relationships. We believe that our strong retention, coupled with consistent merchant onboarding, have resulted in strong processing volume and revenue growth.

In addition to our SMB offering, we have diversified our source of revenues through our growing presence in the B2B market. We provide automated AP offerings to our enterprise clients and financial institutions through our CPX platform. Our CPX platform offers clients a seamless bridge for buyer-to-supplier (payor-to-provider) payments by integrating directly to a buyer's payment instruction file and parsing it for payment to suppliers via virtual card, purchase card, ACH +, dynamic discounting or check. Successful implementation of our AP automation solutions provides: 1) suppliers with the benefits of cash acceleration; 2) buyers with valuable rebate/discount revenue: and 3) the Company with stable sources of payment processing and other revenue. Additionally, we provide a suite of integrated AP automation solutions businesses to FIs and card networks such as Citibank, Mastercard and Visa, among others.

Alongside CPX as part of the AP suite, Priority acquired the assets of Plastiq Inc. through its subsidiary Plastiq, Powered by Priority, LLC, a leading B2B payments company, in the third fiscal quarter of 2023, and has helped tens of thousands of

businesses improve cash flow with instant access to working capital, while automating and enabling control over all aspects of accounts payable and receivable. The flagship product, Plastiq Pay, pioneered a way for businesses to pay suppliers by credit card regardless of acceptance as an alternative to expensive, scarce bank loan options. Plastiq Accept offers an alternative to expensive merchant services, enabling businesses to accept credit cards with no merchant fees and get paid across any customer touch point, including a website, invoice, checkout process, and in person via QR code. The Plastiq Connect API suite enables platforms, marketplaces, and ERPs, to expand B2B payment options for payables and receivables in their native customer experience while outsourcing payment execution, risk, and compliance.

Our Enterprise Payments segment provides embedded finance and BaaS solutions to customers that modernize legacy platforms and accelerate modern software partners looking to monetize payment components. We provide solutions for ISVs, third-party integrators, and merchants that allow for the leveraging of our core payments engine, our automated payables platform or our account ledgering capabilities all via API resources.

We generate revenue primarily from payment processing transactions, and from monthly services and other solutions provided to customers and interest income from the permissible investments of the account balances we hold. Payment processing fees are generated from the ongoing sales to our customers and are governed by multi-year contracts. As a result, payment processing fees are highly recurring in nature.

For the year ended December 31, 2024, we generated revenue of $879.7 million, net loss attributable to common shareholders of $24.0 million and operating income of $133.4 million, compared to revenue of $755.6 million, net loss attributable to common shareholders of $49.1 million and operating income of $81.5 million for the year ended December 31, 2023.

Industry Overview

The payment processing industry provides businesses with credit, debit, gift, loyalty card and other payment processing services, along with related value-added solutions and information services. The industry continues to grow, driven by wider acceptance, increased use of Electronic Payments, advances in payment technology and the disruption in banking by fintech providers. The proliferation of bankcards and the use of other payment technologies has made the acceptance of Electronic Payments through multiple channels a virtual necessity for many businesses to remain competitive. The increased use and acceptance of bankcards and the availability of more sophisticated products and services has resulted in a highly competitive, specialized industry.

Services to the SMB merchant market have been historically characterized by basic payment processing without ready access to more sophisticated technology, value-added solutions, or customer service that are typically offered to large merchants. To keep up with the changing demands of how consumers wish to pay for goods and services, we believe SMB merchants and enterprise customers increasingly recognize the need for value-added services wrapped around omni-channel payment solutions that are tailored to their specific business needs.

Key Industry Trends

The following are key trends we believe are impacting the fintech and payments processing industry:

- Trend Toward Electronic Transactions – We believe the continued shift from cash/paper payments toward electronic/card payments will drive growth for merchant acquirers and processors as volume continues to grow correspondingly. We believe this migration and overall market growth will continue to provide tailwinds to the Electronic Payments industry. B2B payments is the largest payment market in the U.S. by volume and presents a significant opportunity for payment providers to capitalize on the conversion of check and paper-based payments to Electronic Payments, including card-based acceptance. As businesses have increasingly looked to improve efficiency and reduce costs, the electronification of B2B payments has gained momentum.

- Convergence of Payments and Embedded Finance Solutions – As consumer behavior shifted during the COVID-19 pandemic, the scale of disruption grew dramatically and we believe the speed of change will continue to rise. The appetite of both merchants and consumers for new alternatives to traditional payment options remains top of mind and big tech companies, fintechs, challenger banks and other non-bank entrants are driving market disruption by offering

customers better user experiences at lower prices. The continued displacement of cash and checks over the next several years, helped along by customers' adoption of digital shopping and fueled by their desire to avoid contact with physical infrastructure and objects, continues to create even more opportunities for disruption in payments.

- Mobile Payments – Historically, e-commerce was conducted on a computer via a web browser; however, as mobile technologies continue to proliferate, consumers are making more purchases through mobile browsers and native mobile applications. We believe this shift represents a significant opportunity given the high growth rates of mobile payments volume, higher fees for card-not-present and cross-border processing and potential for the in-app economy to stimulate and/or alter consumer spending behavior.

B2B Payments is the largest payment market in the U.S. by volume and presents a significant opportunity for payment providers to capitalize on the conversion of check and paper-based payments to Electronic Payments, including card-based acceptance. As businesses have increasingly looked to improve efficiency and reduce costs, the electronification of B2B Payments has gained momentum.

Enterprise Payments and BaaS is the integration of financial services, like payments, lending, or banking services, into non-financial offerings. This embedded finance capability allows customers to access financial services seamlessly through applications they already utilize. The market is large and growing rapidly as customers demand a digital, frictionless and integrated approach to meeting the needs of their end consumer.

Competitive Strengths

We possess certain attributes that we believe differentiate us as a leading provider of merchant services, payables and banking & treasury solutions in the U.S. Our key competitive strengths include:

- Diverse Reseller Community – We maintain strong reseller relationships with approximately 1,100 partners, including ISOs, FIs, ISVs, VARs and other referral partners. MX Connect enables resellers to efficiently market merchant acquiring solutions to a broad base of merchants through a one-to-many distribution model. We believe that our ability to service our reseller partners through a comprehensive offering provides a competitive advantage that has allowed the Company to build a large, diverse merchant base characterized by high retention. The strengths of our technology offering are manifested in the fact that we maintain ownership of merchant contracts, with most reseller contracts including strong non-solicit and portability restrictions.

- Comprehensive Suite of Payment Solutions – We offer a comprehensive and differentiated suite of traditional and emerging payment products and services that enables SMBs to address their payment needs through one provider. Our purpose-built proprietary technology provides technology-enabled payment acceptance and business management solutions to merchants, enterprises and ISVs. We provide a payment processing platform that allows merchants to accept Electronic Payments (e.g., credit cards, debit cards, and ACH) at the POS, online, and via mobile payment technologies. We deliver innovative business management products and add-on features that meet the needs of SMBs across different vertical markets. Additionally, with our embedded finance offerings and money transmissions licenses in forty six U.S. states, the District of Columbia and two U.S. territories, we are uniquely positioned to collect, store, lend and send money on behalf of our customers. As a result, we believe we are well-positioned to capitalize on the trend towards integrated payments solutions, new technology adoption and value-add service utilization that is underway in the SMB market. We believe our solutions facilitate a superior merchant experience that results in increased customer lifetime value.

- Highly Scalable Business Model with Operating Leverage – As a result of thoughtful investments in our technology, we have developed robust and differentiated infrastructure that has enabled us to scale in a cost-efficient manner. Our operating efficiency supports a low capital expenditure environment to develop product enhancements that drive organic growth across our SMB, B2B and Enterprise payment ecosystems, as well as attract both reselling partners and enterprise clients looking for best-in-class solutions. By creating a cost-efficient environment that facilitates the combination of ongoing product innovation to drive organic growth and stable cash flow to fund acquisitions, we anticipate ongoing economies of scale and increased margins over time.

- Experienced Management Team Led by Industry Veterans – Our executive management team has a record of execution in the merchant acquiring and technology-enabled payments industry. Our team has continued to develop and enhance our proprietary and innovative technology platforms that differentiate us in the payments industry. We invest to attract and retain executive leadership that align with the opportunities in the market and our strategic focus.

Growth Strategies

We intend to continue to execute a multi-pronged growth strategy, with diverse organic initiatives supplemented by acquisitions. Growth strategies include:

Organic Growth in our Reseller Network and Merchant Base

We expect to grow through our existing reseller network and merchant base by capitalizing on the organic growth of existing merchant volume and reseller merchant portfolios. By providing resellers with agile tools to manage their sales businesses and grow their merchant portfolio, we have established a solid base from which to generate new merchant adoption and retain existing merchants. By engaging in a consultative partnership approach, we maintain strong relationships with our reseller partners and continue to exhibit strong merchant adoption and volume growth trends. Through our resellers, we provide merchants with full-service acquiring solutions, as well as value-added services and tools to streamline their business processes and enable them to focus on driving same store sales growth.

Deploy our Embedded Finance Solution to Enterprise Customers

Our Enterprise Payments segment, enables software partners and business platform customers to embed our banking and treasury solutions into their core operating and business systems that deliver a fully automated and digital experience to collect, store, lend and send money for their customers. Priority delivers a fully embedded finance solution to customers that manages the inflows and outflows, and reconciliation, of all forms of payments (ACH, wire, check, credit and debit) for any number of clients from a single account. The platform today manages over 930,000 active accounts and, through its money transmission licenses in forty six U.S. states, the District of Columbia and two U.S. territories, handles over $945.0 million in deposits across a growing number of banking partners. This segment is quickly growing as marketplaces, gig economy platforms, software partners, and legacy business platforms are incorporating features of payment processing and embedded finance services into their customer experience and enhance their offering.

Expand our Network of Distribution Partners

We have established and maintained a strong position within the reseller community with approximately 1,100 partners. We intend to continue to expand our distribution network to reach new partners, particularly with ISVs and VARs to expand technology and integrated partnerships. We believe that our technology offering enables us to attract and retain high-quality resellers focused on growth.

Deploy Industry Specific Payment Technology

We intend to continue to enhance and deploy our technology-enabled payment solutions and our capabilities to collect, store, lend and send money into industry-specific verticals. We continue to identify and evaluate new, attractive industries where we can deliver differentiated technology-enabled payment solutions that meet merchants' industry-specific needs.

Expand Electronic Payments Share of B2B Transactions with CPX and Plastiq

We have a growing presence in the commercial payments market where we provide curated managed services and AP automation solutions to businesses, FIs and card networks such as Citibank, Mastercard and Visa. The commercial payments market is the largest and one of the fastest growing payments markets in the U.S. by volume. We are well positioned to capitalize on the shift from check to Electronic Payments, which currently lags the consumer payments market, by eliminating the friction between buyers and suppliers through our industry leading offerings of CPX and Plastiq. We believe this will drive strong growth and profitability.

Accretive Acquisitions

With a consistent, long-term goal of maximizing shareholder value, we intend to selectively pursue strategic and tactical acquisitions that meet our established criteria. We actively seek potential acquisition candidates that exhibit certain attractive attributes including predictable and recurring revenue, a scalable operating model, low capital intensity, complementary technology offerings and a strong cultural fit. Our operating infrastructure is purpose-built to rapidly and seamlessly consolidate complementary businesses into our ecosystem all while optimizing revenue and cost synergies.

Sales and Distribution

We reach our SMB segment through three primary sales channels: 1) ISOs (Retail and Wholesale) and Agents; 2) FIs; and 3) ISVs and VARs. Our cloud-based solution, MX Connect, allows our partners and resellers to engage merchants for processing services and a host of value-added features designed to enhance their customer relationships. Our merchants utilize our cloud-based MX Merchant product suite to manage their businesses and process transactions. This separate solution increases our ability to retain the merchant if the ISO were to leave the Company.

Our B2B segment obtains its partner clients through: 1) direct sales initiatives; 2) ISVs and business partnerships; 3) the card networks (Mastercard, Visa and American Express); 4) large U.S. banking institutions and 5) other card issuer referral partners. We support a direct vendor sales model that provides turn-key merchant development, product sales and supplier enablement programs. By establishing a seamless bridge for buyer-to-supplier (payor-to-provider) payments that is integrated directly to a buyer's payment instruction file to facilitate payments to vendors via all payment types (virtual card, purchase card, ACH +, dynamic discounting), we have established ourselves as a top solutions provider in commercial payments. Our Plastiq offerings consist of all payment types including wires and checks to the vendors of our customers.

Our Enterprise segment goes to market through integrations with software partners and business platform customers by enabling them to embed our payments and treasury solutions into their core operating and business systems. Priority's offering provides those partners with a fully automated, scalable and integrated financial tool to collect, store, lend and send money for their customers.

Our market strategy has resulted in a merchant base that we believe is diversified across both industries and geographies resulting in, what we believe, is more stable average profitability per merchant. Only one reseller relationship contributes more than 10% of total bankcard processing volume, and such relationship represents approximately 10.6% of our total bankcard processing volume for the fiscal year ending December 31, 2024.

Third-party Processors and Sponsor Banks

We partner with various vendors in the payments value chain, most notably processors and sponsor banks which sit between us (the merchant acquirer) and the card networks, to assist us in providing payment processing services to merchant clients. Processing is a scale-driven business in which many acquirers outsource the processing function to a small number of large processors. In these partnerships, we serve as a merchant acquirer and enter into processing agreements with payment processors, such as Fiserv or Global Payments, to assist us in providing front-end and back-end transaction processing services for our merchants. These third parties are compensated for their services. These processors in turn have agreements with card networks such as Visa and Mastercard, through which the transaction information is routed in exchange for network fees.

To provide processing services, merchant acquirers like Priority must be registered with the card networks (e.g., Visa, Mastercard, American Express, Discover, etc.). To register with a card network in the U.S., acquirers must maintain relationships with banks willing to sponsor the merchant acquirer's adherence to the rules and standards of the card networks, or a sponsor bank. We maintain sponsor bank relationships with Wells Fargo, Synovus Bank, Pueblo Bank and Georgia Banking Company ("GBC"). We maintain a card issuing relationship with Sutton Bank. For ACH payments, the Company's ACH network (ACH.com) is sponsored by South State Bank. Sponsor bank relationships enable us to route transactions under the sponsor bank's control and identification number (referred to as a BIN for Visa and ICA for Mastercard) across the card networks (or ACH network) to authorize and clear transactions.

We offer banking and money transmission services to our customers through our partner banks including Wells Fargo and Axos Bank. Our proprietary ledgering technology enables us to store customer funds in uniquely identifiable accounts in order to position customer deposits for pass through FDIC insurance eligibility. Customer deposits may placed throughout our banking partner portfolio to maximize pass through FDIC insurance coverage.

Risk Management

Our thoughtful customer and reseller underwriting policies combined with our forward-looking transaction monitoring capabilities have enabled us to maintain low credit loss performance. Our risk management strategies are informed by a team with experience managing payments and banking risk operations that are augmented by our rules-based modern systems designed to manage risk at the transaction level.

Initial Underwriting – Central to our risk management process are our front-line underwriting policies that vet all resellers and customers prior to their contractual arrangements with us. Our automated risk systems access: 1) guarantor information; 2) corporate ownership details; 3) anti-money laundering information; and, 4) OFAC and FinCEN information from a variety of integrated databases. The collected information is delivered to a team of underwriters who conduct necessary industry checks, financial performance analysis or owner background checks, as applicable and consistent with our policies. Based upon these results, the underwriting department rejects or approves the customer or reseller and sets appropriate reserve requirements which are held by our bank sponsors on our behalf. Resellers may be subject to quarterly and/or annual assessments for financial strength in compliance with our policies and adjustments to reserve levels. The results of our initial customer underwriting process inform the transaction-level risk limits for volume, average ticket, transaction types and authorization codes that are captured by our CYRIS risk module - a proprietary risk system that monitors and reports transaction risk activity to our risk team. This transaction-level risk module, housed within MX Connect, forms the foundational risk management framework that enables the Company to optimize transaction activity and processing scale while preserving a modest aggregate risk profile that has resulted in historically low losses.

Real-Time Risk Monitoring – Customer transactions are monitored on a transactional basis to proactively enforce risk controls. Our risk systems provide automated evaluation of customer transaction activity against initial underwriting settings. Transactions that are outside underwriting parameters are queued for further investigation. Also, resellers whose customer portfolio represents a concentration of investigated merchants are evaluated for risk action (i.e., increased reserves or contract termination).

Risk Audit – Transactions flagged by our risk monitoring systems or that demonstrate suspicious activity traits that have been flagged for review can result in funds being held in addition to other risk mitigation actions. The risk mitigation actions can include: 1) non-authorization of the transaction; 2) debit of reserves; or 3) termination of the processing or services agreement. Customers are periodically reviewed to assess any risk adjustments based upon their overall financial health and compliance with network standards. Customer transaction activity is investigated for instances of business activity changes or credit impairment (and improvement).

Loss Mitigation – In instances where transactions and/or individual merchants are flagged for fraud, or in instances where the transaction activity is resulting in excessive charge-backs, several loss mitigation actions may be taken. These include: 1) charge-back dispute resolution; 2) merchant and reseller funds (reserves or processed batches) withheld; 3) inclusion on Network Match List to notify the industry of a "bad actor"; and/or 4) legal action.

Investments - We use our primary portfolio to provide for the investment of excess funds at acceptable risk levels as permitted. Our portfolio consists primarily of money market accounts at FDIC insured institutions. Concentration in any one particular financial institution could create operational disruption or put customer funds in excess of FDIC insured limits at risk.

Competition

The U.S. acquiring industry is highly competitive, with several large processors accounting for the majority of processing volume. When excluding banks, we ranked 6th among U.S. non-bank merchant acquirers, according to the March 2024 Nilson Report.

The concentration at the top of the industry is partly a result of consolidation. We believe that consolidation has also resulted in many large processors maintaining multiple, inflexible legacy IT systems that are not well-equipped to adjust to changing market requirements. We believe that the large merchant acquirers whose innovation has been hindered by these redundant legacy systems risk losing market share to acquirers with more agile and dynamic IT systems.

Pricing has historically been the key factor influencing the selection of a merchant acquirer. Providers with more advanced tech-enabled services (primarily online and integrated offerings), have an advantage over providers who are operating legacy technology and offering undifferentiated services that have come under pricing pressure from higher levels of competition. High quality customer service further differentiates providers as this helps to reduce attrition. Other competitive factors that set acquirers apart include: 1) price; 2) breadth of product offerings; 3) partnerships with FIs; 4) servicing capability; 5) data security; and 6) functionality. Leading acquirers are expected to continue to add additional services to expand cross-selling opportunities, primarily in omni-channel payment solutions, POS software, payments security, customer loyalty and other payments-related offerings.

The largest opportunity for acquirers to expand is within the SMB merchant market. As small businesses increasingly demand integrated solutions tailored to specific business functions or industries, merchant processors are adopting payment-enabled software offerings that combine embedded finance products with core business operating software. By subsisting within SMB's critical business software, processors are able to improve economic results through better merchant retention and higher processing margins. Through our MX Merchant platform, we are well-positioned to capitalize on the trend towards integrated solutions, new technology adoption and value added-service utilization in the SMB market.

Providing BaaS products is highly competitive. We face competition from other BaaS providers and banks directly. We differentiate ourselves to merchants and enterprise customers through our ability to innovate and develop new products and services that offer new payment experiences for customers on our platform. Our agility, regulatory compliance, risk management and suite of products within a single platform differentiates us from competitors.

Government Regulation and Payment Network Rules

We operate in an increasingly complex legal and regulatory environment. We are subject to a variety of federal, state and local laws and regulations and the rules and standards of the payment networks that are utilized to provide our Electronic Payment services, as more fully described below.

Wall Street Reform and Consumer Protection Act

The Dodd-Frank Act resulted in significant structural and other changes to the regulation of the financial services industry. The Dodd-Frank Act directed the Federal Reserve Board to regulate the debit interchange transaction fees that a card issuer or payment card network receives or charges for an electronic debit transaction. Pursuant to the so-called "Durbin Amendment" to the Dodd-Frank Act, these fees must be "reasonable and proportional" to the cost incurred by the card issuer in authorizing, clearing and settling the transaction. Pursuant to regulations promulgated by the Federal Reserve Board, debit interchange rates for card issuers with assets of $10.0 billion or more are capped at $0.21 per transaction and an ad valorem component of five basis points to reflect a portion of the issuer's fraud losses plus, for qualifying issuers, an additional $0.01 per transaction in debit interchange for fraud prevention costs. The cap on interchange fees has not had a material direct effect on our results of operations.

In addition, the Dodd-Frank Act limits the ability of payment card networks to impose certain restrictions because it allows merchants to: 1) set minimum dollar amounts (not to exceed $10.00) for the acceptance of a credit card (and allows federal governmental entities and institutions of higher education to set maximum amounts for the acceptance of credit cards); and 2) provide discounts or incentives to encourage consumers to pay with cash, checks, debit cards or credit cards.

The rules also contain prohibitions on network exclusivity and merchant routing restrictions. These rules require a card issuer to: 1) enable at least two unaffiliated networks on each debit card; 2) prohibit card networks from entering into exclusivity arrangements; and 3) restrict the ability of issuers or networks to mandate transaction routing requirements. The prohibition on network exclusivity has not significantly affected our ability to pass on network fees and other costs to our customers, nor do we expect it to in the future.

The Dodd-Frank Act created the CFPB, which has assumed responsibility for enforcing federal consumer protection laws, and the FSOC, which was established to, among other things, identify risks to the stability of the U.S. financial system. The FSOC has the authority to require supervision and regulation of nonbank financial companies that the FSOC determines pose a systemic risk to the U.S. financial system. Accordingly, we may be subject to additional systemic risk-related oversight.

Payment Network Rules and Standards

As a merchant acquirer, we are subject to the rules of Visa, Mastercard, American Express, Discover and other payment networks. In order to provide services, several of our subsidiaries are either registered as service providers for member institutions with Mastercard, Visa and other networks or are direct members of Mastercard, Visa and other networks. Accordingly, we are subject to card association and network rules that could subject us to a variety of fines or penalties that may be levied by the card networks for certain acts or omissions.

Banking Laws and Regulations

The FFIEC is an interagency body comprised of federal bank and credit union regulators such as the Federal Reserve Board, the FDIC, the National Credit Union Administration, the Office of the Comptroller of the Currency and the CFPB. The FFIEC examines large data processors to identify and mitigate risks associated with systemically significant service providers, including specifically the risks they may pose to the banking industry.

We are considered by the FFIEC to be a TSP based on the services we provide to FIs. As a TSP, we are subject to audits by an interagency group consisting of the Federal Reserve System, the FDIC, and the Office of the Comptroller of the Currency.

Through our subsidiary, Finxera, Inc., we also hold money transmission licenses in forty six U.S. states, the District of Columbia and two U.S. territories. Accordingly, we are subject to the applicable laws and regulations and are subject to examinations by state banking regulators.

Privacy and Information Security Laws

We provide services that may be subject to various state, federal and foreign privacy laws and regulations. These laws and regulations include: 1) the federal Gramm-Leach-Bliley Act of 1999, which applies to a broad range of FIs and to companies that provide services to FIs in the U.S.; 2) certain health care technology laws, including HIPAA and the Health Information Technology for Economic and Clinical Act; and 3) the CCPA, which establishes a new privacy framework for covered businesses by: i) creating an expanded definition of personal information; ii) establishing new data privacy rights for consumers in the State of California; iii) imposing special rules on the collection of consumer data from minors; and iv) creating a new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. We are also subject to a variety of foreign data protection and privacy laws, including, without limitation, Directive 95/46/EC, as implemented in each member state of the European Union and its successor, the General Data Protection Regulation. Among other things, these foreign and domestic laws, and their implementing regulations, in certain cases: 1) restrict the collection, processing, storage, use and disclosure of personal information; 2) require notice to individuals of privacy practices, and provide individuals with certain rights to prevent use; and 3) disclosure of protected information. These laws also impose requirements for safeguarding and removal or elimination of personal information.

AML and Counter-terrorism Regulation

The U.S. federal anti-money laundering laws and regulations, including the BSA, and the BSA implementing regulations administered by FinCEN, a bureau of the U.S. Department of the Treasury, require, among other things, each financial institution to: 1) develop and implement a risk-based anti-money laundering program; 2) file reports on large currency transactions; 3) file suspicious activity reports if the financial institution believes a customer may be violating U.S. laws and regulations; and 4) maintain transaction records. Given that a number of our clients are FIs that are directly subject to U.S. federal anti-money laundering laws and regulations, we have developed an anti-money laundering compliance program to best assist our clients in meeting such legal and regulatory requirements.

We are subject to certain economic and trade sanctions programs that are administered by OFAC of the U.S. Department of Treasury, which place prohibitions and restrictions on all U.S. citizens and entities with respect to transactions by U.S. persons with specified countries and individuals and entities identified on OFAC's Specially Designated Nationals list (for example, individuals and companies owned or controlled by, or acting for or on behalf of, countries subject to certain economic and trade sanctions, as well as terrorists, terrorist organizations and narcotics traffickers identified by OFAC under programs that are not country specific). Similar anti-money laundering, counter-terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified on lists maintained by organizations similar to OFAC in several other countries and which may impose specific data retention obligations or prohibitions on intermediaries in the payment process. We have developed and continue to enhance compliance programs and policies to monitor and address such legal and regulatory requirements and developments. We continue to enhance such programs and policies to ensure that our customers do not engage in prohibited transactions with designated countries, individuals or entities.

Telephone Consumer Protection Act and Telemarketing Sales Rule

We are subject to the Federal TCPA and various state laws to the extent we place telephone calls and SMS messages to clients and consumers. The TCPA regulates certain telephone calls and SMS messages placed using automatic telephone dialing systems or artificial or prerecorded voices and can alter the way we do business. Additionally, as a provider of dedicated accounts in the debt resolution industry, we are also subject to certain requirements of the Telemarketing Sales Rule which requires independence of account administrators and certain prohibitions against advance payment of fees.

Escheat Laws

We are subject to U.S. federal and state unclaimed or abandoned property laws that require us to transfer to certain government authorities the unclaimed property of other that we hold when that property has been unclaimed for a certain period of time. Moreover, we are subject to audit by state and foreign regulatory authorities with regard to our escheatment practices.

Other Regulation

The Tax Act of 2008 requires certain merchant acquiring entities and third-party settlement organizations to provide information returns for each calendar year with respect to payments made in settlement of Electronic Payment transactions and third-party payment network transactions occurring in that calendar year. Reportable transactions are also subject to backup withholding requirements.

The foregoing is not an exhaustive list of the laws, rules and regulations which we are subject to and the regulatory framework governing our business is changing continuously.

Intellectual Property

We have developed a payments platform that includes many instances of proprietary software, code sets, workflows and algorithms. It is our practice to enter confidentiality, non-disclosure and invention assignment agreements with our employees and contractors, and to enter into confidentiality and non-disclosure agreements with other third parties to limit access to, and disclosure and use of, our confidential information and proprietary technology. In addition to these contractual measures, we also rely on a combination of trademarks, copyrights, registered domain names, and patent rights to help protect the Priority brand and our other intellectual property.

Human Capital Management

As of December 31, 2024, we employed 1,019 employees of which 1005 were employed full time. We have employees residing throughout the U.S., Canada and India. None of our employees are represented by a labor union or covered by a collective bargaining agreement.

Growth and Development

Our strategy to develop and retain the best talent includes an emphasis on employee training and development. We promote our core values of ownership, innovation, camaraderie, service, authenticity and trust as an organization and offer awards to colleagues who exemplify these qualities. We require a mandatory online training curriculum for our employees that includes annual anti-harassment and anti-discrimination training.

Inclusion and Diversity

Our inclusion and diversity program focuses on our employees, workplace and community. We believe that our business is strengthened by a diverse workforce that reflects the communities in which we operate. We believe all of our employees should be treated with respect and equality, regardless of gender, ethnicity, sexual orientation, gender identity, religious beliefs or other characteristics. Inclusion and diversity remain a common thread in all of our human resource practices so that we can attract, develop and retain the best talent for our workforce.

Availability of Filings

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are made available free of charge on our internet website at www.prioritycommerce.com, as soon as reasonably practicable after we have electronically filed the material with, or furnished it to the SEC. The SEC maintains an internet site that contains our reports, proxy and information statements and our other SEC filings. The address of that website is www.sec.gov. The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors

An investment in our Common Stock and our financial results are subject to a number of risks. You should carefully consider the risks described below and all other information contained in this Annual Report on Form 10-K and the documents incorporated by reference. Our business, prospects, financial condition or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. Additional risks and uncertainties, including those generally affecting the industry in which we operate and risks that management currently deems immaterial, may arise or become material in the future and affect our business.

Risk Factors Related to Our Business

Unauthorized access to our systems or unauthorized disclosure of customer or cardholder data, whether through breach of our computer systems, computer viruses, or otherwise, could expose us to liability, protracted and costly litigation and damage our reputation.

Our services include the processing, transmission and storing of sensitive business and personal information about our customers, customers' customers, vendors, partners and other third parties. This information may include credit and debit card numbers, bank account numbers, personal identification numbers, names and addresses or other sensitive business information. This information may also be stored by third parties to whom we outsource certain functions or other agents ("associated third parties"). We may have responsibility to the card networks, FIs, and in some instances, our merchants, and/or ISOs, for our failure or the failure of our associated third parties to protect this information.

Information security risks for us and our competitors have substantially increased in recent years in part due to the proliferation of new technologies and the increased sophistication, resources and activities of hackers, terrorists, activists, organized crime, and other external parties, including hostile nation-state actors. The techniques used to obtain unauthorized access, disable or degrade service, sabotage systems or utilize payment systems in an effort to perpetrate financial fraud change frequently and are often difficult to detect and all of which we are vulnerable to. We have been the target of brute force attempts to obtain unauthorized access to our systems. Threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Computer viruses can be distributed and spread rapidly over the internet and could infiltrate our systems or those of our associated third parties. Additionally, denial of service or other attacks could be launched against us for a variety of purposes, including interfering with our services or to create a diversion for other malicious activities. Our defensive measures may not prevent down-time, unauthorized access or use of sensitive data. While we maintain insurance coverage that will cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. Furthermore, we do not control the actions of our third-party partners and customers in their systems. These third parties may experience security breaches and any future problems experienced by these third parties, including those resulting from cyber attacks or other breakdowns or disruptions in services, could adversely affect our ability to conduct our business or expose us to liability. Further, our agreements with our bank sponsors and our third-party payment processors (as well as payment network requirements) require us to take certain protective measures to ensure the confidentiality of merchant and consumer data. Any such actions, attacks or failure to adequately comply with these protective measures could hurt our reputation, force us to incur significant expenses in remediating the resulting impacts, expose us to uninsured liability, result in the loss of our bank sponsors or our ability to participate in the payment networks, or subject us to fees, penalties, sanctions, litigation or termination of our bank sponsor agreements or our third-party payment processor agreements.

As a result of information security risks, we must continuously develop and enhance our controls, processes and practices designed to protect our computer systems, software, data and networks from attack, damage or unauthorized access. This continuous development and enhancement will require us to expend additional resources, including to investigate and remediate significant information security vulnerabilities detected. Despite our investments in security measures, we are unable to assure that any security measures will not be subject to system or human error.

Our systems or our third-party providers' systems may fail, which could interrupt our service, cause us to lose business, increase our costs and expose us to liability.

We depend on the efficient and uninterrupted operation of our computer systems, software, data centers and telecommunications networks, as well as the systems and services of third parties. A system outage or data loss could have a

material adverse effect on our business, financial condition, results of operations and cash flows. Not only could we suffer damage to our reputation in the event of a system outage or data loss, but we may also be liable to third parties. Many of our contractual agreements with FIs and certain other customers require the payment of penalties if we do not meet certain operating standards. Our systems and operations or those of our third-party providers could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss or telecommunications failure.

The payment processing industry is highly competitive and such competition is likely to increase, which may adversely influence the prices we can charge to merchants for our services and the compensation we must pay to our distribution partners, and as a result, our profit margins.

The payment processing industry is highly competitive. We primarily compete in the SMB merchant, B2B customer, and Enterprise industry. We compete with FIs and their affiliates, independent payment processing companies and ISOs. We also compete with many of these same entities for production through distribution partners. Many of our distribution partners are not exclusive to us but also have relationships with our competitors, such that we have to continually expend resources to maintain those relationships. Our growth will depend on the continued growth of banking services, Electronic Payments, particularly Electronic Payments to SMB merchants, B2B payments and our ability to increase our market share through successful competitive efforts to gain new customers and distribution partners.

Additionally, many FIs and their subsidiaries or well-established payment-enabled technology providers with which we compete, have substantially greater capital, technological, management and marketing resources than we have. These factors may allow our competitors to offer better pricing terms to customers and more attractive compensation to distribution partners, which could result in a loss of our potential or current customers and distribution partners. Our current and future competitors may also develop or offer services that have price or other advantages over the services we provide.

We also face new, well capitalized, competition from emerging technology and non-traditional payment processing companies as well as traditional companies offering alternative banking services, Electronic Payments services and payment-enabled software solutions. If these new entrants gain a greater share of total Electronic Payments transactions, they could impact our ability to retain and grow our relationships with customers and distribution partners.

Increased customer or referral partner attrition could cause our financial results to decline.

We experience attrition in customer credit and debit card processing volume resulting from several factors, including business closures, transfers of customers accounts to our competitors, unsuccessful contract renewal negotiations and account closures that we initiate for various reasons such as heightened credit risks or contract breaches by merchants. Our referral partners are a significant source of new business. If a referral partner switches to another processor, terminates our services, internalizes payment processing that we perform, merges with or is acquired by one of our competitors, or shuts down or becomes insolvent, we may no longer receive new customers referrals from such referral partner, and we risk losing existing merchants that were originally enrolled by the referral partner. We cannot predict the level of attrition in the future and it could increase. Higher than expected attrition could negatively affect our results, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Changes in card association and debit network fees or products could increase costs or otherwise limit our operations.

From time to time, card associations and debit networks increase the organization and/or processing fees (known as interchange fees) that they charge. It is possible that competitive pressures will result in us absorbing a portion of such increases in the future, which would increase our operating costs, reduce our profit margin, and adversely affect our business, operating results, and financial condition. In addition, the various card associations and networks prescribe certain capital requirements. Any increase in the capital level required would further limit our use of capital for other purposes.

Changes in payment network rules or standards could adversely affect our business, financial condition and results of operations.

Payment network rules are established and changed from time to time by each payment network as they may determine in their sole discretion and with or without advance notice to their participants. The timelines imposed by the payment networks or

sponsor banks for expected compliance with new rules have historically been, and may continue to be, highly compressed, requiring us to quickly implement changes to our systems which increases the risk of non-compliance with new standards or the reduction of certain types of merchant activity. In addition, the payment networks could make changes to interchange or other elements of the pricing structure of the merchant acquiring industry that would have a negative impact on our results of operations.

To remain competitive and to continue to increase our revenues and earnings, we must continually update our products and services, a process which could result in increased costs and the loss of revenues, earnings, customers and distribution partners if the new products and services do not perform as intended or are not accepted in the marketplace.

The Electronic Payments industry in which we compete is subject to rapid technological changes and is characterized by new technology, product and service introductions, evolving industry standards, changing customer needs and the entrance of non-traditional competitors. We are subject to the risk that our existing products and services become obsolete, and that we are unable to develop new products and services in response to industry demands. Our future success will depend in part on our ability to develop or adapt to technological changes and the evolving needs of our resellers, customers and the industry at large. In addition, new products and offerings may not perform as intended or generate the business or revenue growth expected. Defects in our software and errors or delays in our processing of electronic transactions could result in additional development costs, diversion of technical and other resources from our other development efforts, loss of credibility with current or potential distribution partners and merchants, harm to our reputation, fines imposed by regulatory agencies, card networks, or exposure to liability claims. Any delay in the delivery of new products or services or the failure to differentiate our products and services could render them less desirable, or possibly even obsolete, to our merchants. Additionally, the market for alternative payment processing products and services is evolving, and we may develop too rapidly or not rapidly enough for us to recover the costs we have incurred in developing new products and services.

Acquisitions create certain risks and may adversely affect our business, financial condition, or results of operations.

We have actively acquired businesses and expect to continue to make acquisitions of businesses and assets in the future. The acquisition and integration of businesses and assets involve a number of risks. These risks include valuation (negotiating a fair price for the business and assets), integration (managing the process of integrating the acquired business' people, products, technology, and other assets to realize the projected value and synergies), regulatory (obtaining any applicable regulatory or other government approvals), and due diligence (identifying risks to the prospects of the business, including undisclosed or unknown liabilities or restrictions). There can be no assurances that we will be able to complete suitable acquisitions for a variety of reasons, including the identification of and competition for acquisition targets, the need for regulatory approvals, the inability of the parties to agree to the structure or purchase price of the transaction and our inability to finance the transaction on commercially acceptable terms. In addition, any potential acquisition can subject us to a variety of other risks:

- If we are unable to successfully integrate the benefits plans, duties and responsibilities and other factors of interest to management of employees of the acquired business, we could lose employees to our competitors in the region, which could significantly affect our ability to operate the business and complete the integration;
- If the integration process causes any delays with the delivery of our services, or the quality of those services, we could lose customers to our competitors;
- Any acquisition may otherwise cause disruption to the acquired company's business and operations and relationships with financial institution sponsors, customers, merchants, employees and other partners;
- Any acquisition and the related integration could divert the attention of our management from other strategic matters including possible acquisitions and alliances and planning for new product development or expansion into new markets for payments technology and software solutions; and
- The costs related to the integration of an acquired company's business and operations into ours may be greater than anticipated.

We are subject to economic and political risk, the business cycles of our customers and distribution partners and the overall level of consumer and commercial spending, which could negatively impact our business, financial condition and results of operations.

The Electronic Payments industry depends heavily on the overall level of consumer, commercial and government spending. We are exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income and changes in consumer purchasing habits. A sustained deterioration in general economic conditions or increases in interest rates could adversely affect our financial performance by reducing the number or aggregate dollar volume of transactions made using Electronic Payments. If our customers make fewer sales of their products and services using Electronic Payments, or consumers spend less money through Electronic Payments, we will have fewer transactions to process at lower dollar amounts, resulting in lower revenue. In addition, a weakening in the economy could force customers to close at higher than historical rates, resulting in exposure to potential losses and a decline in the number of transactions that we process. We also have material fixed and semi-fixed costs, including rent, debt service, contractual minimums and salaries, which could limit our ability to quickly adjust costs and respond to changes in our business and the economy.

Global economic, political and market conditions affecting the U.S. markets may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability.

Worldwide financial market conditions, as well as various social and political tensions in the U.S. and around the world, may contribute to increased market volatility, may have long-term effects and may cause economic uncertainties or deterioration in the U.S. In addition, the fiscal and monetary policies of foreign nations, such as Russia and China, may have a severe impact on U.S. financial markets. We are monitoring the conflicts between Russia and Ukraine and Israel and Hamas. While we do not expect that such conflicts will themselves be material to our business, geopolitical instability and adversity arising from such conflict (including additional conflicts that could arise from such conflicts), the imposition of sanctions, taxes and/or tariffs against one of the countries or their response to such sanctions (including retaliatory acts, such as cyber attacks and sanctions against other countries) could adversely affect the global economy or specific international, regional and domestic markets, which could have a material adverse effect on our business, results of operations or financial condition.

Any new legislation that may be adopted in the U.S. could significantly affect the regulation of U.S. financial markets. Areas subject to potential change, amendment or repeal include the Dodd-Frank Act and the authority of the Federal Reserve Board and the FSOC. The U.S. may also potentially withdraw from or renegotiate various trade agreements and take other actions that would change current trade policies of the U.S. We cannot predict which, if any, of these actions will be taken or, if taken, their effect on the financial stability of the U.S. Such actions could have a significant adverse effect on our business, financial condition and results of operations, particularly in view of the regulatory oversight we presently face. We cannot predict the effects of these or similar events in the future on the U.S. economy in general, or specifically on our business model or growth strategy, which typically involves the use of debt financing. To the extent a downturn in the U.S. economy impacts our merchant accounts, regulatory changes increase the burden we face in operating our business, or disruptions in the credit markets prevent us from using debt to finance future acquisitions, our financial condition and results of operations may be materially and adversely impacted.

We rely on FIs and other service and technology providers. If they fail or discontinue providing their services or technology generally or to us specifically, our ability to provide services to customers may be interrupted, and, as a result, our business, financial condition and results of operations could be adversely impacted.

We rely on various FIs to provide clearing services in connection with our settlement activities. If such FIs should stop providing clearing services, we must find other FIs to provide those services. Additionally, we rely on FIs to facilitate our B2B and money transmission services offerings. If we are unable to find a replacement financial institution, we may no longer be able to provide these services to certain customers, which could negatively affect our revenues, earnings and cash flows.

We also rely on third parties to provide or supplement bankcard processing services and for infrastructure hosting services. We also rely on third parties for specific software and hardware used in providing our products and services. The termination by our service or technology providers of their arrangements with us or their failure to perform their services efficiently and effectively may adversely affect our relationships with our merchants and, if we cannot find alternate providers quickly, may cause those merchants to terminate their relationship with us.

We also rely in part on third parties for the development and access to new technologies, or updates to existing products and services for which third parties provide ongoing support, which increases the cost associated with new and existing product and service offerings. Failure by these third-party providers to devote an appropriate level of attention to our products and services could result in delays in introducing new products or services, or delays in resolving any issues with existing products or services for which third-party providers provide ongoing support.

Fraud by customers or others could cause us to incur losses.

We have potential liability for fraudulent Electronic Payment transactions or credits initiated by customers or others. Examples of customer fraud include when a merchant or other party knowingly uses a stolen or counterfeit credit or debit card, card number, or other credentials to record a false sales or credit transaction, processes an invalid card, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud. Failure to effectively manage risk and prevent fraud could increase in the future. Increases in chargebacks, ACH returns or other liabilities could have a material adverse effect on our financial condition, results of operations and cash flows.

We incur liability when our customers refuse or cannot reimburse us for chargebacks resolved in favor of their customers or ACH returns.

We have potential liability for chargebacks associated with the transactions we process. If a billing dispute between a merchant and a cardholder is not ultimately resolved in favor of the merchant, the disputed transaction is "charged back" to the merchant's bank and credited or otherwise refunded to the cardholder. The risk of chargebacks is typically greater with those merchants that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment. If we or our bank sponsors are unable to collect the chargeback from the merchant's account or reserve account (if applicable), or if the merchant refuses or is financially unable (due to bankruptcy or other reasons) to reimburse the merchant's bank for the chargeback, we may bear the loss for the amount of the refund paid to the cardholder. Any increase in chargebacks not paid by our merchants could increase our costs and decrease our revenues. Similarly, if a return is made against a customer for whom we have collected an ACH payment and that customer does not have adequate funds to offset such a return, we may incur a loss. We have policies to manage merchant-related credit risk and often mitigate such risk by requiring collateral and monitoring transaction activity. Notwithstanding our programs and policies for managing credit risk, it is possible that a default on such obligations by one or more of our customers could have a material adverse effect on our business.

If we fail to comply with the applicable requirements of the card networks, they could seek to fine us, suspend us or terminate our registrations for membership. If we incur fines or penalties for which our customers or ISOs are responsible that we cannot collect, we may have to bear the cost of such fines or penalties.

We are subject to card association and network rules that could subject us to a variety of fines or penalties that may be levied by the card networks for certain acts or omissions. The rules of the card networks are set by the card networks themselves and may be influenced by card issuers, some of which are our competitors with respect to processing services. Many banks directly or indirectly sell processing services to merchants in direct competition with us. These banks could attempt, by virtue of their influence on the networks, to alter the networks' rules or policies to the detriment of non-members, including us. The termination of our registrations or our membership status as a service provider or merchant processor, or any changes in a card association or other network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to our customers, could have a material adverse effect on our business, financial condition, results of operations and cash flows. If a customer or an ISO fails to comply with the applicable requirements of the card associations and networks, we or the customer or ISO could be subject to a variety of fines or penalties that may be levied by the card associations or networks. If we cannot collect or pursue collection of such amounts from the applicable customer or ISO, we may have to bear the cost of such fines or penalties, resulting in lower earnings for us. The termination of our registration, or any changes in the Visa or Mastercard rules that would impair our registration, could require us to stop providing Visa and Mastercard payment processing services, which would make it impossible for us to conduct our business on its current scale.

The loss of, for example, key personnel or of our ability to attract, recruit, retain and develop qualified employees could adversely affect our business, financial condition and results of operations.

Our success depends upon the continued services of our senior management and other key personnel who have substantial experience in the Electronic Payments industry and the markets in which we offer our services. In addition, our success depends in large part upon the reputation within the industry of our senior managers who have developed relationships with our distribution partners, payment networks and other payment processing and service providers. Further, in order for us to continue to successfully compete and grow, we must attract, recruit, develop and retain personnel who will provide us with expertise across the entire spectrum of our intellectual capital needs. Our success is also dependent on the skill and experience of our sales force, which we must continuously work to maintain. While we have many key personnel who have substantial experience with our operations, we must also develop our personnel to provide succession plans capable of maintaining the continuity of our operations. The market for qualified personnel is competitive, and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors.

We may be responsible for the actions of our vendors in some circumstances.

We use third parties to provide services to us including IT related services and sales related functions. Should a cybersecurity related event or other act of negligence occur as a result of a third-party service provider, we may be liable for those actions.

Operational failures and resulting interruptions in the availability of our products or services could harm our business and reputation.

Our business depends heavily on the reliability of our systems. An operational failure that results in an interruption in the availability of our products and services could harm our business or cause us to lose clients. An operational failure could involve the hardware, software, data, networks or systems upon which we rely to deliver our services and could be caused by our actions, the actions of third parties or events over which we may have limited or no control. Events that could cause operational failures include, but are not limited to, hardware and software defects or malfunctions, ransomware, denial-of-service and other cyberattacks, human error, earthquakes, hurricanes, floods, fires, natural disasters, pandemics, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses or other malware, or other events. In the event of operational failures or damage or disruption to our business due to these occurrences, we may not be able to successfully or quickly recover all of our critical business functions, assets and data through our business continuity program. Implementation delays, interruptions of service or hardware device defects could damage our relationship with clients and could cause us to incur substantial expenses, including those related to the payment of service credits, product recalls or other liabilities. A prolonged interruption of our services or network could cause us to experience data loss or a reduction in revenue, and significantly impact our clients' businesses and the customers they serve. In addition, a significant interruption of service or product recall could have a negative impact on our reputation and could cause our current and potential clients to choose another service provider. As a provider of payments solutions and other financial services, clients, regulators and others may require enhanced business continuity and disaster recovery plans including frequent testing of such plans. Meeting these various requirements may require a significant investment of time and money. Any of these developments could have a material adverse impact on our business, results of operations and financial condition.

Legal, Regulatory Compliance and Tax Risks

Legal proceedings could have a material adverse effect on our business, financial condition or results of operations.

In the ordinary course of business, we may become involved in various litigation matters, including but not limited to commercial disputes and employee claims, and from time to time may be involved in governmental or regulatory investigations or similar matters arising out of our current or future business. Any claims asserted against us, regardless of merit or eventual outcome, could harm our reputation and have an adverse impact on our relationship with our merchants, distribution partners and other third parties and could lead to additional related claims. Certain claims may seek injunctive relief, which could disrupt the ordinary conduct of our business and operations or increase our cost of doing business. Our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against it, regardless of merit or eventual outcome, may harm our reputation and cause us to expend resources in our defense. Furthermore, there is no guarantee that we will be successful in defending ourselves in future litigation. Should the ultimate judgments or settlements in any pending litigation or

future litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive government regulation, and any new laws and regulations, industry standards or revisions made to existing laws, regulations or industry standards affecting the Electronic Payments industry may have an unfavorable impact on our business, financial condition and results of operations.

Our business is affected by laws and regulations and examinations that affect us and our industries. Regulation and proposed regulation of the payments industry has increased significantly in recent years. Failure to comply with regulations or guidelines may result in the suspension or revocation of a license or registration, the limitation, suspension or termination of service, including money transmission services, and the imposition of civil and criminal penalties, including fines, or may cause customers or potential customers to be reluctant to do business with us, any of which could have an adverse effect on our financial condition.

Interchange fees are subject to intense legal, regulatory and legislative scrutiny. In particular, the Dodd-Frank Act limits the amount of debit card fees charged by certain issuers, allowing merchants to set minimum dollar amounts for the acceptance of credit cards and allowing merchants to offer discounts or other incentives for different payment methods. These types of restrictions could negatively affect the number of debit transactions, which would adversely affect our business. The Dodd-Frank Act also created the CFPB, which has assumed responsibility for enforcing federal consumer protection laws, and the FSOC, which has the authority to determine whether any non-bank financial company, which may include us within the definitional scope, should be supervised by the Federal Reserve because it is systemically important to the U.S. financial system. Any such designation would result in increased regulatory burdens on our business, which increases our risk profile and may have an adverse impact on our business, financial condition and results of operations.

We and many of our merchants may be subject to Section 5 of the Federal Trade Commission Act prohibiting unfair or deceptive acts or practices. That statement and other laws, rules and or regulations, including the Telemarketing Sales Act, may directly impact the activities of certain of our merchants and, in some cases, may subject us, as the merchant's electronic processor or provider of certain services, to investigations, fees, fines and disgorgement of funds if we were deemed to have improperly aided and abetted or otherwise provided the means and instrumentalities to facilitate the illegal or improper activities of the merchant through our services. Various federal and state regulatory enforcement agencies, including the Federal Trade Commission and state attorneys general, have authority to take action against non-banks that engage in unfair or deceptive practices or violate other laws, rules and regulations and to the extent we are processing payments or providing services for a merchant that may be in violation of laws, rules and regulations, we may be subject to enforcement actions and as a result may incur losses and liabilities that may impact our business.

Our business may also be subject to the FCRA, which regulates the use and reporting of consumer credit information and also imposes disclosure requirements on entities that take adverse action based on information obtained from credit reporting agencies. We could be liable if our practices under the FCRA are not in compliance with the FCRA or regulations under it.

Separately, the Housing Assistance Tax Act of 2008 included an amendment to the Internal Revenue Code that requires the filing of yearly information returns by payment processing entities and third-party settlement organizations with respect to payments made in settlement of Electronic Payment transactions and third-party payment network transactions occurring in that calendar year. Transactions that are reportable pursuant to these rules are subject to backup withholding requirements. We could be liable for penalties if our information returns do not comply with these regulations.

These and other laws and regulations, even if not directed at us, may require us to make significant efforts to change our products and services and may require that we incur additional compliance costs and change how we price our services to merchants. Implementing new compliance efforts may be difficult because of the complexity of new regulatory requirements and may cause us to devote significant resources to ensure compliance. Furthermore, regulatory actions may cause changes in business practices by us and other industry participants which could affect how we market, price and distribute our products and services, which could limit our ability to grow, reduce our revenues or increase our costs. In addition, even an inadvertent failure to comply with laws and regulations, as well as rapidly evolving social expectations of corporate fairness, could damage our business or our reputation.

We may not be able to successfully manage our intellectual property and may be subject to infringement claims.

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our proprietary technology. Third parties may challenge, circumvent, infringe or misappropriate our intellectual property, or such intellectual property may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly redesign efforts, discontinuance of service offerings or other competitive harm. Others, including our competitors, may independently develop similar technology, duplicate our services or design around our intellectual property and, in such cases, we could not assert our intellectual property rights against such parties. Further, our contractual arrangements may not effectively prevent disclosure of our confidential information or provide an adequate remedy in the event of unauthorized disclosure of our confidential information. We may have to litigate to enforce or determine the scope and enforceability of our intellectual property rights and know-how, which is expensive, could cause a diversion of resources and may not prove successful. Also, because of the rapid pace of technological change in our industry, aspects of our business and our services rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms or at all. The loss of intellectual property protection or the inability to license or otherwise use third-party intellectual property could harm our business and ability to compete.

We may also be subject to costly litigation if our services and technology are alleged to infringe upon or otherwise violate a third party's proprietary rights. Third parties may have, or may eventually be issued, patents that could be infringed by our products, services or technology. Any of these third parties could make a claim of infringement against us with respect to our products, services or technology. We may also be subject to claims by third parties for patent, copyright or trademark infringement, breach of license or violation of other third-party intellectual property rights. Any claim from third parties may result in a limitation on our ability to use the intellectual property subject to these claims. Additionally, in recent years, individuals and groups have been purchasing intellectual property assets for the sole purpose of making claims of infringement or other violations and attempting to extract settlements from companies like ours. Even if we believe that intellectual property related claims are without merit, defending against such claims is time consuming and expensive and could result in the diversion of the time and attention of our management and employees. Claims of intellectual property infringement or violation also might require us to redesign affected products or services, enter into costly settlement or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our products or services. Even if we have an agreement for indemnification against such costs, the indemnifying party, if any in such circumstances, may be unable to uphold our contractual obligations. If we cannot or do not license the infringed technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be adversely impacted.

Changes in tax laws and regulations could adversely affect our results of operations and cash flows from operations.

Changes in tax laws in our significant tax jurisdictions could materially increase the amount of taxes we owe, thereby negatively impacting our results of operations as well as our cash flows from operations. For example, restrictions on the deductibility of interest expense in a U.S. jurisdiction without a corresponding reduction in statutory tax rates could negatively impact our effective tax rate, financial position, results of operations and cash flows in the period that such a change occurs and future periods.

Our risk management policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks.

We operate in a rapidly changing industry. Accordingly, our risk management policies and procedures may not be fully effective to identify, monitor, manage and remediate our risks. Some of our risk evaluation methods depend upon information provided by others and public information regarding markets, merchants or other matters that are otherwise inaccessible by us. In some cases, that information may not be accurate, complete or up-to-date. Additionally, our risk detection system is subject to a high degree of "false positive" risks being detected, which makes it difficult for us to identify real risks in a timely manner. If our policies and procedures are not fully effective or we are not always successful in capturing all risks to which we are or may be exposed, we may suffer harm to our reputation or be subject to litigation or regulatory actions that materially increase

our costs and subject us to reputational damage that could limit our ability to grow and cause us to lose existing merchant clients.

The financial services industry continues to be highly regulated and subject to new laws or regulations in many jurisdictions, including the U.S. states in which we operate, which could restrict the products and services we offer, impose additional compliance costs on us, render our current operations unprofitable or even prohibit our current or future operations.

We are required to comply with frequently changing federal, state, and local laws and regulations that regulate, among other things, the terms of the financial products and services we offer. New laws or regulations may require us to incur significant expenses to ensure compliance. Federal and state regulators of consumer financial products and services are also enforcing existing laws, regulations, and rules more aggressively, and enhancing their supervisory expectations regarding the management of legal and regulatory compliance risks. For example, State attorneys general have indicated that they will take a more active role in enforcing consumer protection laws, including through the establishment of state consumer protection agencies as well as the use of Dodd-Frank Act provisions that authorize state attorneys general to enforce certain provisions of federal consumer financial laws and obtain civil money penalties and other relief available to the CFPB.
The application of traditional federal and state consumer protection statutes and related regulations to innovative products offered by financial technology companies such as us is often uncertain, evolving and unsettled. To the extent that our products are deemed to be subject to any such laws, we could be subject to additional compliance obligations, including state licensing requirements, disclosure requirements and usury or fee limitations, among other things. Application of such requirements and restrictions to our products and services could require us to make significant changes to our business practices (which may increase our operating expenses and/or decrease revenue) and, in the event of retroactive application of such laws, subject us to litigation or enforcement actions that could result in the payment of damages, restitution, monetary penalties, injunctive restrictions, or other sanctions, any of which could have a material adverse effect on our business, financial position, and results of operations.

Recently, federal bank regulators have increasingly focused on the risks related to bank and non-bank financial service company partnerships, raising concerns regarding risk management, oversight, internal controls, information security, change management, and information technology operational resilience. This focus is demonstrated by recent regulatory enforcement actions against banks that have allegedly not adequately addressed these concerns while growing their non-bank financial service offerings. Additionally, there are ongoing investigations by federal and state governmental entities concerning a prepaid debit card product program that was offered by the Company through an independent program manager. We could be subject to additional regulatory scrutiny with respect to that portion of our business that could have a material adverse effect on the business, financial condition, results of operations and growth prospects of the Company.

Further, we may not be able to respond quickly or effectively to regulatory, legislative, and other developments, and these changes may in turn impair our ability to offer our existing or planned features, products, and services and/or increase our cost of doing business. In addition, we expect to continue to launch new products and services in the coming years, which may subject us to additional legal and regulatory requirements under federal, state and local laws and regulations. To the extent the application of these laws or regulations to our new offerings is unclear or evolving, including changing interpretations and the implementation of new or varying regulatory requirements by federal or state governments and regulators, this may significantly affect or change our proposed business model, increase our operating expenses and hinder or delay our anticipated launch timelines for new products and services.

Disruptions or security failures in our information technology systems, including as a result of cybersecurity incidents, could create liability for us and/or limit our ability to effectively monitor, operate and control our operations and adversely affect our reputation, business, financial condition, results of operation and cash flows.

We may face risks related to cybersecurity, such as unauthorized access, cybersecurity attacks and other security incidents, which could adversely affect our business and operations. The Company relies upon operational and information systems, some of which are managed by third parties, to process, transmit and store electronic information and to manage or support a variety of our business processes, activities and products. Additionally, we collect and store sensitive data, including the personally identifiable information of our customers and employees, in data centers and on information systems (including systems that

may be controlled or maintained by third parties). The Company's business, and in particular, the debit card and cash management solutions business and global payments business, is dependent on its ability to process and monitor, on a daily basis, a large number of transactions, many of which are highly complex, across numerous and diverse markets. These transactions, as well as the information technology services provided to clients, often must adhere to client-specific guidelines, as well as legal and regulatory standards. Due to the breadth and geographical reach of the Company's client base, developing and maintaining its operational and information systems and infrastructure is challenging, particularly as a result of rapidly evolving legal and regulatory requirements and technological shifts.

Although the Company continues to take protective measures to maintain the confidentiality, integrity and security of our operational and information systems and infrastructure, the techniques used in cyberattacks are becoming increasingly diverse and sophisticated. For example, the Company's operational and information systems or infrastructure, or those of our third-party providers, may be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, disruptions of service, computer viruses or other malicious code, cyberattacks and other incidents that could create a cybersecurity event, any of which could remain undetected for an extended period of time. Furthermore, the Company may not be able to ensure that all of its clients, suppliers, counterparties and other third parties have appropriate controls in place to protect themselves from cyberattacks or to protect the confidentiality of the information that they exchange with us, particularly where such information is transmitted by electronic means. Given the increasingly high volume of transactions, certain errors may be repeated or compounded before they can be discovered and rectified. In addition, the increasing reliance on information systems, and the occurrence and potential adverse impact of attacks on such systems, both generally and in the financial services industry, have encouraged increased government and regulatory scrutiny of the measures taken by companies to protect against cybersecurity threats and incidents. As these threats, incidents and government and regulatory oversight of associated risks continue to evolve, the Company may be required to expend additional resources to enhance or expand upon the security measures it currently maintains. Although the Company has developed, and continues to invest in, systems and processes that are designed to detect and prevent security breaches and cyberattacks, a breach of its systems and global payments infrastructure or those of our non-bank financial service partners and processors could result in: losses to the Company and its customers; loss of business and/or customers; damage to its reputation; the incurrence of additional expenses (including the cost of notification to consumers, credit monitoring and forensics, and fees and fines imposed by the card networks); disruption to its business; an inability to grow its online services or other businesses; additional regulatory scrutiny or penalties; and/or exposure to civil litigation and possible financial liability — any of which could have a material adverse effect on the Company's business, financial condition and results of operations. We have not encountered cybersecurity threats or incidents that have materially and adversely affected, or are reasonably likely to materially and adversely affect, the Company's business, results of operations or financial condition; however, the impacts of such threats or incidents in the future may be material.

While the Company maintains cybersecurity insurance, the costs related to cybersecurity threats or disruptions may not be fully insured. For information on our cybersecurity risk management, strategy and governance, see Part I, Item 1C., Cybersecurity

Risk Related to Our Capital Structure

We face risks related to our substantial indebtedness.

We have a substantial amount of indebtedness and may incur other debt in the future. Our level of debt and the covenants to which we agreed could have negative consequences on us, including, among other things, (i) requiring us to dedicate a large portion of our cash flow from operations to servicing and repayment of the debt; (ii) limiting funds available for strategic initiatives and opportunities, working capital and other general corporate needs and (iii) limiting our ability to incur certain kinds or amounts of additional indebtedness, which could restrict our ability to react to changes in our business, our industry and economic conditions.

Substantially all of our indebtedness is variable rate debt, primarily based on SOFR, which replaced LIBOR effective June 30, 2023. As a result of this variable rate debt, an increase in interest rates generally, such as those we have recently experienced, would adversely affect our profitability. We may enter into pay-fixed interest rate swaps or other derivative transactions to limit our exposure to changes in floating interest rates. Such instruments may result in economic losses should interest rates decline to a point lower than our fixed rate commitments. We would be exposed to credit-related losses, which could impact the results

of operations in the event of fluctuations in the fair value of the interest rate swaps due to a change in the credit worthiness or non-performance by the counterparties to the interest rate swaps.

The credit agreements governing our existing credit facilities and any other debt instruments we may issue in the future will contain restrictive covenants that may impair our ability to conduct business.

The credit agreements governing our existing credit facilities contain operating covenants and financial covenants that may limit management's discretion with respect to certain business matters. In addition, any debt instruments we may issue in the future will likely contain similar operating and financial covenants restricting our business. Among other things, these covenants will limit our ability to:

- pay dividends, or redeem or purchase equity interests;
- incur additional debt;
- incur liens;
- change the nature of our business;
- engage in transactions with affiliates;
- sell or otherwise dispose of assets;
- make acquisitions or other investments; and
- merge or consolidate with other entities.

In addition, the credit agreement governing our revolving credit facility contains a total net leverage ratio financial covenant that is applicable when 35% or more of the revolving credit facility is drawn at quarter end. A breach of any of these covenants (or any other covenant in the documents governing our Credit and Guaranty Agreement) could result in a default or event of default under our Credit and Guaranty Agreement. If an event of default occurred, the applicable lenders or agents could elect to terminate borrowing commitments and declare all borrowings and loans outstanding thereunder, together with accrued and unpaid interest and any fees and other obligations, to be immediately due and payable. In addition, or in the alternative, the applicable lenders or agents could exercise their rights under the security documents entered into in connection with our Credit and Guaranty Agreement. Any acceleration of amounts due under the Credit and Guaranty Agreement would likely have a material adverse effect on us.

Risks Related to Ownership of Our Stock

Because we have no current plans to pay cash dividends on our Common Stock for the foreseeable future, you may not receive any return on investment unless you sell your Common Stock for a price greater than that which you paid for it.

We intend to retain future earnings, if any, for future operations, expansion, and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. The declaration, amount, and payment of any future dividends on shares of Common Stock will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account general and economic conditions, our financial condition, and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our shareholders or by our subsidiaries to us, and such other factors as our Board of Directors may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness we or our subsidiaries incur. As a result, you may not receive any return on an investment in our Common Stock unless you sell our Common Stock for a price greater than that which you paid for it.

Mr. Thomas Priore, our Chief Executive Officer and Chairman, controls the Company, and his interests may conflict with ours or yours in the future.

Thomas Priore and his affiliates have the ability to elect all of the members of our Board of Directors and thereby control our policies and operations, including the appointment of management, future issuances of our Common Stock or other securities, the payment of dividends, if any, on our Common Stock, the incurrence or modification of debt by us, amendments to our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws, and the entering into of extraordinary transactions, and their interests may not in all cases be aligned with your interests. In addition, Thomas Priore may have an interest in pursuing acquisitions, divestitures, and other transactions that, in his judgment, could enhance his investment, even though such transactions might involve risks to you. For example, he could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets. Additionally, in certain circumstances, acquisitions of debt at a discount by purchasers that are related to a debtor can give rise to cancellation of indebtedness income to such debtor for U.S. federal income tax purposes.

Our Amended and Restated Certificate of Incorporation provides that neither he nor any of his affiliates, or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. So long as Thomas Priore continues to own a significant amount of our combined voting power, even if such amount is less than 50%, he will continue to be able to strongly influence or effectively control our decisions. Furthermore, so long as Thomas Priore and his respective affiliates collectively own at least 50% of all outstanding shares of our Common Stock entitled to vote generally in the election of directors, they will be able to appoint individuals to our Board of Directors. In addition, given his level of control, Thomas Priore will be able to determine the outcome of all matters requiring shareholders' approval and will be able to cause or prevent a change of control of the Company or a change in the composition of our Board of Directors and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of Common Stock as part of a sale of the Company and ultimately might affect the market price of our Common Stock.

Future sales of common stock by our directors and officers, or their pledgees, as a result of foreclosure could adversely affect the price of common stock and could, in the future, result in a loss of control of our company.

Upon the approval of our Board, our directors and officers may pledge shares of common stock as collateral for personal loans or investments in favor of third parties. Depending on the status of the various loan obligations for which the stock would ultimately serve as collateral and the trading price of our common stock, our directors and/or officers, and their affiliates, may experience foreclosure that could result in the sale of the pledged stock, in the open market or otherwise. Sales by these pledgees may not be subject to the volume limitations of Rule 144 of the Securities Act. Even in the absence of shares being sold, the act of pledging shares and the risk of sales of shares may create a misalignment of interests between insider pledgors and the Company’s shareholders, as the insider may be incentivized to take actions that limit his or her exposure to such sales. Either scenario could potentially subject the Company and its insiders to shareholder lawsuits, particularly in an environment of declining share prices. As of the date of this Form 10-K, no officer or director that has pledged shares of common stock.

We have identified a material weakness in our internal control over financial reporting, and if our remediation of such material weakness is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

In the course of preparing our financial statements for the year ended December 31, 2024, we identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified pertains to certain tools or applications involved in the transformation and ingestion of third-party processors’ data in the Company’s control environment.

If we are unable to further implement and maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods could be adversely affected, which could subject us to litigation or investigations requiring management

resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected and we could become subject to litigation or investigations by Nasdaq, the SEC or other regulatory authorities, which could require additional financial and management resources.

Furthermore, we cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weakness in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods.
Any failure to implement and maintain effective internal control over financial reporting could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports that are filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq.

Item 1B. Unresolved Staff Comments

N/A

Item 1C. Cybersecurity

Risk Management and Strategy

We recognize the importance of maintaining the trust and confidence of the customers we serve, our business partners, employees and our shareholders and are committed to protecting the confidentiality, integrity and reliance of our business operations and systems. Effective data protection and cyber security practices, including responsible stewardship of our intellectual property and the secure processing, storage, maintenance and transmission of critical information by us and other third parties with whom we do business is vital to our operations. We have adopted policies and procedures with an intended design to identify, assess and manage risks associated with cybersecurity threats.

- We perform risk assessments periodically at both an enterprise level and system level in addition to assessments performed by third parties;
- Our information security team performs threat monitoring services;
- Our Internal Audit function performs annual reviews of selected systems and applications to test certain controls;
- Independent consultants evaluate selected systems and applications on an annual basis;
- We perform risk assessments of third-party vendors and perform ongoing risk-based monitoring of those third parties; and
- We maintain a business continuity plan for execution in the event of a cybersecurity incident.

We have not experienced any material cybersecurity incidents in the past calendar years and the expenses we have incurred from cybersecurity incidents during that time were immaterial. We have not identified risks from known cybersecurity threats that have materially affected us, including our operations, business strategy, results of operations or financial condition.

Governance

Our Board considers cybersecurity risk as part of its risk oversight function. The Board oversees the Company's overall risk framework including management's implementation of our cybersecurity risk management program. The Board receives reports from the Chief Risk Officer on a regular basis on cybersecurity and information technology risk management.

Our Company's cybersecurity team, overseen by our Chief Information Security Officer ("CISO") is responsible for assessing and managing our risks from cybersecurity threats, including defining our security policy and furnishing related information for Board reporting. The CISO approves all security policies and oversees the identification, assessment, and management of security risks. The CISO regularly reports to management's SOX Committee which may elevate cybersecurity issues to the Board at any time.

Item 2. Properties

We operate from several offices throughout the U.S. and one office in India, all of which we lease.

Our key office locations include:

- corporate headquarters in Alpharetta, GA;
- administrative office in Hicksville, NY;
- administrative office in New York, NY;
- administrative office in Dallas, TX;
- administrative office in Houston, TX;
- administrative office in Nashville, TN;
- administrative office in Chattanooga, TN;
- administrative office in San Francisco, CA;
- administrative office in Raleigh, NC; and
- administrative office in Chandigarh, India.

We lease several small facilities for sales and operations. Our current facilities meet the needs of our employee base and can accommodate our currently contemplated growth.

Item 3. Legal Proceedings

The Company is involved in certain legal proceedings and claims, which arise in the ordinary course of business. In the opinion of the Company, based on consultations with inside and outside counsel, the results of any of these ordinary course matters, individually and in the aggregate, are not expected to have a material effect on our results of operations, financial condition, or

cash flows. As more information becomes available and we determine that an unfavorable outcome is probable on a claim and that the amount of probable loss that we will incur on that claim is reasonably estimable, we will record an accrued expense for the claim in question. If and when we record such an accrual, it could be material and could adversely impact our results of operations, financial condition and cash flows.

The Company is a party in a case filed on October 11, 2023 in the United States District Court of Northern District of California (the "Complaint"). The Complaint is a putative class action against The Credit Wholesale Company, Inc. ("Wholesale"), Priority Technology Holdings, Inc., Priority Payment Systems ("PPS"), LLC and Wells Fargo Bank, N.A. ("Wells Fargo"). The Complaint alleges that Wholesale as an agent of Priority, PPS and Wells Fargo made non-consensual recordation of telephonic communications with California businesses in violation of California Invasion of Privacy Act (the "Act"). The Complaint seeks to certify a class of affected businesses and an award of $5,000 per violation of the Act. On January 24, 2025, the court preliminarily approved the settlement agreement entered into by the parties wherein defendants agree to pay $19.5 million to settle this litigation. Any contribution toward the settlement by the Company will be nominal, and will not have any material impact on the Company's results of operations, financial conditions or cash flows.

Item 4. Mine Safety Disclosures

Not applicable

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

On July 25, 2018, our Common Stock began trading on The Nasdaq Capital Market under the symbol "PRTH". As of February 28, 2025, we had 62 holders of record of our Common Stock. This figure does not include the number of persons whose securities are held in nominee or "street" name accounts through brokers. We have never declared or paid, and do not anticipate declaring or paying in the foreseeable future, any cash dividends on our Common Stock.

Equity Compensation Plan Information

Period	Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	Weighted-average exercise price of outstanding options, warrants and rights[2]	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity Compensation Plans approved by security holders	2,453,018	$ 6.840	3,150,595
Equity Compensation Plans not approved by security holders	—	$ —	—

(1) Represents stock options PSUs, and RSUs outstanding under the Company's 2018 Plan.
(2) The weighted-average exercise price set forth in this column is calculated for stock options outstanding and excludes outstanding PSUs and RSU awards, since recipients are not required to pay an exercise price to receive the shares related to these awards.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Purchases of Equity Securities

The following table presents information with respect to purchases made by the Company of its Common Stock during the three months ended December 31, 2024 (shares are in whole units):

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1-31, 2024	24,149	$ 6.77	—	690,626
November 1-30, 2024	—	$ —	—	690,626
December 1-31, 2024	14,553	$ 11.28	—	690,626
Total	38,702		—	

(1) 38,702 shares were withheld to satisfy employees' tax withholding obligations in connection with the vesting of PSUs and RSUs. The number of shares withheld was determined based on the fair market value on the vesting date.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis of financial condition and results of operations should be read together with our audited financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. This section of this Form 10-K generally discusses 2024 and 2023 items and year-over-year comparisons between 2024 and 2023. Discussions of 2023 items and year-over-year comparisons between 2023 and 2022 are not included in this Form 10-K, and can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Certain amounts in this section may not add mathematically due to rounding.

For a description and additional information about our three reportable segments, see Note 19. Segment Information, contained in "Item 8 - Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Results of Operations

This section includes certain components of our results of operations for the years ended December 31, 2024 (or "2024"), and December 31, 2023 (or "2023"). We have derived this data, except key indicators including merchant bankcard processing dollar values and transaction count (SMB Payments), issuing dollar volume and transaction count (B2B Payments), and average billed clients and new enrollments (Enterprise Payments), from our audited Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Revenue

For the year ended December 31, 2024, our consolidated revenue of $879.7 million increased by $124.1 million, or 16.4%, from $755.6 million for the year ended December 31, 2023. This overall increase was driven by increases in merchant bankcard processing dollar value and transaction count in our SMB Payments segment, an increase in new enrollments and higher interest income on permissible investments in our Enterprise Payments segment and an increase in revenue from CPX due to increase in volumes and Plastiq business acquired during the third quarter of 2023 in B2B Payments segment.

Revenues by type for 2024 and 2023 were as follows:

(in thousands)	Years Ended December 31,		2024 vs 2023
	2024	2023	$ Change
Revenue Type:			
Merchant card fees	$ 670,411	$ 595,205	$ 75,206
Money transmission services	130,123	98,137	31,986
Outsourced services and other services	67,018	49,600	17,418
Equipment	12,150	12,670	(520)
Total revenues	$ 879,702	$ 755,612	$ 124,090

Merchant Card Fees

For the year ended December 31, 2024, our merchant card fees revenue of $670.4 million increased by $75.2 million, or 12.6%, from $595.2 million for the year ended December 31, 2023. This increase was primarily driven by revenue from the Plastiq business that was acquired during the third quarter of 2023 and increased bankcard processing dollar values and transaction counts in SMB payments.

Money Transmission Services

Money transmission services revenue of $130.1 million for the year ended December 31, 2024 increased by $32.0 million or 32.6%, from $98.1 million for the year ended December 31, 2023 and is primarily driven by an increase in customer enrollments.

Outsourced Services and Other Services

Outsourced services and other services revenue of $67.0 million for the year ended December 31, 2024 increased by $17.4 million, or 35.1%, from $49.6 million for the year ended December 31, 2023. This increase was primarily due to growth in interest income on permissible investments due to higher interest rates and deposit balances and additional revenues generated by our B2B Payments segment.

Equipment

Equipment revenue of $12.2 million for the year ended December 31, 2024, decreased by $0.5 million, or 4.1%, from $12.7 million for the year ended December 31, 2023. The decrease was primarily due to a decrease in point-of-sale equipment sales volume.

Operating Expenses

Operating expenses for 2024 and 2023 were as follows:

(in thousands)	Years Ended December 31,		2024 vs 2023
	2024	2023	$ Change
Operating expenses			
Cost of services (excludes depreciation and amortization)	$ 551,621	$ 480,307	$ 71,314
Salary and employee benefits	89,216	79,974	9,242
Depreciation and amortization	58,041	68,395	(10,354)
Selling, general and administrative	47,403	45,412	1,991
Total operating expenses	$ 746,281	$ 674,088	$ 72,193

Costs of Services (excludes depreciation and amortization)

Costs of services (excludes depreciation and amortization) of $551.6 million for the year ended December 31, 2024 increased by $71.3 million, or 14.8%, from $480.3 million for the year ended December 31, 2023, primarily due to the corresponding increase in revenues. For the year ended December 31, 2024, costs of services (excluding depreciation and amortization) as a percentage of total revenues decreased to 62.7% as compared to 63.6% for the year ended December 31, 2023. This decrease was primarily due to the increase in interest income on permissible investments and money transmission revenues which do not have significant cost of services offset by certain credit losses, obsolete inventory write offs and, mix related margin compression.

Salary and employee benefits

Salary and employee benefits expense of $89.2 million for the year ended December 31, 2024 increased by $9.2 million, or 11.6%, from $80.0 million for the year ended December 31, 2023, primarily due to higher wages, and increased headcount from acquisitions to support overall growth of the Company. The Company's employee headcount increased to 1,019 in 2024 from 977 in 2023.

Depreciation and amortization expense

Depreciation and amortization expense of $58.0 million for the year ended December 31, 2024 decreased by $10.4 million, or 15.1%, from $68.4 million for the year ended December 31, 2023, primarily due to full amortization of certain intangible assets partially offset by the depreciation of new assets placed in service.

Selling, general and administrative

Selling, general and administrative expenses of $47.4 million for the year ended December 31, 2024 increased by $2.0 million, or 4.4%, from $45.4 million for the year ended December 31, 2023, primarily due to increase of $8.5 million in marketing, software, management fee, bad debt write offs and other operating expenses offset by decrease in restructuring expenses ($3.5 million), legal and professional expenses ($1.5 million) primarily related to acquisitions, and gain from changes in fair value of contingent consideration ($1.5 million).

Other Expenses, net

(in thousands)	Years Ended December 31,		2024 vs 2023
	2024	2023	$ Change
Other expense			
Interest expense	$ (88,948)	$ (76,108)	$ (12,840)
Debt extinguishment and modification costs	(10,369)	—	(10,369)
Other income, net	3,177	1,736	1,441
Total other expenses, net	$ (96,140)	$ (74,372)	$ (21,768)

Interest expense

Interest expense of $88.9 million for the year ended December 31, 2024 increased by $12.8 million, or 16.9%, from $76.1 million for the year ended December 31, 2023, due to higher debt balances to fund the redemption of the redeemable senior preferred stock partially offset by a decrease in interest rates during the fourth quarter of 2024.

Debt extinguishment and modification costs

Debt extinguishment and modification costs for the year ended December 31, 2024 increased by $10.4 million or 100%, from the year ended December 31, 2023, due to debt refinancings (see Note 10. Debt Obligations). Other income, net of $3.2 million for the year ended December 31, 2024 increased by $1.4 million, or 83.0%, from $1.7 million for the year ended December 31, 2023, due to increased interest income from the Company's operating accounts.

Income tax expense

(in thousands)	Years Ended December 31,		2024 vs 2023
	2024	2023	$ Change
Income before income taxes	$ 37,281	$ 7,152	$ 30,129
Income tax expense	$ 13,266	$ 8,463	$ 4,803
Effective tax rate	35.6 %	118.3 %	

The decrease in the effective tax rate from 2023 to 2024 is primarily due to a reduction in the amount of additional valuation allowance recorded against certain business interest carryover deferred tax assets.

Our consolidated effective income tax rates differ from the statutory rate due to timing and permanent differences between amounts calculated under GAAP and the U.S. tax code. The consolidated effective income tax rate for 2024 may not be indicative of our effective tax rate for future periods.

Earnings Attributable to Common Shareholders

(in thousands)	Years Ended December 31,		2024 vs 2023
	2024	2023	$ Change
Net income (loss)	$ 24,015	$ (1,311)	$ 25,326
Less: Dividends, accretion and related excise tax attributable to redeemable senior preferred stockholders	(47,336)	(47,744)	408
Less: NCI preferred unit redemptions, net of deferred tax benefit	(639)	—	(639)
Net loss attributable to common shareholders	$ (23,960)	$ (49,055)	$ 25,095

Dividends, accretion and related excise tax attributable to redeemable senior preferred stockholders consists of $27.7 million of dividends, $16.9 million of accretion and $2.7 million of excise tax related to redemption of redeemable senior preferred stock and redeemable NCI for the year ended December 31, 2024. The balance remained consistent as compared to 2023 due to redemption of redeemable senior preferred stock during 2024.

Segment Results

The Company's chief operating decision makers ("CODM") are our CEO and CFO. The CODM uses adjusted earnings before interest expense, income tax and depreciation and amortization expenses ("Adjusted EBITDA") as measures of segment profit and loss to allocate resources.

Adjusted EBITDA represents, EBITDA, adjusted for 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. Adjusted EBITDA is a non-GAAP measure and therefore, a reconciliation to net income (loss) (a GAAP measure) is included herein.

Operating overhead and shared costs are managed centrally and included in corporate.

This non-GAAP financial measure helps to understand the underlying financial and business trends relating to results of operations of the Company and therefore used as a measure of segment profit or loss for the purposes of evaluation of segment performance and allocation of resources.

SMB Payments

(in thousands)	Year Ended December 31,		
	2024	2023	Change
Revenues	$ 613,547	$ 583,251	$ 30,296
Adjusted EBITDA	108,913	109,485	$ (572)
Key Indicators:			
Merchant bankcard processing dollar value	$ 61,703,021	$ 59,054,039	$ 2,648,982
Merchant bankcard transaction count	755,989	696,203	59,786
Total card processing dollar value	$ 71,566,091	$ 68,489,886	$ 3,076,205

Revenue

Revenue from our SMB Payments segment was $613.5 million for the year ended December 31, 2024, compared to $583.3 million for the year ended December 31, 2023. The increase of $30.3 million, or 5.2%, was primarily driven by merchant card fee rate and bankcard processing dollar value and transaction count increases. The Company's merchant card fee revenue from the SMB Payments segment ($595.0 million for 2024 and $564.3 million for 2023) as a percentage of merchant bankcard

processing dollar value during 2024 increased to 0.96% from 0.95% during 2023. The increase was primarily driven by changes in the merchant mix.

Adjusted EBITDA

Adjusted EBITDA from our SMB Payments segment was $108.9 million for the year ended December 31, 2024, compared to $109.5 million for the year ended December 31, 2024. The decrease of $0.6 million or 0.6% was primarily due to certain credit losses, mix-related margin compression and increase in salary expenses partially offset by increased revenue and gain from changes in the fair value of contingent consideration from a past acquisition.

B2B Payments

(in thousands)	Year Ended December 31,		
	2024	2023	Change
Revenues	$ 89,103	$ 41,156	$ 47,947
Adjusted EBITDA	7,605	2,250	5,355
Key Indicators:			
B2B issuing dollar volume	$ 977,278	$ 851,948	$ 125,330
B2B issuing transaction	974	1,087	(113)

Revenue

Revenue from our B2B Payments segment was $89.1 million for the year ended December 31, 2024, compared to $41.2 million for the year ended December 31, 2023. The increase of $47.9 million, or 116.5%, was primarily driven by an increase of $44.4 million in the Plastiq business which was acquired during the third quarter of 2023 and an increase of $4.1 million in the CPX business due to increased interest revenue and volumes. This increase was offset by a decrease of $0.6 million driven by the wind down of certain customer programs in the managed services business during the fourth quarter of 2023.

Adjusted EBITDA

Adjusted EBITDA from our B2B Payments segment was $7.6 million for the year December 31, 2024, compared to $2.2 million for the year ended December 31, 2023. The increase of $5.4 million was primarily driven by increase in revenues offset by increase in operating expenses.

Enterprise Payments

(in thousands)	Year Ended December 31,		
	2024	2023	Change
Revenues	$ 180,448	$ 132,186	$ 48,262
Adjusted EBITDA	154,936	110,893	$ 44,043
Key Indicators:			
Average billed clients	$ 797,567	$ 556,526	$ 241,041
Average new enrollments	56,072	51,059	5,013

Revenue

Revenue from our Enterprise Payments segment was $180.4 million for the year ended December 31, 2024, compared to $132.2 million for the year ended December 31, 2023. The increase of $48.3 million, or 36.6%, was primarily driven by an increase in customer enrollments, additional revenues generated by our Passport platform, and growth in interest income due to higher deposit balances and higher returns on the permissible investments related to our money transmission licenses.

Adjusted EBITDA

Adjusted EBITDA from our Enterprise Payments segment was $154.9 million for the year ended December 31, 2024, compared to $110.9 million for the year ended December 31, 2023. The increase of $44.0 million or 39.8% was primarily due to increase in revenue offset by increased salaries.

	Year Ended December 31, 2024				
	SMB Payments	B2B Payments	Enterprise Payments	Corporate	Total Consolidated
Reconciliation of Adjusted EBITDA to GAAP Measure:					
Adjusted EBITDA	$ 108,913	$ 7,605	$ 154,936	$ (67,187)	$ 204,267
Interest expense	(1)	(4,340)	—	(84,607)	(88,948)
Depreciation and amortization	(30,865)	(5,258)	(16,928)	(4,990)	(58,041)
Debt modification and extinguishment expenses	—	—	—	(10,369)	(10,369)
Selling, general and administrative (non-recurring)	—	—	—	(3,510)	(3,510)
Non-cash stock based compensation	(16)	(220)	(131)	(5,751)	(6,118)
Income (loss) before taxes	**$ 78,031**	**$ (2,213)**	**$ 137,877**	**$ (176,414)**	**$ 37,281**
Income tax expense					(13,266)
Net income					**$ 24,015**

	Year Ended December 31, 2023				
	SMB Payments	B2B Payments	Enterprise Payments	Corporate	Total Consolidated
Reconciliation of Adjusted EBITDA to GAAP Measure:					
Adjusted EBITDA	$ 109,485	$ 2,250	$ 110,893	$ (54,296)	$ 168,332
Interest expense	—	(1,302)	(357)	(74,449)	(76,108)
Depreciation and amortization	(36,715)	(1,831)	(22,426)	(7,423)	(68,395)
Selling, general and administrative (non-recurring)	—	—	—	(9,825)	(9,825)
Non-cash stock based compensation	(539)	(549)	(261)	(5,419)	(6,768)
Non-cash other losses	—	—	—	(84)	(84)
Income (loss) before taxes	**$ 72,231**	**$ (1,432)**	**$ 87,849**	**$ (151,496)**	**$ 7,152**
Income tax expense					(8,463)
Net loss					**$ (1,311)**

Liquidity and Capital Resources

Liquidity and capital resource management is a process focused on providing the funding we need to meet our short-term and long-term cash and working capital needs. We have used our funding sources to build our customer base, for technology solutions and to make acquisitions with the expectation that such investments will generate cash flows sufficient to cover our working capital needs and other anticipated needs, including for our acquisition strategy. We anticipate that cash on hand, funds generated from operations and available borrowings under our revolving credit agreement are sufficient to meet our working

capital requirements for at least the next twelve months. This is based upon management's estimates and assumptions regarding effects of micro and macro factors impacting the economic environment in which the Company operates on our financial results. Actual future results could differ materially, as the magnitude, duration and effects of changes in economic, political and market conditions are difficult to predict, and ultimately could negatively impact our liquidity and capital resources. Our principal uses of cash are to fund business operations (including capital expenditures and strategic investments) and administrative costs, and to service our debt.

Our working capital, defined as current assets less current liabilities, was $53.4 million at December 31, 2024 and $29.2 million at December 31, 2023. As of December 31, 2024, we had cash and cash equivalents with a balance of $58.6 million compared to $39.6 million at December 31, 2023. These cash and cash equivalent balances do not include restricted cash of $11.1 million and $11.9 million at December 31, 2024 and 2023, respectively, which reflects cash accounts holding customer settlement funds and cash reserves for potential losses. The current portion of long-term debt included in current liabilities was $9.5 million and $6.7 million at December 31, 2024 and 2023, respectively.

At December 31, 2024, we had availability of approximately $70.0 million under our revolving credit arrangement.

The following tables and narrative reflect our changes in cash flows for the comparative annual periods.

	Years Ended December 31,	
(in thousands)	**2024**	**2023**
Net cash provided by (used in):		
Operating activities	$ 85,609	$ 81,256
Investing activities	(35,546)	(55,748)
Financing activities	147,578	210,105
Net increase in cash and restricted cash	$ 197,641	$ 235,613

Cash Provided by Operating Activities

Net cash provided by operating activities was $85.6 million and $81.3 million for the years ended December 31, 2024 and 2023, respectively. The $4.3 million or 5.3% increase in 2024 was driven by net income increase, offset by changes in non-cash items and, operating assets and liabilities.

Cash Used in Investing Activities

Net cash used in investing activities was $35.5 million compared to cash used investing activities of $55.7 million for the years ended December 31, 2024 and 2023, respectively. The Company had no business acquisitions for the year ended December 31, 2024, compared to net cash used of $28.2 million in 2023 to acquire Plastiq business. Additions to property, equipment and software was $21.7 million for the year ended December 31, 2024 compared to $21.3 million in 2023 and acquisitions of intangible assets was $10.5 million for the year ended December 31, 2024, compared to $6.6 million in 2023. Net amount of $3.4 million was advanced for loans to ISOs for the year ended December 31, 2024, compared to $0.4 million related to payments received against loans to ISOs in 2023.

Cash Provided by Financing Activities

Net cash provided by financing activities was $147.6 million for the year ended December 31, 2024, compared to $210.1 million for the year ended December 31, 2023. The net cash provided by for the year ended December 31, 2024 included changes in the net obligations for funds held on the behalf of customers of $179.6 million, borrowings under the 2024 Credit Agreement (including the First Amendment) net of issue discounts of $945.1 million, and proceeds for the exercise of stock options of $1.8 million. This was offset by repayment of the principal of the 2021 Credit Agreement and debt issuance and modification costs related to the refinancing of $666.5 million, redemption of the redeemable senior preferred stock including dividends of $303.2 million, redemption of non-controlling interest in subsidiary of $2.1 million, $1.5 million of cash used for shares withheld for taxes, and $5.6 million of payment of contingent consideration for business combinations. For the year ended December 31, 2023, included changes in the net obligations for funds held on the behalf of customers of $211.1 million,

$49.8 million related to proceeds from the increase of the term Facility under the 2021 Credit Agreement and $44.0 million related to additional borrowings under the revolving credit facility. This was offset by $56.5 million of cash used for the repayment of borrowings under the revolving credit facility, $6.3 million of cash used for the repayment of the 2021 Credit Agreement's term facility, $24.7 million of cash dividends paid to redeemable senior preferred stockholders, $1.3 million of cash used for shares withheld for taxes, $4.7 million of payments of contingent consideration for business combinations and $1.2 million for debt issuance and modification costs paid related to the modification of the 2021 Credit Agreement.

Long-Term Debt

For the year ended December 31, 2024, the Company had outstanding debt obligations, including the current portion and net of unamortized debt discount of $945.5 million, compared to $654.4 million for the year ended December 31, 2023, resulting in an increase of $291.1 million. The debt balance for the year ended December 31, 2024 consisted of funds outstanding under the term facility, offset by $15.1 million of unamortized debt discounts and issuance costs. There were no funds outstanding under the revolving credit facility as of December 31, 2024 and 2023. Minimum amortization of the term facility are equal quarterly installments in aggregate annual amounts equal to 1.0% of the original principal, with the balance paid upon maturity.

On May 16, 2024, the Company entered in to the 2024 Credit Agreement, which provided a $835.0 million term facility and a revolving credit facility of $70.0 million. The term facility was was further increased by $115.0 million (First Amendment to the 2024 Credit Agreement) effective November 21, 2024. The outstanding borrowings will accrue using the SOFR rate plus an applicable margin per year subject to a SOFR floor of 0.50%. The term facility matures in May 2031 and the revolving credit facility expires in May 2029.

The Credit Agreement contains representations and warranties, financial and collateral requirements, mandatory payment events, events of default and affirmative and negative covenants, including without limitation, covenants that restrict among other things, the ability to create liens, pay dividends or distribute assets from the loan parties to the Company, merge or consolidate, dispose of assets, incur additional indebtedness, make certain investments or acquisitions, enter into certain transactions (including with affiliates) and to enter into certain leases.

If the aggregate principal amount of outstanding revolving loans and letters of credit under the Credit Agreement exceeds 35% of the total revolving facility thereunder, the loan parties are required to comply with certain restrictions on its Total Net Leverage Ratio, which is defined in the Credit Agreement as the ratio of consolidated total debt less unrestricted cash to consolidated adjusted EBITDA (as defined in the Credit Agreement). If the aggregate principal amount of outstanding revolving loans and letters of credit under the 2024 Credit Agreement exceeds 35% of the total revolving credit facility thereunder, the Company is required to comply with certain restrictions on its Total Net Leverage Ratio. If applicable, the maximum permitted Total Net Leverage Ratio is: 1) 6.90:1.00 at each fiscal quarter ended September 30, 2024 through December 31, 2025; 2) 6.40:1.00 at each fiscal quarter ended March 31, 2026 and each fiscal quarter thereafter. As of December 31, 2024, the Company was in compliance with the covenants in the 2024 Credit Agreement.

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. We believe that the following discussion addresses our most critical accounting estimates, which are those that are most important to the portrayal of our financial condition and results of operations and require management's most difficult, subjective, and complex judgments.

Income Taxes

We account for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more

likely than not that some portion or all of a deferred tax asset will not be realized based on the weight of available evidence, including expected future earnings.

We recognize an uncertain tax position in our financial statements when we conclude that a tax position is more likely than not to be sustained upon examination based solely on its technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full impact of any change in recognition or measurement is reflected in the period in which such change occurs. Interest and penalties related to income taxes are recognized in the provision for income taxes.

Goodwill and Long-lived Assets

We test goodwill for impairment for each of our reporting units on an annual basis on October 1 or when events occur, or circumstances indicate the fair value of a reporting unit may be below its carrying value. We perform the annual assessment using the qualitative method. Where deemed appropriate, we may perform a quantitative assessment that uses market data and discounted cash flow analysis, which involve estimates of future revenues and operating cash flows. Changes in these estimates and assumptions or a significant decrease in earnings could materially affect the fair value of goodwill and could result in a goodwill impairment charge.

The annual impairment assessment for goodwill does not change our requirements to assess goodwill on an interim date between scheduled annual testing dates if triggering events are present.

We review our long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. For long-lived assets, except goodwill, an impairment loss is indicated when the undiscounted future cash flows estimated to be generated by the asset group are not sufficient to recover the unamortized balance of the asset group.

We amortize the cost of our acquired intangible assets over their estimated useful lives using either a straight-line or an accelerated method that most accurately reflects the estimated pattern in which the economic benefit of the respective asset is consumed.

Business Combinations

We allocate the purchase price of an acquired business to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. For acquisitions that include contingent consideration, we estimate the fair value of contingent consideration at the acquisition date. The estimated fair value of contingent consideration is updated in future periods based on information available at that time. Management uses all available information when estimating the fair values of the assets acquired, liabilities assumed and contingent consideration, and must apply judgement and make certain assumptions when making these estimates. The assumptions management uses when determining fair values include estimated future cash flows or income, market rate assumptions, actuarial assumptions and discount rate assumptions. We typically engage third-party valuation advisors to assist in estimating the fair values of acquired assets and assumed liabilities. Our estimates of fair value are based upon assumptions the Company believes to be reasonable, but that are inherently uncertain, and therefore, may not be realized. Accordingly, there can be no assurance that the estimates, assumptions and values reflected in the valuations will be realized, and actual results could differ materially.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest rate risk

Our debt facilities under our Credit Agreement bear interest at either a base rate or a SOFR rate plus an applicable margin per year, subject to a SOFR rate floor of 0.50% per year. As of December 31, 2024, we had $945.5 million in outstanding borrowings under our Credit Agreement. Ignoring the 0.50% SOFR floor, a hypothetical 1.00% increase or decrease in the

applicable SOFR rate on our outstanding indebtedness under the Credit Agreement would increase or decrease cash interest expense by approximately $9.5 million per year. We do not currently hedge against interest rate risk.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Priority Technology Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Priority Technology Holdings, Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive loss, changes in shareholders' deficit and non-controlling interests and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework and our report dated March 6, 2025 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Description of the Matter	**Accrued Residual Commissions and Residual Commission Expenses** Accrued residual commissions recorded by the Company and included on the Consolidated Balance Sheet were $37.6 million at December 31, 2024, and residual commission expenses included within costs of services on the Consolidated Statement of Operations were $426.6 million for the year ended December 31, 2024. As discussed in Note 1 of the consolidated financial statements, the Company accrues and pays commission expense for certain customer services and other services provided by its independent sales organizations (ISOs). Commissions are based on a percentage of the net revenues generated from the Company's merchant customers, and these percentages vary based on the program type and transaction volume of each merchant. Auditing residual commissions was complex due to the non-standard nature of the pricing terms within the ISO contracts, the volume of contracts, the volume of transactions processed each month, and the degree of auditor judgment needed to design the nature and extent of audit procedures to obtain sufficient audit evidence.
How We Addressed the Matter in Our Audit	To test accrued residual commissions and residual commission expenses, our audit procedures included, among others, testing the completeness and accuracy of the underlying data supporting the commission calculations and the accuracy of the calculations. We selected a sample of monthly ISO payments and, for each sample item, we compared the pricing terms included in the calculation to the respective ISO contract or other source documents, recalculated the related expense and accrual, and agreed the commission payment to evidence of cash disbursement. Additionally, for these monthly ISO payments, we selected a sample of merchant customers, then selected a transaction type, obtained their monthly processing statements, which were generated by the Company's third-party processors, and agreed the monthly payment volumes to the commission calculations.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 2020.

Atlanta, Georgia
March 6, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Priority Technology Holdings, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Priority Technology Holdings, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework (the COSO criteria)). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Priority Technology Holdings, Inc. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness related to the design and operation of certain automated controls (including related information technology general controls) for certain tools or applications involved in the transformation and ingestion of third-party processors' data in the Company's control environment. The ingested data is a key input for determination of merchant revenue (and related accounts receivable) and residual expense (and related accounts payable). Consequently, automated controls and IT dependent manual business process controls that rely upon information from the affected financial applications and processes were also deemed ineffective.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive loss, changes in shareholders' deficit and non-controlling interests and cash flows for each of the three years in the period ended December 31, 2024, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated March 6, 2025 which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Atlanta, Georgia
March 6, 2025

Priority Technology Holdings, Inc.
Consolidated Balance Sheets
(in thousands, except share data)

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 58,600	$ 39,604
Restricted cash	11,090	11,923
Accounts receivable, net of allowances of $3,045 and $5,289, respectively	67,969	58,551
Prepaid expenses and other current assets	22,990	13,273
Current portion of notes receivable, net of allowances of $0 and $0, respectively	3,638	1,468
Settlement assets and customer/subscriber account balances	940,798	756,475
Total current assets	1,105,085	881,294
Notes receivable, less current portion	4,919	3,728
Property, equipment and software, net	52,477	44,680
Goodwill	376,091	376,103
Intangible assets, net	240,874	273,350
Deferred income taxes, net	24,697	22,533
Other noncurrent assets	22,717	13,649
Total assets	**$ 1,826,860**	**$ 1,615,337**
Liabilities, Redeemable Senior Preferred Stock and Shareholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 62,149	$ 52,643
Accrued residual commissions	37,560	33,025
Customer deposits and advance payments	2,246	3,934
Current portion of long-term debt	9,503	6,712
Settlement and customer/subscriber account obligations	940,213	755,754
Total current liabilities	1,051,671	852,068
Long-term debt, net of current portion, discounts and debt issuance costs	920,888	631,965
Other noncurrent liabilities	19,326	18,763
Total liabilities	1,991,885	1,502,796
Commitments and contingencies (Note 17)		
Redeemable senior preferred stock, net of discounts and issuance costs:		
Redeemable senior preferred stock, $0.001 par value per share; 250,000 shares authorized; 225,000 issued at December 31, 2024 and December 31, 2023; 0 and 225,000 outstanding at December 31, 2024 and December 31, 2023	—	258,605
Shareholders' deficit:		
Preferred stock, $0.001 par value per share; 100,000,000 shares authorized; none issued or outstanding at December 31, 2024 and December 31, 2023	—	—
Common Stock,$0.001 par value per share; 1,000,000,000 shares authorized; 81,866,711 and 79,589,055 shares issued at December 31, 2024 and December 31, 2023, respectively; and 77,479,908 and 76,956,889 shares outstanding at December 31, 2024 and December 31, 2023, respectively.	77	77
Treasury stock at cost, 4,386,803 and 2,632,166 shares at December 31, 2024 and December 31, 2023, respectively	(19,607)	(12,815)
Additional paid-in capital	—	—
Accumulated other comprehensive income	(176)	(29)
Accumulated deficit	(147,134)	(134,951)
Total shareholders' deficit attributable to shareholders of Priority	(166,840)	(147,718)
Non-controlling interests in consolidated subsidiaries	1,815	1,654
Total shareholders' deficit	(165,025)	(146,064)
Total liabilities, redeemable senior preferred stock and shareholders' deficit	**$ 1,826,860**	**$ 1,615,337**

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share amounts)

	Years Ended December 31,		
	2024	**2023**	**2022**
Revenues	$ 879,702	$ 755,612	$ 663,641
Operating expenses			
Costs of services (excludes depreciation and amortization)	551,621	480,307	436,753
Salary and employee benefits	89,216	79,974	65,077
Depreciation and amortization	58,041	68,395	70,681
Selling, general and administrative	47,403	45,412	34,965
Total operating expenses	746,281	674,088	607,476
Operating income	133,421	81,524	56,165
Other expense			
Interest expense	(88,948)	(76,108)	(53,554)
Debt extinguishment and modification costs	(10,369)	—	—
Other income, net	3,177	1,736	589
Total other expense, net	(96,140)	(74,372)	(52,965)
Income before income taxes	37,281	7,152	3,200
Income tax expense	13,266	8,463	5,350
Net income (loss)	24,015	(1,311)	(2,150)
Less: Dividends, accretion, and related excise tax attributable to redeemable senior preferred stockholders	(47,336)	(47,744)	(36,880)
Less: Return on redeemable NCI in consolidated subsidiary	(639)	—	—
Net loss attributable to common shareholders	**(23,960)**	**(49,055)**	**(39,030)**
Other comprehensive loss			
Foreign currency translation adjustments	(147)	(29)	—
Comprehensive loss	**$ (24,107)**	**$ (49,084)**	**$ (39,030)**
Loss per common share:			
Basic and diluted	$ (0.31)	$ (0.63)	$ (0.50)
Weighted-average common shares outstanding:			
Basic and diluted	77,993	78,333	78,233

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.
Consolidated Statements of Changes in Shareholders' Deficit and Non-Controlling Interests
(in thousands)

	Common Stock		Treasury Stock							
	Shares	$	Shares	$	APIC	AOCI	Accumulated Deficit	Deficit Attributable to Shareholders	NCIs	Total
January 1, 2022	**76,740**	**$ 77**	**720**	**$ (4,091)**	**$ 39,835**	**$ —**	**$ (100,058)**	**$ (64,237)**	**$ —**	**$ (64,237)**
Equity-classified stock-based compensation	—	—	—	—	6,695	—	—	6,695	—	6,695
Vesting of stock-based compensation	925	1	—	—	—	—	—	1	—	1
Issuance of profit interests in wholly-owned subsidiaries	—	—	—	—	—	—	—	—	1,255	1,255
Share repurchases	(1,621)	(2)	1,621	(7,468)	—	—	—	(7,470)	—	(7,470)
Dividends on redeemable senior preferred stock	—	—	—	—	(33,594)	—	—	(33,594)	—	(33,594)
Accretion of unamortized issuance costs for redeemable senior preferred stock	—	—	—	—	(3,286)	—	—	(3,286)	—	(3,286)
Net loss	—	—	—	—	—	—	(2,150)	(2,150)	—	(2,150)
December 31, 2022	**76,044**	**76**	**2,341**	**(11,559)**	**9,650**	**—**	**(102,208)**	**(104,041)**	**1,255**	**(102,786)**
Equity-classified stock-based compensation	—	—	—	—	6,480	—	—	6,480	—	6,480
ESPP compensation and vesting of stock-based compensation	1,204	1	—	—	182	—	—	183	—	183
Shares withheld for taxes	(291)	—	291	(1,256)	—	—	—	(1,256)	—	(1,256)
Dividends on redeemable senior preferred stock	—	—	—	—	(44,404)	—	—	(44,404)	—	(44,404)
Accretion of redeemable senior preferred stock	—	—	—	—	(3,340)	—	—	(3,340)	—	(3,340)
Adjustments to NCI	—	—	—	—	—	—	—	—	(403)	(403)
Issuance of profit interests/common equity in subsidiaries	—	—	—	—	—	—	—	—	802	802
Foreign currency translation adjustment	—	—	—	—	—	(29)	—	(29)	—	(29)
Reclassification of negative additional paid-in capital	—	—	—	—	31,432	—	(31,432)	—	—	—
Net loss	—	—	—	—	—	—	(1,311)	(1,311)	—	(1,311)

Priority Technology Holdings, Inc.
Consolidated Statements of Changes in Shareholders' Deficit and Non-Controlling Interests
(in thousands)

	Common Stock		Treasury Stock							
	Shares	$	Shares	$	APIC	AOCI	Accumulated Deficit	Deficit Attributable to Shareholders	NCIs	Total
December 31, 2023	**76,957**	**$ 77**	**2,632**	**$ (12,815)**	**$ —**	**$ (29)**	**$ (134,951)**	**$ (147,718)**	**$ 1,654**	**$ (146,064)**
Equity-classified stock-based compensation	—	—	—	—	5,957	—	—	5,957	—	5,957
PHOT Share issuance	813	1	—	—	—	—	—	1	—	1
Exchange for PHOT redeemable NCI	(1,428)	(2)	1,428	(5,255)	—	—	—	(5,257)	—	(5,257)
Return of PHOT redeemable NCI	—	—	—	—	(639)	—	—	(639)	—	(639)
Redemption of PHOT redeemable NCI, net of tax	—	—	—	—	3,734	—	—	3,734	—	3,734
ESPP compensation and vesting of stock-based compensation	1,197	1	—	—	238	—	—	239	—	239
Shares withheld for taxes	(326)	—	326	(1,537)	—	—	—	(1,537)	—	(1,537)
Exercise of stock options	267	—	—	—	1,848	—	—	1,848	—	1,848
Dividends on redeemable senior preferred stock	—	—	—	—	(27,678)	—	—	(27,678)	—	(27,678)
Accretion of redeemable senior preferred stock	—	—	—	—	(16,920)	—	—	(16,920)	—	(16,920)
Excise tax on repurchase of redeemable senior preferred stock	—	—	—	—	—	—	(2,738)	(2,738)	—	(2,738)
Adjustment to NCI	—	—	—	—	—	—	—	—	161	161
Foreign currency translation adjustment	—	—	—	—	—	(147)	—	(147)	—	(147)
Reclassification of negative additional paid-in capital	—	—	—	—	33,460	—	(33,460)	—	—	—
Net income (loss)	—	—	—	—	—	—	24,015	24,015	—	24,015
December 31, 2024	**77,480**	**77**	**4,386**	**(19,607)**	**—**	**(176)**	**(147,134)**	**(166,840)**	**1,815**	**(165,025)**

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Years Ended December 31,		
	2024	**2023**	**2022**
Cash flows from operating activities:			
Net income (loss)	$ 24,015	$ (1,311)	$ (2,150)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization of assets	58,041	68,395	70,681
Stock-based compensation, ESPP, and incentive units compensation	6,118	6,769	6,228
Amortization of debt issuance costs and discounts	2,736	3,849	3,521
Debt extinguishment and modification costs	10,369	—	—
Deferred income tax benefit	(2,194)	(6,086)	(8,183)
Change in contingent consideration liability	2,839	(1,639)	2,059
Other non-cash items, net	(147)	(3,924)	74
Change in operating assets and liabilities:			
Accounts receivable	(9,387)	24,471	(19,580)
Prepaid expenses and other current assets	(6,062)	(936)	(160)
Income taxes (receivable) payable	(3,633)	(273)	6,260
Notes receivable	—	(912)	377
Accounts payable and other accrued liabilities	9,562	(3,218)	19,794
Customer deposits and advance payments	(1,688)	1,102	(2,403)
Other assets and liabilities, net	(4,960)	(5,031)	(6,000)
Net cash provided by operating activities	**85,609**	**81,256**	**70,518**
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired	—	(28,222)	(4,976)
Additions to property, equipment and software	(21,693)	(21,256)	(18,882)
Notes receivable, net	(3,361)	376	(4,662)
Acquisition of assets and other investing activities	(10,492)	(6,646)	(7,983)
Net cash used in investing activities	**(35,546)**	**(55,748)**	**(36,503)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt, net of issue discount	945,126	49,750	—
Debt issuance and modification costs paid	(7,680)	(1,220)	—
Repayments of long-term debt	(658,835)	(6,328)	(6,200)
Borrowings under revolving credit facility	—	44,000	29,500
Repayments of borrowings under revolving credit facility	—	(56,500)	(32,000)
Redemption of senior preferred stock	(225,000)	—	—
Redemption of accumulated dividend on redeemable preferred stock	(54,557)	—	—
Redemption of redeemable non-controlling interest in subsidiary	(2,130)	—	—
Repurchases of Common Stock and shares withheld for taxes	(1,538)	(1,256)	(7,468)
Dividends paid to redeemable senior preferred stockholders	(23,646)	(24,718)	(11,459)
Proceeds from the exercise of stock options	1,816	—	—
Settlement and customer/subscriber accounts obligations, net	179,614	211,077	43,143
Payment of contingent consideration related to a business combination	(5,592)	(4,700)	(7,014)
Net cash provided by financing activities	**147,578**	**210,105**	**8,502**
Net change in cash and cash equivalents, and restricted cash:			
Net increase in cash and cash equivalents, and restricted cash	197,641	235,613	42,517
Cash and cash equivalents, and restricted cash at beginning of period	796,223	560,610	518,093

Priority Technology Holdings, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Years Ended December 31,		
	2024	2023	2022
Cash and cash equivalents, and restricted cash equivalents at end of period	**$ 993,864**	**$ 796,223**	**$ 560,610**
Reconciliation of cash and cash equivalents, and restricted cash:			
Cash and cash equivalents	$ 58,600	$ 39,604	$ 18,454
Restricted cash	11,090	11,923	10,582
Cash and cash equivalents included in settlement assets and customer/subscriber account balances (see Note 4)	924,174	744,696	531,574
Total cash and cash equivalents, and restricted cash	**$ 993,864**	**$ 796,223**	**$ 560,610**
Supplemental cash flow information:			
Cash paid for interest	$ 82,280	$ 75,859	$ 46,907
Cash paid for income taxes, net of refunds	$ 19,200	$ 12,917	$ 6,744
Non-cash investing and financing activities:			
Contingent consideration accrual	$ 2,839	$ 5,951	$ 6,079
Net non-cash change in lease liability	$ 1,549	$ 1,520	$ 1,722
Measurement period adjustment to purchase price	$ 12	$ 111	$ —
Acquisition of intangible asset	$ (4,031)	$ —	$ —
Cash portion of dividend payable and ticking fee for redeemable senior preferred stock[(1)]	$ —	$ (7,027)	$ (5,341)
Issuance of NCI	$ —	$ 184	$ 1,255
Adjustment to value of profit interest unit	$ —	$ (404)	$ —
Forfeiture of liability-classified award	$ —	$ —	$ 325
Change in ESPP liability	$ —	$ —	$ 143

[(1)] The dividend payable for year ended December 31, 2023, was paid on January 2, 2024. The dividend payable for year ended December 31, 2022, was paid on January 2, 2023.

See Notes to Consolidated Financial Statements

Priority Technology Holdings, Inc.
Notes to Consolidated Financial Statements

1. Nature of Business and Significant Accounting Policies

The Business

Priority is a payments and banking fintech that streamlines collecting, storing, lending and sending money through its innovative commerce engine (the “Priority Commerce Engine” or “PCE”) to unlock revenue opportunities and generate operational success for businesses. Our mission is to provide a personalized financial toolset to accelerate cashflow and optimize working capital for our customers by providing merchant services, payables and banking & treasury solutions.

The Company operates from a purpose-built business platform that includes tailored customer service offerings and bespoke technology development, allowing the Company to provide end-to-end solutions for payment and payment-adjacent needs.

The Company provides its services through the following reportable segments:

- *SMB Payments*: Provides full-service acquiring and payment-enabled solutions for B2C transactions, leveraging Priority's proprietary software platform, distributed through ISO, direct sales and vertically focused ISV channels.
- *B2B Payments*: Provides market-leading AP automation solutions to corporations, software partners and industry leading FIs (including Citibank, Visa and Mastercard) in addition to improving cash flows by providing instant access to working capital.
- *Enterprise Payments*: Provides embedded finance and BaaS solutions to customers to modernize legacy platforms and accelerate software partners' strategies to monetize payments.

For additional information about our reportable segments, see Note 19. Segment Information.

To provide many of its services, the Company enters into agreements with payment processors which in turn, have agreements with multiple card associations. These card associations comprise an alliance aligned with insured FIs ("member banks") that work in conjunction with various local, state, territory and federal government agencies to make the rules and guidelines regarding the use and acceptance of credit and the card associations. The Company has multiple sponsorship bank agreements and is itself a registered ISO with Visa. The Company is also a registered member service provider with Mastercard. The Company's sponsorship agreements allow the capture and processing of electronic data in a format to allow such data to flow through networks for clearing and fund settlement of merchant transactions. The Company also offers money transmission services in forty six U.S. states, the District of Columbia and two U.S. territories.

Basis of Presentation and Consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and its majority-owned subsidiaries. The Company generally utilizes the equity method of accounting when it has an ownership interest of between 20% and 50% in an entity, provided the Company is able to exercise significant influence over the investee's operations. All material intercompany balances and transactions have been eliminated in consolidation.

NCI represents the equity interest not owned by the Company and are recorded for consolidated entities in which the Company owns less than 100% of the interests. Changes in the Company's ownership interest while the Company retains its controlling interest are accounted for as equity transactions, and upon loss of control, retained ownership interests are remeasured at fair value, with any gain or loss recognized in earnings. There was no income or loss attributable to NCI in accordance with the applicable operating agreements for any years presented.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at

the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reported period. Actual results could materially differ from those estimates.

Significant Accounting Policies

Revenue Recognition

The Company applies the five-step model to assess its contracts with customers. At contract inception, the Company assesses the services and goods promised in its contracts with customers and identifies the performance obligation for each promise to transfer a distinct good or service to the customer. The Company recognizes revenue when it satisfies a performance obligation by transferring a service or good to the customer in an amount to which the Company expects to be entitled (i.e., transaction price) allocated to the distinct services or goods.

The Company has elected the permitted practical expedient that allows it to use the portfolio approach for many of its contracts since this approach's impact on the financial statements, when applied to a group of contracts (or performance obligations) with similar characteristics, is not materially different from the impact of applying the revenue standard on an individual contract basis. Under the portfolio practical expedient, collectability is still assessed at the individual contract level when determining if a contract exists. The Company has elected to exclude any contracts with an original duration of one year or less and any variable consideration that meets specified criteria from its disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance.

In delivering payment services to the customer, the Company also provides a limited license agreement to the customer for the use of one or more of the Company's proprietary cloud-based software applications. The Company grants a right to use its software applications only when the customer has contracted with the Company to receive related payment services. When combined with the underlying payment services, the license and the payment services provided to the customer are a single stand-ready obligation and the Company's performance obligation is defined by each time increment, rather than by the underlying activities, (quantity and timing of which is not determinable), satisfied over time based on days elapsed.

In order to provide our payment services, we obtain authorization for the transaction and request funds settlement from the card issuing financial institution through the payment network. When third parties are involved in the transfer of services or goods to the customer, the Company considers the nature of each specific promised service or good and applies judgment to determine whether the Company controls the service or good before it is transferred to the customer or whether the Company is acting as an agent of the third party or principal to the customer. To determine whether the Company controls the service or good, it assesses indicators including: 1) which party is primarily responsible for fulfillment; 2) which party has discretion in determining pricing for the service or good; and 3) other considerations deemed to be applicable to the specific situation. Based on our assessment of these indicators, we have concluded that the promise to our customers to provide payment services is distinct from the services provided by the card issuing FIs and payment networks in connection with payment transactions. We do not have the ability to direct the use of and obtain substantially all of the benefits of the services provided by the card issuing FIs and payment networks before those services are transferred to our customer, and on that basis, we do not control those services prior to being transferred to our customer. As a result, we present our revenues net of the interchange fees retained by the card issuing FIs and the fees charged by the payment networks except for our Plastiq (B2B Payments) business where the Company is considered a merchant of record and therefore, revenue is presented on gross basis.

SMB Payments – The Company's SMB Payments segment enables the Company's customers to accept card, electronic and digital-based payments at the point of sale by providing a suite of services including authorization, settlement and funding, customer support and help-desk functions, chargeback resolution, payment security, consolidated billing and statements, and online reporting. Additionally, the Company enables customers to accept card, electronic and digital-based payments at the point of sale by providing a suite of services. The Company also earns revenue and commissions from resale of electronic POS equipment and certain subscription coupons.

Typically, revenues generated from these transactions are based on a variable percentage of the dollar amount of each transaction, and in some instances, additional fees (e.g., statement fees, annual fees and monthly minimum fees, fees for handling chargebacks, gateway fees and fees for other miscellaneous services) are charged for each transaction. The Company's sponsoring banks collect the gross merchant discount from the card holder's issuing bank, pay the interchange fees and

assessments to the payment networks and credit card associations, retain their fees, and pay to the Company the net amount which represents the Company's revenue.

B2B Payments – The Company's B2B Payments segment enables the Company's customers to automate their accounts payable and other commercial payments functions with the Company's payment services that utilize physical and virtual payment cards as well as ACH transactions. The Company also provides cost-plus-fee turn-key business process outsourcing and assists commercial customers with programs that are designed to increase acceptance of Electronic Payments. Revenues are generally earned on a per-transaction basis and are recognized by the Company over time, net of certain third-party costs for interchange fees, assessments to the payment networks, credit card associations fees, sponsor bank fees and rebates to customers.

The Company's payables management software helps businesses improve cash flow with instant access to working capital, while automating and enabling control over all aspects of accounts receivable and payable. For these transactions, the Company acts as a merchant of record, therefore, considered as the principal and accordingly presents its revenue on a gross basis. The Company also offers volume rebates as an incentive to increase business and customer engagement. These rebates are presented as net of revenue.

Enterprise Payments – The Company's Enterprise Payments segment uses payment-adjacent technologies to facilitate the acceptance of Electronic Payments from customers.

Revenue from the Enterprise Payments segment consists of the following:

- *Enrollment fees*: The revenue associated with enrollment fees is recognized at a point in time upon the receipt of a fully executed enrollment application, completion of the customer account setup, data verification and the constructive receipt of the applicable non-refundable fee.
- *Subscription fees*: The Company recognizes monthly subscription fees as recurring maintenance fees each month during the term of the client's enrollment. Revenue from transaction-based fees is recognized over time upon constructive receipt of transaction fees for payments to creditors issued via ACH payments, paper checks or wire transfers. These fees are transferred to the Company from the customer account balances, which may be maintained by the Company in money transmission license trust accounts or by partner banks.
- *Interest revenue*: Interest revenue is derived from certain customer balances maintained in interest bearing accounts with select partner banks.
- *CRM and consulting fees*: CRM license fees are recognized on a monthly basis and consulting fees are recognized over time when services are performed.

A substantial portion of this segment's revenues are earned as an agent of a third party, and therefore this earned revenue is reported as a net amount within revenue.

Interest income

Interest income generated by the Company's ordinary activities (i.e. from reserves and customer deposits) are presented within outsourced services and other services revenue. See Note 3. Revenues.

Interest income from the Company's surplus cash balances, notes receivable and other investments are included within other income. Interest on notes receivable is recognized on a monthly basis and is included in other income, net.

Transaction Price Allocated to Future Performance Obligations

ASC 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations. However, as allowed by ASC 606, the Company has elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. As described above, the Company's most significant performance obligations consist of variable consideration under a stand-ready series of distinct days of service.

Such variable consideration meets the specified criteria for the disclosure exclusion. Therefore, the majority of the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied is variable consideration that is not required for this disclosure. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

Cost of Services

Costs of merchant card fees primarily consist of residual payments to agents and ISOs and other third-party costs directly attributable to payment processing. The residual payments represent commissions paid to agents and ISOs based upon a percentage of the net revenues generated from merchant transactions. Costs of outsourced services and other revenue consist of salaries directly related to outsourced services revenue, the cost of equipment (point of sale terminals) sold, and third-party fees and commissions related to the Company's ACH processing activities.

For the Plastiq (B2B Payments) business, the Company acts as merchant of record and therefore transaction processing costs, including interchange fees, are presented as costs of services.

Contracts with Customers and Contract Costs

The Company accrues and pays commission expense based on variable merchant payment volumes and for certain customer service and other services provided by its ISOs. Since commission expenses are accrued and paid to ISOs on a monthly basis after the merchant enters into a new or renewed contract, these are not deemed to be a cost to acquire a new contract but they are reported within costs of services on our Consolidated Statements of Operations and Comprehensive Loss. The ISO is typically an independent contractor or agent of the Company.

The Company may occasionally elect to buy out all or a portion of an ISO's rights to receive future commission payments related to certain merchants. Amounts paid to the ISO for these residual buyouts are capitalized and amortized over the useful life on a straight-line basis under the accounting guidance for intangible assets and included in intangible assets, net on our Consolidated Balance Sheets.

A contract with a customer creates a legal right and obligation. As the Company performs under customer contracts, its right to consideration that is unconditional is considered to be accounts receivable. If the Company's right to consideration for such performance is contingent upon a future event or satisfaction of additional performance obligations, the amount of revenues recognized in excess of the amount billed to the customer is recognized as a contract asset. Contract liabilities represent consideration received from customers in excess of revenues recognized. Material contract assets and liabilities are presented net at the individual contract level in the Consolidated Balance Sheets and are classified as current or noncurrent based on the nature of the underlying contractual rights and obligations.

Contract Acquisition Costs

The Company pays certain bonuses to its ISOs for boarding incremental merchants which the Company expects to obtain benefit from in future periods. These bonuses are recorded as contract acquisition costs and are amortized over three or five years. Net contract acquisition costs were $8.7 million and $6.6 million at December 31, 2024 and December 31, 2023, respectively. Amortization expense for contract acquisition costs for the years ended December 31, 2024 and 2023 was $2.0 million and $1.0 million, respectively. Amortization expense for the year ended December 31, 2022, was immaterial.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents includes highly liquid instruments with an original maturity of three months or less, and cash owned by the Company that is held in financial institutions. Restricted cash is held by the Company in financial institutions for the purpose of in-process customer settlements or reserves held per contact terms.

Accounts Receivable, net

Accounts receivable is stated net of allowance for current period credit losses for any uncollectible amounts and are amounts primarily due from the Company's sponsor banks for revenues earned, net of related interchange and processing fees, and do not bear interest. Other types of accounts receivable are from agents, merchants, card networks and other customers. Amounts due from sponsor banks are typically paid within 30 days following the end of each month.

Inventory

Inventory consists primarily of POS terminals and certain subscription coupons which is carried at the lower of cost or net realizable value. Cost is equal to the purchase price and other expenses incurred with acquiring the inventory and is substantially valued using the weighted average cost method. The carrying amount is reduced when items are determined to be obsolete/expired. For the year ended December 31, 2024, the Company had a write-off for obsolete inventory for $3.5 million. The Company had no obsolete or expired inventory for the years ended December 31, 2023 and 2022.

For the year ended December 31, 2024, the Company had inventory in transit of $7.1 million.

Notes Receivable

Notes receivable are primarily comprised of notes receivable from ISOs under the terms of the agreements the Company preserves the right to hold back residual payments due to the ISOs and to apply such residuals against future payments due to the Company. Notes receivable are recorded at the unpaid principal balance.

Allowance for Expected Losses

The Company utilizes a combination of aging and loss-rate methodologies to develop an estimate of current expected credit losses based on the nature and risks associated with the underlying asset pool. A broad range of factors are considered during the estimation of the allowance including historical losses, adjustments for current conditions and future trends. The Company may also utilize a mix of qualitative and quantitative risk factors within its estimation. The allowance for expected loss from accounts receivable was $3.0 million and $5.3 million at December 31, 2024 and December 31, 2023, respectively. As of December 31, 2024 and December 31, 2023, there was no allowance for expected loss on notes receivable. See Note 5. Notes Receivable. As of December 31, 2024 and December 31, 2023, the allowance for expected losses on settlement assets was $7.9 million and $6.6 million, respectively. See Note 4. Settlement Assets and Customer/Subscriber Account Balances and Related Obligations. A reconciliation of the beginning and ending amount of allowance for expected losses is as follows for the year ended December 31, 2024:

(in thousands)	**Trade Receivables**	**Settlement assets**
Balance at January 1, 2024	$ (5,289)	$ (6,558)
Charge-offs (recoveries), net	6,152	11,707
Provision	(3,908)	(13,085)
Balance at December 31, 2024	**$ (3,045)**	**$ (7,936)**

The Company has elected not to measure expected losses for accrued interest on notes receivable but instead recognize losses for accrued interest within the period losses are incurred.

Customer Deposits and Advance Payments

The Company may receive cash payments from certain customers and vendors that require future performance obligations by the Company. Amounts associated with obligations expected to be satisfied within one year are reported in customer deposits and advance payments on the Company's Consolidated Balance Sheets and amounts associated with obligations expected to be satisfied after one year are reported as a component of other noncurrent liabilities on the Company's Consolidated Balance Sheets. These payments are subsequently recognized in the Company's Consolidated Statements of Operations and Comprehensive Loss when the Company satisfies the performance obligations required to retain and earn these deposits and advance payments.

A vendor may make an upfront payment to the Company to offset costs that the Company incurs to integrate the vendor into the Company's operations. These upfront payments are deferred by the Company and are subsequently amortized against expense in its Consolidated Statements of Operations and Comprehensive Loss as the related costs are incurred by the Company in accordance with the agreement with the vendor.

Investments

During the year ended December 31, 2024, the Company made an investment in an equity security, carried at the cost of $4.8 million within other noncurrent assets. The fair value of this security is not readily determinable.

Property and Equipment

Property and equipment are stated at cost, except for property and equipment acquired in a business combination, which is recorded at fair value at the time of the transaction. Depreciation is primarily calculated using the straight-line method over the estimated useful lives of the assets.

Expenditures for repairs and maintenance which do not extend the useful life of the respective assets are charged to expense as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. At the time of retirements, sales or other dispositions of property and equipment, the original cost and related accumulated depreciation are removed from the respective accounts and the gains or losses are presented as a component of income or loss from operations.

Property, equipment and software	**Estimated Useful Life**
Furniture and fixtures	5 - 10 years
Equipment	3 - 8 years
Computer software	2 - 5 years
Leasehold improvements	3 - 10 years

See Note 6. Property, Equipment and Software.

Costs Incurred to Develop Software for Internal Use

Costs incurred to develop or obtain internal-use software and implementation costs are accounted for in accordance with ASC 350-40, *Internal-Use Software*. The Company uses an agile development methodology in which feature-by-feature updates are made to its software. The costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs incurred to develop internal-use software are capitalized and amortized using the straight-line method over the estimated useful life of the software, which generally range from two to five years. Maintenance costs including those in the post-implementation stages, are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the software that result in added functionality, in which case such costs are capitalized and amortized using the straight-line method over the estimated useful life of the software.

Software development costs may become impaired in situations where development efforts are abandoned due to the viability of the planned project becoming doubtful or due to technological obsolescence of the planned software product. There were no impairment charges associated with internal-use software for the years ended December 31, 2024, 2023 and 2022.

For the years ended December 31, 2024, 2023 and 2022, the Company capitalized software development costs of $26.1 million, $21.3 million and $16.8 million, respectively. As of December 31, 2024 and 2023, capitalized software development costs, net of accumulated amortization, totaled $48.1 million and $40.6 million, respectively, and are included in property, equipment and software, net on the Consolidated Balance Sheets.

Amortization expense for capitalized software development costs for the years ended December 31, 2024, 2023 and 2022 was $11.8 million, $9.4 million and $6.9 million, respectively, and are included in depreciation and amortization on the Consolidated Statements of Operations and Comprehensive Loss.

Intangible Assets

Intangible assets are initially recorded at cost or fair value when acquired in connection with a business combination. The carrying value of an intangible asset acquired in an asset acquisition may subsequently be increased for contingent consideration when due to the seller and such amounts can be estimated. The portion of any unpaid purchase price that is contingent on future activities is not initially recorded by the Company on the date of acquisition. Rather, the Company recognizes contingent consideration when it becomes probable and estimable. All of the Company's intangible assets, except goodwill and money transmission licenses, have finite lives and are subject to amortization. Intangible assets consist of acquired merchant portfolios, customer relationships, ISO and referral partner relationships, residual buyouts, trade names, technology, non-compete agreements and money transmission licenses.

Intangible Asset	Nature	Estimated Useful Life
ISO and Referral Partner Relationships	Acquired relationships with ISOs and referral partners	11 – 25 years
Residual Buyouts	Surrender of rights to receive commissions by ISOs	3 – 9 years
Customer Relationships	Acquired customer relationships	2 – 10 years
Merchant Portfolios	Acquired rights to a portfolio of merchants	5 – 10 years
Technology	Acquired proprietary software and website domains	6 – 10 years
Trade Names and Non-compete Agreements	Acquired trade names and non-compete agreements	3 – 10 years
Money Transmission Licenses	Acquired licenses to collect, store, lend and send money in forty six U.S. states, the District of Columbia and two U.S. territories.	indefinite

Impairment of Long-lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. For long-lived assets, except goodwill and indefinite-lived intangibles, an impairment loss is indicated when the undiscounted future cash flows estimated to be generated by the asset group are not sufficient to recover the carrying value of the asset group. If indicated, the loss is measured as the excess of carrying value over the asset groups' fair value, as determined based on discounted future cash flows. The Company concluded there were no indications of impairment for the years ended December 31, 2024, 2023 and 2022. See Note 7. Goodwill and Other Intangible Assets.

Goodwill and Indefinite-lived Intangibles

The Company tests goodwill and indefinite-lived intangibles for impairment on an annual basis, or when events occur or circumstances indicate the fair value of a reporting unit is below its carrying value. The test for impairment may be a qualitative or a quantitative analysis depending on the facts and circumstances associated with the reporting unit. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that implied fair value of the indefinite-

lived intangibles or goodwill within the reporting unit is less than its carrying value. See Note 7. Goodwill and Other Intangible Assets for further information.

Leases

The Company evaluates lease and service arrangements at lease inception to determine if the arrangement is a lease or contains a lease. Lease arrangements are evaluated at their commencement date to determine classification as operating or finance. Operating leases are reported as part of other noncurrent assets, accounts payable and accrued expenses and other noncurrent liabilities on the Company's Consolidated Balance Sheets. Finance leases, if applicable, are reported as part of property, equipment and software, net, and debt on the Company's Consolidated Balance Sheets. Leases with a term of twelve months or less ("short-term leases") are generally not included on the Company's Balance Sheets. The Company does not separate lease and non-lease components. Certain estimates and assumptions are made when determining the value of ROU Assets and the related liabilities, including when establishing the lease term and discount rates and variable lease payments (e.g., rent escalations tied to changes in the Producer Price Index). The lease term for all of the Company's leases includes the non-cancelable period of the lease adjusted for any renewal or termination options the Company is reasonably certain to exercise. The lease payment stream includes any rent escalation that is required under certain lease agreements. The Company's leases generally do not provide an implicit rate of interest, nor is it readily determinable by the Company, and as such the Company uses its incremental borrowing rate in determining the discounted value of the lease payments. Lease expense and depreciation expense, if applicable, are recognized on a straight-line basis over the term of the lease.

Settlement Assets and Customer/Subscriber Account Balances and Related Obligations

Settlement assets and customer/subscriber account balances and the related obligations recognized on the Company's Consolidated Balance Sheets represent intermediary balances arising in the Company's settlement process for merchants and other customers. See Note 4. Settlement Assets and Customer/Subscriber Account Balances and Related Obligations.

Debt Issuance and Modification Costs

Eligible debt issuance costs associated with the Company's credit facilities are deferred and amortized to interest expense over the term of the related debt using the effective interest method. Debt issuance costs associated with Company's term debt are presented on the Company's Consolidated Balance Sheets as a direct reduction in the carrying value of the associated debt liability.

Restructuring Costs

The Company's Management approved a plan to restructure the business of its wholly owned subsidiary, PayRight. PayRight's business activity included advancing funds to customers, which did not generate the desired financial results due to changes in the economic environment, particularly the cost of capital. The restructuring plan included termination of the advancing business effective June 30, 2024. The Company included costs related to this restructuring within selling, general and administrative operating expenses and depreciation and amortization within its Consolidated Statement of Operations and Comprehensive Loss for the year ended December 31, 2023. The costs include allowance for certain advances whose recoverability was impacted by the restructuring of $3.5 million and $0.3 million for accelerated depreciation and amortization of assets of the restructured business.

Acquisitions

Business Combinations and Asset Acquisitions

The Company uses the acquisition method of accounting for business combinations which requires assets acquired and liabilities assumed to be recognized at their fair values on the acquisition date. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The fair values of the assets acquired and liabilities assumed are determined based upon the valuation of the acquired business and involves making significant estimates and assumptions based on facts and circumstances that existed as of the acquisition date. The Company uses a measurement period following the acquisition date to gather information that existed as of the acquisition date that is needed to determine the fair value of the assets acquired

and liabilities assumed. The measurement period ends once all information is obtained, but no later than one year from the acquisition date.

The Company accounts for a transaction as an asset acquisition when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, or otherwise does not meet the definition of a business. Asset acquisition-related costs are capitalized as part of the asset or assets acquired.

Contingent Consideration

Contingent consideration related to the Company's business combinations are estimated based on the present value of a weighted payout probability at the measurement date using a Monte Carlo simulation model. This valuation falls within Level 3 on the fair value hierarchy. A change in inputs in the valuation techniques used might result in a significantly higher or lower fair value measurement than what is reported. The current portion of contingent consideration is included in accounts payable and accrued expenses on the Company's Consolidated Balance Sheets and the noncurrent portion of contingent consideration is included in other noncurrent liabilities on the Company's Consolidated Balance Sheets.

For asset acquisitions that do not meet the definition of a business, the portion of the unpaid purchase price that is contingent on future activities is not recorded by the Company on the date of acquisition, but when it becomes probable and can be estimated.

Non-controlling Interests

Occasionally, the Company issues common equity and non-voting incentive units within its subsidiaries. The Company is the majority owner of these subsidiaries and, therefore, the common equity and incentive units are deemed to be NCI. NCI is valued based on the events and methodologies including the acquisition-date fair value or the option pricing method.

To estimate the initial fair value of the incentive units, the Company utilizes future cash flow scenarios with focus on those cash flow scenarios which could result in future distributions to the NCIs. In subsequent periods, income or loss will be attributed to an NCI based on the hypothetical liquidation at book value method utilizing the terms of the operating agreement between the Company and the NCI.

As the majority owner, the Company has call rights on the incentive units issued to the NCIs. These call rights can only be executed under certain circumstances and execution is always optional at the Company's discretion. The call rights do not meet the definition of a free-standing financial instrument or derivative; thus no separate accounting is required for these call rights.

Accrued Residual Commissions

Accrued residual commissions consist of amounts due to ISOs and independent sales agents based on a percentage of the net revenues generated from the Company's merchant customers referred by the respective ISO and independent sales agent. Percentages vary based on the program type and transaction volume of each merchant. Residual commission expenses were $426.6 million, $415.1 million and $396.2 million, respectively, for the years ended December 31, 2024, 2023 and 2022, and are included in costs of services in the accompanying Consolidated Statements of Operations and Comprehensive Loss.

ISO Deposit and Loss Reserve

ISOs may partner with the Company in an exclusive partner program in which ISOs are given negotiated pricing in exchange for bearing the risk of loss. Through the arrangement, the Company accepts deposits on behalf of the ISO and a reserve account is established by the Company. All amounts maintained by the Company are included in the accompanying Consolidated Balance Sheets as other noncurrent liabilities, which are directly offset by restricted cash accounts owned by the Company of $5.2 million and $6.4 million as of December 31, 2024 and 2023, respectively.

Stock-based Compensation

The Company recognizes the cost resulting from all stock-based payment transactions in the financial statements at grant date fair value. Stock-based compensation expense is recognized over the requisite service period and is reflected in salary and

employee benefits expense on the Company's Consolidated Statements of Operations and Comprehensive Loss. Awards generally vest over three or four years and may not vest evenly over the vesting period. The effects of forfeitures are recognized as they occur. All shares issued from option exercises or vesting of PSU and RSU awards are original issuance shares and any shares withheld for taxes are repurchased by the Company.

The Company measures a liability award under a stock-based compensation payment arrangement based on the award's fair value remeasured at each reporting date until the date of settlement. Compensation cost for each period until settlement is based on the change (or a portion of the change, depending on the percentage of the requisite service that has been rendered at the reporting date) in the fair value of the instrument for each reporting period. The Company had no liability classified awards for the year ended December 31, 2024, 2023, and 2022.

Stock Options

Under the Company's 2018 Plan, the Company determines the fair value of stock options using the Black-Scholes option pricing model, which requires the use of the following subjective assumptions:

Expected volatility – Measure of the amount by which a stock price has fluctuated or is expected to fluctuate. In 2018, when the Company's outstanding stock options were granted, there was a relatively short amount of time that the Company's Common Stock (Nasdaq: PRTH) were traded on a public market, the Company utilized volatility data for the Common Stock of a peer group of comparable public companies. An increase in the expected volatility would increase the fair value of the stock option and related compensation expense.

Risk-free interest rate – U.S. Treasury rate for a stripped-principal treasury note as of the grant date having a term equal to the expected term of the stock option. An increase in the risk-free interest rate will increase the fair value of the stock option and related compensation expense.

Expected term – Period of time over which the stock options granted are expected to remain outstanding. In 2018, when the Company's outstanding stock options were granted, the Company lacked sufficient exercise information for its stock option plan since it was a newly public company. Accordingly, the Company used a method permitted by the SEC whereby the expected term was estimated to be the mid-point between the vesting dates and the expiration dates of the stock option grants. An increase in the expected term will increase the fair value of the stock option and the related compensation expense.

Dividend yield – The Company uses an amount of zero as the Company has paid no cash or stock dividends and does not anticipate doing so in the foreseeable future. An increase in the dividend yield will decrease the fair value of the stock option and the related compensation expenses.

If a participant terminates employment with the Company, vested options may be exercised for a short period of time while unvested options are forfeited. However, in any event, a stock option will expire ten years from the date of the grant.

Service-based restricted stock awards

The fair value of time-based restricted stock awards is determined based on the quoted closing price of the Company's Common Stock on the business day prior to the grant date and is recognized as compensation expense over the vesting term of the awards.

Performance-based restricted stock awards

The Company accounts for its performance-based restricted stock awards based on the quoted closing price of the Company's Common Stock on the business day prior to the grant date, adjusted for any market-based vesting criteria, and records stock-based compensation expense over the vesting term of the awards based on the probability that the performance criteria will be achieved. The performance goals may be work-related goals for the individual recipient and/or based on certain corporate performance goals. The Company reassesses the probability of vesting at each reporting period and prospectively adjusts stock-based compensation expense based on its probability assessment. Additionally, if performance goals are set or reset on an

annual basis, compensation cost is recognized in any reporting period only for performance-based restricted stock awards in which the performance goals have been established and communicated to the award recipient.

Non-voting Incentive Units

The Company issued non-voting incentive units to certain employees and partners in seven subsidiaries. These non-voting incentive units were determined to be equity and are accounted for under ASC 718 *Stock Compensation.* The non-voting incentive units are either fully vested when granted, or vest according to the service period and/or performance measure noted in the grant agreement. As the non-voting incentive units are vested, they are recognized as NCI to the Company, who is the majority owner of the subsidiaries.

Employee Stock Purchase Program

The 2021 Employee Stock Purchase plan authorizes the issuance of shares of the Company's Common Stock pursuant to purchase rights granted to employees. The fair value of purchase rights issued under the Employee Stock purchase Plan is estimated using the Black-Scholes option pricing model. The model requires management to make a number of assumptions, including the fair value of the Company's Common Stock, expected volatility, expected term, risk-free interest rate, and expected dividends. The Company records the resulting compensation expense in the Consolidated Statements of Operations and Comprehensive Loss over each three-month offering period. See Note 14. Stock-based Compensation.

Repurchased Stock

Pursuant to the provisions of ASC 505-30, *Treasury Stock*, the Company has elected to apply the cost method when accounting for treasury stock resulting from the repurchase of its Common Stock. Under the cost method, the gross cost of the shares reacquired is charged to a contra equity account, treasury stock. The equity accounts that were originally credited for the original share issuance, Common Stock and additional paid-in capital, remain intact. See Note 13. Shareholders' Deficit.

If the treasury shares are ever reissued in the future, proceeds in excess of repurchased cost will be credited to additional paid-in capital. Any deficiency will be charged to retained earnings (accumulated deficit), unless additional paid-in capital from previous treasury stock transactions exists, in which case the deficiency will be charged to that account, with any excess charged to retained earnings (accumulated deficit). If treasury stock is reissued in the future, a cost flow assumption (e.g., FIFO, LIFO or specific identification) will be adopted to compute excesses and deficiencies upon subsequent share reissuance.

Earnings (Loss) per Share

Basic EPS is computed by dividing net income (loss) available to Common Shareholders by the weighted-average number of shares of Common Stock outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to the potential dilution, if any, that could occur if securities or other contracts to issue Common Stock were exercised or converted into Common Stock, using the more dilutive of the two-class method or if-converted method. Diluted EPS excludes potential shares of Common Stock if their effect is anti-dilutive. If there is a net loss in any period, basic and diluted EPS are computed in the same manner. See Note 13. Shareholders' Deficit.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more likely than not that some portion or all of a deferred tax asset will not be realized based on the weight of available evidence, including expected future earnings.

The Financial Accounting Standards Board, or FASB, Staff has provided additional guidance to address the accounting for the effects of the provisions related to the taxation of Global Intangible Low-Tax Income noting that companies should make an accounting policy election to recognize deferred taxes for temporary basis differences expected to reverse in future years or to

include the tax expense in the year it is incurred. The Company has made a policy election to recognize such taxes as current period expenses when incurred.

The Company recognizes an uncertain tax position in its financial statements when it concludes that a tax position is more likely than not to be sustained upon examination based solely on its technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full impact of any change in recognition or measurement is reflected in the period in which such change occurs. The Company recognized interest and penalties associated with uncertain tax positions as a component of income tax expense. See Note 12. Income Taxes.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company uses a three-level fair value hierarchy to prioritize the inputs used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

The fair values of the Company's merchant portfolios, assets and liabilities acquired in mergers and business combinations, and contingent consideration are primarily based on Level 3 inputs and are generally estimated based upon valuation techniques that include discounted cash flow analysis based on cash flow projections or Monte Carlo simulations and, for years beyond the projection period, estimates based on assumed growth rates. Assumptions are also made regarding appropriate discount rates, perpetual growth rates, and capital expenditures, among others. In certain circumstances, the discounted cash flow analysis or Monte Carlo simulation is corroborated by a market-based approach that utilizes comparable company public trading values and, where available, values observed in public market transactions.

The carrying values of accounts and notes receivable, accounts payable and accrued expenses, long-term debt, restricted cash and cash and cash equivalents, including settlement assets and the associated deposit liabilities, approximate their fair values due to either the short-term nature of such instruments or the fact that the interest rate of the debt is based upon current market rates. See Note 18. Fair Value.

Foreign Currency

The Company's reporting currency is the U.S. dollar. The functional currency of the Indian subsidiary of the Company is Indian Rupee (i.e. local currency of Republic of India). The functional currency of the Canadian subsidiary of the Company is the Canadian Dollar. Accordingly, assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the current exchange rate on the last day of the reporting period. Revenues and expenses are translated using the average exchange rate in effect during the reporting period. Translation adjustments are reported as a component of accumulated other comprehensive income (loss).

Concentration of Risk

A substantial portion of the Company's revenues and receivables are attributable to merchants. For the years ended December 31, 2024, 2023 and 2022, no individual merchant customer accounted for 10% or more of the Company's consolidated revenues. Most of the Company's merchant customers were referred to the Company by an ISO or other reseller partners. If the Company's agreement with an ISO allows the ISO to have merchant portability rights, the ISO can move the underlying merchant relationships to another merchant acquirer upon notice to the Company and completion of a "wind down"

period. For the years ended December 31, 2024, 2023 and 2022, merchants referred by one ISO organization with merchant portability rights generated revenue within the Company's SMB Payments reportable segment that represented approximately 6%, 15% and 21%, respectively, of the Company's consolidated revenues.

As of December 31, 2024, the Company's settlement assets and customer /subscriber account balances of $940.8 million includes cash and cash equivalents of $924.2 million related to customer account balances which are maintained in FDIC insured accounts with certain FIs. See Note 4. Settlement Assets and Customer/Subscriber Account Balances and Related Obligations.

A majority of the Company's cash and restricted cash (including subscriber account balances) is held in certain FIs, substantially all of which is in excess of FDIC limits. On at least an annual basis, the Company reviews qualitative and quantitative factors including earnings (with emphasis on return on equity and net interest margin), capitalization (with emphasis on Tier 1 and Capital ratios), asset quality (emphasis on Net charge-offs ratios), and liquidity, evaluating the performance of these FIs with their peers. The Company may shift funds as a response to risks noted and to optimize returns and costs. The Company does not believe it is exposed to any significant credit risk from these transactions.

Recently Adopted Accounting Standards

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which requires incremental reportable segment disclosures, primarily about significant segment expenses. The amendments also require entities with a single reportable segment to provide all disclosures required by these amendments, and all existing segment disclosures. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods after December 15, 2024. The Company has adopted this guidance for the year ended December 31, 2024. This guidance only impacts the disclosures with no impact on the results of operations, financial position or cash flows.

Recently Issued Accounting Standards Pending Adoption

Income Taxes ASU 2023-09

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvement to Income Tax Disclosures,* to enhance the transparency and decision usefulness of income tax disclosures. The guidance includes improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid. This guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted.

Profit Interest ASU 2024-01

In March 2024, the FASB issued ASU 2024-01, *Profit Interest and Similar Awards* ("ASU 2024-01"), to improve GAAP by adding an illustrative example to demonstrate how an entity should apply the scope in paragraph 718-10-15-3 to determine whether profit interest and similar awards should be accounted for in accordance with Topic 718, Compensation- Stock Compensation. This guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is in the process of evaluating the potential effects this guidance will have.

Disaggregation of Income Statement Expenses ASU 2024-03

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2024-03") requiring additional disaggregated disclosures in the notes to financial statements for certain categories of expenses that are included on the face of the income statement. The ASU is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027. Early adoption is permitted. The Company will adopt this guidance for the year ended December 31, 2026. This guidance is expected to only impact the disclosures with no impact on the results of operations, financial position or cash flows.

2. Acquisitions

Acquisitions occurred in prior years

Plastiq Acquisition

On May 23, 2023, Plastiq, Powered by Priority, LLC (the "Acquiring Entity"), a subsidiary of Priority, entered into a stalking horse equity and asset purchase agreement with Plastiq, Inc. and certain of its affiliates ("Plastiq") to acquire substantially all of the assets of Plastiq, including the equity interest in Plastiq Canada, Inc. Plastiq is a buyer funded B2B payments platform offering bill pay and instant access to working capital to its customers and will complement the Company's existing supplier-funded B2B Payments business. On May 24, 2023, Plastiq filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware.

The purchase was completed on July 31, 2023 for a total purchase consideration of approximately $37.0 million. The total purchase consideration included $28.5 million in cash and the remaining consideration is in the nature of deferred or contingent consideration and certain equity interest in the Acquiring Entity. The cash consideration for the purchase was funded by borrowings from the Company's revolving credit facility.

The acquisition was accounted for as a business combination using the acquisition method of accounting, under which the acquired assets and assumed liabilities were recognized at their fair values as of July 31, 2023, with the excess of the fair value of consideration transferred over the fair value of the net assets acquired recognized as goodwill. The fair values of the acquired assets and assumed liabilities as of July 31, 2023 were estimated by management using the discounted cash flow method and other factors specific to certain assets and liabilities. The final purchase price allocation is set forth in the table below:

(in thousands)		
Consideration:		
Cash	$	28,500
Contingent consideration payments [1]		8,419
Common equity of the Acquiring Entity		330
Less: cash and restricted cash acquired		(278)
Total purchase consideration, net of cash and restricted cash acquired	**$**	**36,971**
Recognized amounts of assets acquired and liabilities assumed:		
Accounts receivable	$	831
Prepaid expenses		490
Settlement assets		8,277
Equipment, net		47
Goodwill[3]		7,240
Intangible assets[2]		30,460
Accounts payable and accrued expenses		(1,881)
Customer deposits		(214)
Settlement obligations		(8,279)
Total purchase consideration	**$**	**36,971**

(1) The fair value of the contingent consideration payments issued was determined utilizing a Monte Carlo simulation. The contingent consideration payments were calculated based on the path for the simulated metrics and the contractual terms of the contingent consideration payments and were discounted to present value at a rate reflecting the risk associated with the payoffs. The fair value was estimated to be the average present value of the contingent consideration payments over all iterations of the simulation.

(2) The intangible assets acquired consist of $13.0 million for customer relationships, $7.0 million for referral partner relationships, $6.5 million for technology and $3.9 million for trade name.

(3) During the first and second quarters of 2024, the Company recorded immaterial measurement period adjustments due to a pre-acquisition tax accrual and security deposit which resulted in an adjustment to goodwill, accounts payable and accrued expenses, and prepaid expenses

3. Revenues

Disaggregation of Revenues

The following table presents a disaggregation of our consolidated revenues by type:

	Years Ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Revenue Type:			
Merchant card fees	$ 670,411	$ 595,205	$ 553,037
Money transmission services	130,123	98,137	71,536
Outsourced services and other services	67,018	49,600	29,627
Equipment	12,150	12,670	9,441
Total revenues[1][2]	**$ 879,702**	**$ 755,612**	**$ 663,641**

(1) Includes contracts with an original duration of one year or less and variable consideration under a stand-ready series of distinct days of service. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

(2) Approximately $52.3 million, $33.4 million and $7.5 million, of interest income for the years ended December 31, 2024, 2023 and 2022, respectively, is included in outsourced services and other services revenue in the table above.

The following table presents a disaggregation of our consolidated revenues by segment:

	Year Ended December 31, 2024				
(in thousands)	**Merchant Card Fees**	**Money Transmission Services**	**Outsourced and Other Services**	**Equipment**	**Total**
Segment					
SMB	$ 595,104	$ —	$ 6,293	$ 12,150	$ 613,547
B2B	75,822	—	13,281	—	89,103
Enterprise	1,989	130,123	48,336	—	180,448
Eliminations	(2,504)	—	(892)	—	(3,396)
Total revenues	**$ 670,411**	**$ 130,123**	**$ 67,018**	**$ 12,150**	**$ 879,702**

	Year Ended December 31, 2023				
(in thousands)	**Merchant Card Fees**	**Money Transmission Services**	**Outsourced and Other Services**	**Equipment**	**Total**
Segment					
SMB	$ 564,356	$ —	$ 6,225	$ 12,670	$ 583,251
B2B	31,114	—	10,042	—	41,156
Enterprise	410	98,142	33,634	—	132,186
Eliminations	(675)	(5)	(301)	—	(981)
Total revenues	**$ 595,205**	**$ 98,137**	**$ 49,600**	**$ 12,670**	**$ 755,612**

	Year Ended December 31, 2022				
(in thousands)	**Merchant Card Fees**	**Money Transmission Services**	**Outsourced and Other Services**	**Equipment**	**Total**
Segment					
SMB	$ 549,646	$ —	$ 3,150	$ 9,441	$ 562,237
B2B	3,390	—	15,500	—	18,890
Enterprise	1	71,536	10,977	—	82,514
Eliminations	—	—	—	—	—
Total revenues	**$ 553,037**	**$ 71,536**	**$ 29,627**	**$ 9,441**	**$ 663,641**

Deferred revenues were not material for the years ended December 31, 2024, 2023 and 2022.

Contract Assets and Contract Liabilities

Material contract assets and liabilities are presented net at the individual contract level in the Consolidated Balance Sheets and are classified as current or noncurrent based on the nature of the underlying contractual rights and obligations.

Contract liabilities were $0.2 million, $0.6 million and $0.2 million as of December 31, 2024, 2023, and 2022, respectively. Substantially all of these balances are recognized as revenue within 12 months.

Contract assets were not material for any period presented.

Impairment losses recognized on receivables or contract assets arising from the Company's contracts with customers were $6.2 million and $0.5 million for the years ended December 31, 2024 and 2023, respectively. Impairment losses recognized on receivables or contract assets arising from the Company's contracts with customers were immaterial for the year ended December 31, 2022.

4. Settlement Assets and Customer/Subscriber Account Balances and Related Obligations

SMB Payments Segment

In the Company's SMB Payments reportable segment, funds settlement refers to the process of transferring funds for sales and credits between card issuers and merchants. The standards of the card networks require possession of funds during the settlement process by a member bank which controls the clearing transactions. Since settlement funds are required to be in the possession of a member bank until the merchant is funded, these funds are not assets of the Company and the associated obligations related to these funds are not liabilities of the Company. Therefore, neither is recognized in the Company's Consolidated Balance Sheets. Member banks held merchant funds of $106.2 million and $98.0 million at December 31, 2024 and 2023, respectively.

Exception items that become the liability of the Company are recorded as merchant losses, a component of costs of services in the Consolidated Statements of Operations and Comprehensive Loss. Exception items that the Company is still attempting to collect from the merchants through the funds settlement process or merchant reserves are recognized as settlement assets and customer/subscriber account balances in the Company's Consolidated Balance Sheets, with an offsetting reserve for those amounts the Company estimates it will not be able to recover. Expenses for merchant losses for the years ended December 31, 2024, 2023 and 2022 were $11.0 million, $5.2 million and $4.1 million, respectively.

B2B Payments Segment

In the Company's B2B Payments segment, the Company earns revenues from certain of its services by processing transactions for FIs and other business customers. Customers transfer funds to the Company, which are held in either Company-owned bank accounts controlled by the Company or bank-owned FBO accounts controlled by the banks, until such time as the transactions are settled with the customer payees. Amounts due to customer payees that are held by the Company in Company-owned bank accounts are included in restricted cash. Amounts due to customer payees that are held in bank-owned FBO accounts are not assets of the Company. As such, the associated obligations related to these funds are not liabilities of the Company; therefore, neither is recognized in the Company's Consolidated Balance Sheets. Bank-owned FBO accounts held funds of $64.8 million and $69.0 million at December 31, 2024 and 2023, respectively. Company-owned bank accounts held $1.6 million and $1.2 million at December 31, 2024 and 2023, respectively, which are included in restricted cash and settlement obligations in the Company's Consolidated Balance Sheets.

Exception items that the Company is still attempting to collect from the customers through the funds settlement process are recognized as settlement assets and customer/subscriber account balances in the Company's Consolidated Balance Sheets, with an offsetting reserve for those amounts the Company estimates it will not be able to recover. Expenses for these merchant losses for the years ended December 31, 2024, 2023 and 2022 were $0.6 million, $1.0 million, and $0.3 million, respectively.

The Company also accepts card payments from its B2B Payments segment customers and processes disbursements to their vendors within the Plastiq business. The time lag between authorization and settlement of card transactions creates certain receivables (from card networks) and payables (to the vendors of customers). These receivables and payables arise from the settlement activities that the Company performs on the behalf of its customers and therefore, are presented as settlement assets and related obligations.

Enterprise Payments Segment

In the Company's Enterprise Payments segment revenue is derived primarily from enrollment fees, monthly subscription fees and transaction-based fees from licensed money transmission services. As part of its licensed money transmission services, the Company accepts deposits from consumers and subscribers which are held in bank accounts maintained by the Company on behalf of consumers and subscribers. After accepting deposits, the Company is allowed to invest available balances in these accounts in certain permitted investments, and the return on such investments contributes to the Company's net cash inflows. These balances are payable on demand. As such, the Company recorded these balances and related obligations as current assets and current liabilities. The nature of these balances are cash and cash equivalents, but they are not available for day-to-day operations of the Company. Therefore, the Company has classified these balances as settlement assets and customer/subscriber account balances and the related obligations as settlement and customer/subscriber account obligations in the Company's Consolidated Balance Sheets.

Exception items that become the liability of the Company are recorded as merchant losses, a component of cost of revenue in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss). Exception items that the Company is still attempting to collect from the merchants through the funds settlement process or merchant reserves are recognized as settlement assets and customer/subscriber account balances in the Company's Unaudited Consolidated Balance Sheets, with an offsetting reserve for those amounts the Company estimates it will not be able to recover. Expenses for merchant losses for the year ended December 31, 2024 was $0.4 million. Expenses for merchant losses for the years ended December 31, 2023 and 2022 were not material.

In certain states, the Company accepts deposits under agency arrangement with member banks wherein accepted deposits remain under the control of the member banks. Therefore, the Company does not record assets for the deposits accepted and

liabilities for the associated obligation. Agency owned accounts held $22.6 million and $19.6 million and at December 31, 2024 and 2023, respectively.

The Company's consolidated settlement assets and customer/subscriber account balances and settlement and customer/subscriber account obligations were as follows:

(in thousands)	December 31, 2024	December 31, 2023
Settlement Assets, net of estimated losses[1]:		
Card settlements due from merchants	$ 2,587	$ 2,705
Card settlements due from networks	12,307	8,185
Other settlement assets	1,730	889
Customer/Subscriber Account Balances:		
Cash and cash equivalents	924,174	744,696
Total settlement assets and customer/subscriber account balances	**$ 940,798**	**$ 756,475**
Settlement and Customer/Subscriber Account Obligations:		
Customer account obligations	$ 897,497	$ 710,775
Subscriber account obligations	26,677	33,921
Total customer/subscriber account obligations	924,174	744,696
Due to customer payees[2]	16,039	11,058
Total settlement and customer/subscriber account obligations	**$ 940,213**	**$ 755,754**

(1) Allowance for estimated losses was $7.9 million and $6.6 million as of December 31, 2024 and 2023, respectively.
(2) Card settlements due from networks includes $12.3 million and $8.2 million as of December 31, 2024 and 2023, respectively, of related assets and remainder are included in restricted cash on our Consolidated Balance Sheets.

5. Notes Receivable

The Company has notes receivable of $8.6 million and $5.2 million as of December 31, 2024 and 2023, respectively, which are reported as current portion of notes receivable and notes receivable less current portion on the Company's Consolidated Balance Sheets. The notes bear a weighted-average interest rate of 16.9% and 18.6% as of December 31, 2024 and 2023, respectively. The notes receivable are comprised of notes receivable from ISOs, and under the terms of the agreements the Company preserves the right to hold back residual payments due to the ISOs and to apply such residuals against future payments due to the Company. As of December 31, 2024 and 2023, the Company had no allowance for doubtful notes receivable.

As of December 31, 2024, the principal payments for the Company's notes receivables are due as follows:

(in thousands)	
Year Ending December 31,	
2025	$ 3,638
2026	2,283
2027	1,732
2028	904
2029	—
Thereafter	—
Total	**$ 8,557**

6. Property, Equipment and Software

A summary of property, equipment and software, net was as follows:

(in thousands)	December 31, 2024	December 31, 2023
Computer software	$ 104,683	$ 78,492
Equipment	11,571	10,377
Leasehold improvements	2,718	1,535
Furniture and fixtures	1,365	1,442
Property, equipment and software	120,337	91,846
Less: Accumulated depreciation	(70,258)	(56,442)
Capital work in-progress	2,398	9,276
Property, equipment and software, net	**$ 52,477**	**$ 44,680**

	Years Ended December 31,		
(in thousands)	2024	2023	2022
Depreciation expense	$ 13,896	$ 11,494	$ 9,511

Computer software represents purchased software and internally developed software that is used to provide the Company's services to its customers.

Fully depreciated assets are retained in property, equipment and software, net, until removed from service. During the year ended December 31, 2024 and 2023, certain fully depreciated assets were removed from service.

7. Goodwill and Other Intangible Assets

Goodwill

The Company records goodwill upon acquisition of a business when the purchase price is greater than the fair value assigned to the underlying separately identifiable tangible and intangible assets acquired and the liabilities assumed. The Company's goodwill relates to the following reporting units:

(in thousands)	December 31, 2024	December 31, 2023
SMB Payments	$ 124,139	$ 124,139
Enterprise Payments	244,712	244,712
Plastiq (B2B Payments)	7,240	7,252
Total	**$ 376,091**	**$ 376,103**

The following table summarizes the changes in the carrying value of goodwill:

(in thousands)	Amount
Balance at January 1, 2024	$ 376,103
Plastiq adjustment	(12)
Balance at December 31, 2024	**$ 376,091**

The Company evaluates goodwill for impairment annually on October 1 or whenever circumstances or events make it more likely than not impairment may have occurred. The Company may test for goodwill impairment using an optional qualitative analysis or proceed directly with a quantitative analysis. If the optional qualitative analysis is performed, the Company assesses whether it is more likely than not the fair value is less than its carrying amount. For the purpose of the goodwill impairment analysis, the Company determined its reporting units were Enterprise Payments, SMB Payments, and Plastiq, a component of the B2B Payments operating segment, as allowed by ASC 350. Electing to perform the optional qualitative analysis as of October 1, 2024, no indicators of impairment were identified.

As of December 31, 2024, the Company is not aware of any triggering events that have occurred since October 1, 2024.

There were no impairment losses for the years ended December 31, 2024, 2023 or 2022.

Other Intangible Assets

At December 31, 2024 and 2023, other intangible assets consisted of the following:

(in thousands, except weighted-average data)	December 31, 2024			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted-average Useful Life
Other intangible assets:				
ISO and referral partner relationships	$ 182,339	$ (49,501)	$ 132,838	14.6
Residual buyouts	143,862	(104,766)	39,096	6.2
Customer relationships	109,017	(95,320)	13,697	8.4
Merchant portfolios	83,350	(65,285)	18,065	6.5
Technology	58,639	(27,473)	31,166	8.7
Non-compete agreements	3,390	(3,390)	—	0.0
Trade names	7,104	(3,192)	3,912	10.6
Money transmission licenses[1]	2,100	—	2,100	
Total gross carrying value	**$ 589,801**	**$ (348,927)**	**$ 240,874**	**9.5**

[1] These assets have an indefinite useful life.

(in thousands, except weighted-average data)	December 31, 2023			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted-average Useful Life
Other intangible assets:				
ISO relationships	$ 182,339	$ (36,506)	$ 145,833	14.7
Residual buyouts	135,164	(92,699)	42,465	6.3
Customer relationships	109,017	(92,781)	16,236	8.4
Merchant portfolios	83,350	(56,139)	27,211	6.5
Technology	57,639	(22,712)	34,927	9.0
Non-compete agreements	3,390	(3,390)	—	0.0
Trade names	7,104	(2,526)	4,578	11.7
Money transmission licenses[1]	2,100	—	2,100	
Total gross carrying value	**$ 580,103**	**$ (306,753)**	**$ 273,350**	**9.7**

[1] These assets have an indefinite useful life.

(in thousands)	Years Ended December 31,		
	2024	2023	2022
Amortization expense[1]	$ 44,145	$ 56,901	$ 61,170

(1) Included in amortization expense is $2.0 million, $1.0 million and $0.2 million related to the amortization of certain contract acquisition costs for the years ended December 31, 2024, 2023 or 2022

The estimated amortization expense of intangible assets as of December 31, 2024, for the next five years and thereafter is:

(in thousands)

Year Ending December 31,	Estimated Amortization Expense
2025	$ 37,097
2026	36,309
2027	34,044
2028	25,710
2029	21,937
Thereafter	83,677
Total[1]	$ 238,774

(1) Total will not agree to the intangible asset net book value due to intangible assets with indefinite useful life.

Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives and other relevant events or circumstances.

The Company tests intangible assets for impairment when events occur or circumstances indicate that the fair value of an intangible asset or group of intangible assets may be impaired. There were no impairment losses for the years ended December 31, 2024, 2023 or 2022.

The Company also considered the market conditions and other factors and concluded that there were no additional impairment indicators present at December 31, 2024.

8. Leases

The Company's leases consist primarily of real estate leases for office space, which are classified as operating leases. Lease expense for the Company's operating leases is recognized on a straight-line basis over the term of the lease. The Company did not have any finance leases at December 31, 2024 and 2023.

The ROU Assets and lease liabilities consisted of the following:

(in thousands, except weighted-average data)	Financial Statement Classification	December 31, 2024	December 31, 2023
Operating Lease ROU Assets:			
Operating lease ROU Assets	Other noncurrent assets	**$ 7,305**	**$ 5,427**
Operating Lease Obligations:			
Operating lease obligations - current	Accounts payable and accrued expenses	$ 1,072	$ 1,582
Operating lease obligations - noncurrent	Other noncurrent liabilities	6,707	4,592
Total operating lease obligations		**$ 7,779**	**$ 6,174**
Weighted-average remaining lease term in years		9.9	3.8
Weighted-average discount rate		6.5 %	5.9 %

The Components of lease expense were as follows:

		Years Ended December 31,		
(in thousands)	**Financial Statement Classification**	**2024**	**2023**	**2022**
Operating lease expense [1]	Selling, general and administrative	$ 1,714	$ 1,760	$ 1,984

[1] Excludes expenses related to short-term leases, which was immaterial for the years ended December 31, 2024, 2023 or 2022.

		Years Ended December 31,		
(in thousands)	**Financial Statement Classification**	**2024**	**2023**	**2022**
Operating cash flows from operating leases	Operating activities	$ 1,952	$ 1,862	$ 2,131

Lease Commitments

Future minimum lease payments for the Company's real estate operating leases at December 31, 2024 were as follows:

(in thousands)	
Year Ending December 31,	**Amount Due**
2025	$ 1,531
2026	1,319
2027	1,029
2028	865
2029	683
Thereafter	5,528
Total future minimum lease payments	**10,955**
Amount representing imputed interest	(3,176)
Total future minimum lease payments, net of interest	**$ 7,779**

9. Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses consisted of the following:

(in thousands)	**December 31, 2024**	**December 31, 2023**
Accrued expenses	$ 26,787	$ 12,621
Accrued card network fees	14,311	14,320
Accrued compensation	2,570	8,748
Contingent consideration, current portion	3,891	5,951
Accounts payable	14,590	11,003
Total accounts payable and accrued expenses	**$ 62,149**	**$ 52,643**

10. Debt Obligations

Outstanding debt obligations consisted of the following:

(in thousands)	December 31, 2024	December 31, 2023
2024 Credit Agreement		
Term facility - matures May 16, 2031, interest rate of 9.11% at December 31, 2024	$ 945,537	$ —
Revolving credit facility - $70.0 million line matures May 16, 2029, interest rate of 8.61% at December 31, 2024	—	—
2021 Credit Agreement - *refinanced on May 16, 2024*		
Term facility - original maturity April 27, 2027, interest rate of 11.21% at December 31, 2023	—	654,373
Revolving credit facility - $65.0 million line, original Maturity April 27, 2026, interest rate of 10.20% at December 31, 2023	—	—
Total debt obligations	**945,537**	**654,373**
Less: current portion of long-term debt	(9,503)	(6,712)
Less: unamortized debt discounts and deferred financing costs	(15,146)	(15,696)
Long-term debt, net	**$ 920,888**	**$ 631,965**

Contractual Maturities

Based on terms and conditions existing at December 31, 2024, future minimum principal payments for long-term debt are as follows:

(in thousands)

December 31,	Term Facility	Revolving Credit Facility	Total Principal Due
2025	$ 9,503	$ —	$ 9,503
2026	9,503	—	9,503
2027	9,503	—	9,503
2028	9,503	—	9,503
2029	9,503	—	9,503
Thereafter	898,022	—	898,022
Total	**$ 945,537**	**$ —**	**$ 945,537**

Additionally, the Company may be obligated to make certain additional mandatory prepayments after the end of each year based on excess cash flow, as defined in the 2024 Credit Agreement.

2024 Credit Agreement

On May 16, 2024, the Company entered into a Credit Agreement ("2024 Credit Agreement") which provides 1) a $835.0 million senior secured first lien term loan facility ; and 2) a $70.0 million senior secured revolving facility ("Credit facilities"). Proceeds from these Credit facilities were used to repay the outstanding balances under the 2021 Credit Agreement and redeem a portion of the Company's redeemable senior preferred stock (see Note 11. Redeemable Securities). In accordance with ASC 470, the Company determined on a creditor-by-creditor basis that the 2024 Credit Agreement was both a debt modification and extinguishment of the 2021 Credit Agreement.

The Company expensed $3.9 million of previously unamortized fees and $4.8 million of debt issuance costs related to the refinancing which is reported in debt extinguishment and modification in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

Outstanding borrowings under the Credit agreement accrue interest using a base rate or a SOFR rate plus an applicable margin per year, subject to a SOFR rate floor of 0.50% per year. The revolving credit facility incurs an unused commitment fee on any undrawn amount in an amount equal to 0.50% per year of the unused portion. The future applicable interest rate margins may vary based on the Company's Total Net Leverage Ratio in addition to future changes in the underlying market rates for SOFR and the rate used for base-rate borrowings.

The 2024 Credit Agreement contains representations and warranties, financial and collateral requirements, mandatory payment events, events of default and affirmative and negative covenants, including without limitation, covenants that restrict among other things, the ability to create liens, pay dividends or distribute assets from the loan parties to the Company, merge or consolidate, dispose of assets, incur additional indebtedness, make certain investments or acquisitions, enter into certain transactions (including with affiliates) and to enter into certain leases. All of the assets of the company are pledged as collateral for the credit facilities under the 2024 Credit Agreement.

If the aggregate principal amount of outstanding revolving loans and letters of credit under the 2024 Credit Agreement exceeds 35% of the total revolving credit facility thereunder, the Company is required to comply with certain restrictions on its Total Net Leverage Ratio. If applicable, the maximum permitted Total Net Leverage Ratio is: 1) 6.90:1.00 at each fiscal quarter ended September 30, 2024 through December 31, 2025; 2) 6.40:1.00 at each fiscal quarter ended March 31, 2026 and each fiscal quarter thereafter. As of December 31, 2024, the Company was in compliance with the covenants in the 2024 Credit Agreement.

First Amendment to the 2024 Credit Agreement

On November 21, 2024, the Company modified its existing Term Facility. The agreement increased the principal balance by $115.0 million to $950.0 million and increased the quarterly principal amortization payment from $2.1 million to $2.4 million. There were no other significant modifications to the Credit Agreement. There were no other significant modifications to the Credit Agreement. Proceeds from this amendment were used to redeem the remaining balance of the Company's redeemable senior preferred stock (see Note 11. Redeemable Securities).

The Company determined on a creditor-by-creditor basis that the 2024 Credit Agreement was a debt modification. The Company expensed $1.0 million of previously unamortized fees and $0.7 million of debt issuance costs related to the refinancing which is reported in debt extinguishment and modification in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

2021 Credit Agreement

On April 27, 2021, the Company entered into the 2021 Credit Agreement with Truist which provides for: 1) a $300.0 million Initial Term Loan; 2) a $290.0 million Delayed Draw Term Loan (together, the "Term Facility"); and 3) a $40.0 million senior secured revolving credit facility. The First Amendment to the Credit Agreement on May 20, 2021, clarified and provided further detail on the Credit Agreement's terms. The Second Amendment to the Credit Agreement on September 17, 2021, increased the amount of the Delayed Draw Term Loan facility by $30.0 million to $320.0 million. The additional Delayed Draw Term Loan is part of the same class of term loans made pursuant to the original commitments under the Credit Agreement. The third amendment amended the reference rate from LIBOR to SOFR and increased the revolving facility from $40.0 million to $65.0 million effecting June 30, 2023. The fourth amendment increased the principal balance by $50.0 million and increased the quarterly principal amortization payment from $1.6 million to $1.7 million. Outstanding borrowings from the 2021 Credit Agreement were repaid on May 16, 2024 as part of the refinancing and the Company was released from any related commitments, guarantees and security interests.

Outstanding borrowings under the 2021 Credit Agreement accrued interest using either a base rate or a SOFR rate plus an applicable margin per year, subject to a SOFR rate floor of 1.00% per year. Accrued interest is payable on each interest payment date (as defined in the 2021 Credit Agreement). The revolving credit facility incurs an unused commitment fee on any

undrawn amount in an amount equal to 0.50% per year of the unused portion. The future applicable interest rate margins may vary based on the Company's Total Net Leverage Ratio in addition to future changes in the underlying market rates for SOFR and the rate used for base-rate borrowings.

Proceeds from the Initial Term Loan were used to partially fund the refinancing of the Company's existing credit facilities as of April 27, 2021. Proceeds from the Delayed Draw Term Loan were used to fund the Company's acquisition of Finxera. Proceeds from the Fourth Amendment were used to repay the balance of the revolving credit facility (used to acquire the Plastiq business) and added additional cash for general corporate purposes.

Interest Expense and Amortization of Deferred Loan Costs and Discounts

Deferred financing costs and debt discounts are amortized using the effective interest method over the remaining term of the respective debt and are recorded as a component of interest expense. Unamortized deferred financing costs and debt discount are included in long-term debt on the Company's Consolidated Balance Sheets.

	Twelve Months Ended December 31,		
(in thousands)	**2024**	**2023**	**2022**
Interest expense[1][2]	$ 88,948	$ 76,108	$ 53,554

(1) Included in this amount is $4.3 million, $1.7 million and $0.9 million of interest expense related to the accretion of contingent considerations from acquisitions for December 31, 2024, 2023 and 2022.

(2) Interest expense included amortization of deferred financing costs and debt discounts of $2.7 million, $3.8 million and $3.5 million for the years ended December 31, 2024, 2023 and 2022, respectively.

11. Redeemable Senior Preferred Stock and Warrants

On April 27, 2021, the Company entered into an agreement pursuant to which it issued 150,000 shares of redeemable senior preferred stock, par value $0.001 per share, and a detachable warrant to purchase 1,803,841 shares of the Company's Common Stock, for gross proceeds of $150.0 million, less a $5.0 million discount and $5.5 million of issuance costs.

The agreement also provided the Company the option to issue an additional 50,000 shares of redeemable senior preferred stock upon the closing of the Finxera acquisition for $50.0 million, less a $0.6 million discount and within 18 months after the issuance of those additional shares, subject to the satisfaction of certain customary closing conditions. The Company was also provided with the option to issue an additional delayed 50,000 shares at a purchase price of $50.0 million, less a $0.6 million discount, subject to the satisfaction of certain customary closing conditions.

Of the total net proceeds of $139.5 million, $131.4 million was allocated to the redeemable senior preferred stock, $11.4 million was allocated to additional paid-in capital for the warrants and $3.3 million was allocated to noncurrent assets for the committed financing put right.

On September 17, 2021, the Company issued an additional 75,000 shares of redeemable senior preferred stock for $75.0 million, less a $0.9 million discount, $0.7 million of ticking fees and $1.9 million of issuance costs. Upon issuance of these additional shares, the $3.3 million that was previously allocated to noncurrent assets for the committed financing put right was reclassified to the redeemable senior preferred stock.

On May 16, 2024, the Company used proceeds totaling $170.0 million from the refinancing (see Note 10. Debt Obligations) to redeem a portion of the redeemable senior preferred stock. The redemption consisted of $136.9 million of redeemable senior preferred stock, $29.4 million for accumulated unpaid dividend, and $2.2 million of cash dividend and $1.5 million of accumulated unpaid dividend as of the date of redemption.

On November 21, 2024, the Company used $113.3 million of the $115.0 million from Amendment 1 to the 2024 Credit agreement (see Note 10. Debt Obligations) to redeem the remaining balance of the outstanding redeemable preferred stock. The redemption consisted of $88.1 million of redeemable senior preferred stock, $22.6 million for accumulated unpaid dividend, and $1.5 million of cash dividend and $1.1 million of accumulated unpaid divided for the period of October 1, 2024 through November 21, 2024.

The redeemable senior preferred stock ranked senior to the Company's Common Stock, equal with any other class of the Company's stock designated as being ranked on a parity basis with the redeemable senior preferred stock and junior to any other class of the Company's stock, including preferred stock, that is designated as being ranked senior to the redeemable senior preferred stock, with respect to the payment and distribution of dividends, the purchase or redemption of the Company's stock and the liquidation, winding up of and distribution of assets of the Company.

The redeemable senior preferred stock did not meet the definition of a liability pursuant to ASC 480, *Distinguishing Liabilities from Equity*, as it is redeemable upon the occurrence of events that are not solely within the Company's control. Therefore, the Company classified the redeemable senior preferred stock as temporary equity and was accreting the carrying amount to its full redemption amount from the date of issuance to the earliest redemption date using the effective interest method.

The following table provides the redemption value of the redeemable senior preferred stock for the periods presented:

(in thousands)	December 31, 2024	December 31, 2023
Redeemable senior preferred stock	$ —	$ 225,000
Accumulated unpaid dividend	—	43,498
Dividend payable	—	7,027
Redemption value	—	275,525
Less: unamortized discounts and issuance costs	—	(16,920)
Redeemable senior preferred stock, net of discounts and issuance costs	**$ —**	**$ 258,605**

The following table provides a reconciliation of the beginning and ending carrying amounts of the redeemable senior preferred stock for the periods presented:

(in thousands)	Shares	Amount
January 1, 2023	225	$ 235,579
Unpaid dividend on redeemable senior preferred stock	—	18,000
Accretion of discounts and issuance cost	—	3,340
Cash portion of dividend and ticking fee outstanding at the end of the year	—	7,027
Payment of cash portion of dividend and ticking fee outstanding at December 31, 2022	—	(5,341)
December 31, 2023	225	$ 258,605
Payment of cash portion of dividend and ticking fee outstanding at December 31, 2023	—	(7,027)
Accretion of discounts and issuance cost	—	16,920
Redemption of senior preferred stock and accumulated dividend	(225)	(268,498)
December 31, 2024	—	—

On June 30, 2023, the Company amended the Certificate of Designation of its redeemable senior preferred stock to transition the reference rate used for the calculation of dividends from LIBOR to SOFR. Under the Amended Certificate of Designation, the dividend rate (capped at 22.50%) will be equal to the three-month term SOFR (minimum of 1.00%), plus the three-month term SOFR spread adjustment of 0.26% plus the applicable margin of 12.00%. All other terms in the agreement were unchanged. For the year ended December 31, 2024, SOFR is the reference rate for calculation of the dividend. The dividend rate is subject to future increases if the Company doesn't comply with the minimum cash payment requirements outlined in the agreement, which includes required payments of dividends, required payments related to redemption or required prepayments. The dividend rate may also increase if the Company fails to obtain the required shareholder approval for a forced sale

transaction triggered by investors or if an event of default as outlined in the agreement occurs. The dividend rate as of December 31, 2023, was 17.7%.

The following table provides a summary of the dividends for the period presented:

(in thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Dividends paid in cash[(1)]	$ 16,619	$ 26,404
Accumulated dividends accrued as part of the carrying value of redeemable senior preferred stock	11,059	18,000
Dividends declared	**$ 27,678**	**$ 44,404**

(1) Included in this amount is $0.0 million and $7.0 million of dividends outstanding as of December 31, 2024 and 2023 respectively.

The following table presents cumulative dividends in arrears in aggregate and per-share:

(in thousands, except per share amounts)	Year Ended December 31, 2024	Year Ended December 31, 2023
Cumulative preferred dividends in arrears	$ —	$ 43,498
Redeemable senior preferred stock, outstanding	—	225
Cumulative preferred dividends in arrears, per share	$ —	$ 193.3

Warrants

On April 27, 2021 the Company issued warrants to purchase up to 1,803,841 shares of the Company's Common Stock, par value $0.001 per share, at an exercise price of $0.001. The exercise price and the number of shares issuable upon exercise of the warrants are subject to certain adjustments from time to time on the terms outlined in the warrants. These warrants were exercisable upon issuance. In connection with the issuance of the warrants, the Company entered into an agreement pursuant to which it agreed to provide certain registration rights with respect to the common shares issuable upon exercise of the warrants. Under this agreement, the holders of the related shares of Common Stock were granted piggyback rights to be included in certain underwritten offerings of Common Stock and the right to demand a shelf registration of the shares of Common Stock issued upon exercise of the warrants. As of December 31, 2024, none of the warrants have been exercised. The warrants are considered to be equity contracts indexed in the Company's own shares and therefore were recorded at their inception date relative fair value and are included in additional paid-in capital on the Company's Consolidated Balance Sheet.

12. Income Taxes

Components of consolidated income tax expense were as follows:

(in thousands)	For the Years Ended December 31,		
	2024	2023	2022
U.S. current income tax expense			
Federal	$ 12,094	$ 10,624	$ 10,411
State and local	3,085	3,187	2,546
Foreign	281	738	349
Total current income tax expense	$ 15,460	$ 14,549	$ 13,306
U.S. deferred income tax (benefit) expense			
Federal	$ (2,213)	$ (5,149)	$ (5,001)
State and local	(101)	(712)	(2,970)
Foreign	120	(225)	15
Total deferred income tax (benefit) expense	$ (2,194)	$ (6,086)	$ (7,956)
Total income tax expense	$ 13,266	$ 8,463	$ 5,350

The Company's consolidated effective income tax rate was 35.6% for the year ended December 31, 2024, compared to a consolidated effective income tax rate of 118.3% for the year ended 2023. For the year ended December 31, 2022, the Company's consolidated effective income tax benefit rate was 167.2%. The effective rate for December 31, 2024 differed from the statutory rate of 21% primarily due to an increase in the valuation allowance against certain business interest carryover deferred tax assets. The effective rate for December 31, 2023 differed from the statutory federal rate of 21% primarily due to an increase in the valuation allowance against certain business interest carryover deferred tax assets. The effective rate for December 31, 2022, differed from the statutory federal rate of 21% primarily due to an increase in the valuation allowance against certain business interest carryover deferred tax assets and the finalization of prior estimates of certain intangible deferred tax liabilities resulting from the Finxera acquisition.

The following table provides a reconciliation of the consolidated income tax expense at the statutory U.S. federal tax rate to actual consolidated income tax expense:

(in thousands)	For the Years Ended December 31,		
	2024	2023	2022
U.S. federal statutory expense	$ 7,829	$ 1,502	$ 672
State and local income taxes, net	2,308	1,588	421
Foreign rate differential	98	114	142
Excess tax expense pursuant to ASU 2016-09	128	235	4
Valuation allowance changes	2,204	3,958	4,957
Nondeductible items	1,045	768	576
Intangible assets	—	—	(1,226)
Tax credits	(275)	—	(100)
Other, net	(71)	298	(96)
Income tax expense	$ 13,266	$ 8,463	$ 5,350

Deferred income taxes reflect the expected future tax consequences of temporary differences between the financial statement carrying amount of the Company's assets and liabilities, tax credits and their respective tax bases, and loss carry forwards. The significant components of consolidated deferred income taxes were as follows:

(in thousands)	As of December 31, 2024	2023
Deferred Tax Assets:		
Accruals and reserves	$ 1,566	$ 1,392
Investments in partnership	2,561	689
Intangible assets	29,166	25,682
Net operating loss carryforwards	1,012	934
Interest limitation carryforwards	19,821	18,917
Other	3,832	3,982
Gross deferred tax assets	57,958	51,596
Valuation allowance	(21,625)	(19,421)
Total deferred tax assets	36,333	32,175
Deferred Tax Liabilities:		
Prepaid assets	$ (1,457)	$ (1,124)
Property and equipment	(10,179)	(8,518)
Total deferred tax liabilities	(11,636)	(9,642)
Net deferred tax assets	**$ 24,697**	**$ 22,533**

In accordance with the provisions of ASC 740, *Income Taxes*, the Company provides a valuation allowance against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The assessment considers all available positive and negative evidence and is measured quarterly. As of December 31, 2024 and 2023, the Company had a consolidated valuation allowance of approximately $21.6 million and $19.4 million, respectively, against certain deferred income tax assets related to business interest deduction carryovers and business combination costs that the Company believes are not more likely than not to be realized.

The Company recognizes the tax effects of uncertain tax positions only if such positions are more likely than not to be sustained based solely upon its technical merits at the reporting date. The Company refers to the difference between the tax benefit recognized in its financial statements and the tax benefit claimed in the income tax return as an "unrecognized tax benefit." A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in thousands)	
Balance as of January 1, 2024	$ 154
Additions based on tax positions related to the current year	—
Additions based on positions of prior years	22
Reductions for tax positions of prior years	—
Reductions related to lapse of the applicable statutes of limitations	(96)
Settlements	—
Balance as of December 31, 2024	**$ 80**

As of December 31, 2024 and 2023, the balance of unrecognized tax benefits that, if recognized, affect our effective tax rate was immaterial. The Company continually evaluates the uncertain tax benefit associated with its uncertain tax positions. It is reasonably possible that the liability for uncertain tax benefits could decrease during the next 12 months by up to $0.1 million due to the expiration of statutes of limitations.

The Company is subject to U.S. federal income tax and income tax in multiple state jurisdictions. Tax periods for December 31, 2021 and all years thereafter remain open to examination by the federal and state taxing jurisdictions and tax periods for December 31, 2020 and all years thereafter remain open for certain state taxing jurisdictions to which the Company is subject.

At December 31, 2024 and December 31, 2023, the Company had state NOL carryforwards of approximately $19.9 million and $17.9 million, respectively, with expirations dates ranging from 2024 to 2044.

The Company has historically been impacted by the new interest deductibility rule under the Tax Act. This rule disallows interest expense to the extent it exceeds 30% of ATI, as defined. In March 2020, the CARES Act was enacted, which among other provisions, provides for the increase of the 163(j) ATI limitation from 30% to 50% for tax years 2019 and 2020. As of December 31, 2024, the Company had interest deduction limitation carryforwards of $87.6 million.

13. Shareholders' Deficit

Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of preferred stock, the holders of the Company's Common Stock possess all voting power for the election of members of the Company's Board of Directors and all other matters requiring shareholder action and will at all times vote together as one class on all matters submitted to a vote of the Company's shareholders. Holders of the Company's Common Stock are entitled to one vote per share on matters to be voted on by shareholders. Holders of the Company's Common Stock will be entitled to receive such dividends and other distributions, if any, as may be declared from time to time by the Company's Board of Directors in its discretion. Historically, the Company has neither declared nor paid dividends. The holders of the Company's Common Stock have no conversion, preemptive or other subscription rights and there is no sinking fund or redemption provisions applicable to the Common Stock.

The Company is authorized to issue 100,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors. As of December 31, 2024, the Company has not issued any shares of preferred stock.

Share Repurchase Program

During the second quarter of 2022, Priority's Board of Directors authorized a general share repurchase program under which the Company may purchase up to 2,000,000 shares of its outstanding Common Stock for a total of up to $10.0 million. Under the terms of this plan, the Company may purchase shares through open market purchases, unsolicited or solicited privately negotiated transactions, or in another manner so long as it complies with applicable rules and regulations. There have been no shares repurchased under this plan since December 2022. As of December 31, 2024, the Company has purchased 1,309,374 shares for $5.8 million under this plan.

14. Stock-based Compensation

2018 Equity Incentive Plan

The 2018 Plan was approved by the Company's Board of Directors and shareholders in July 2018. The 2018 Plan provided for the issuance of up to 6,685,696 of the Company's Common Stock, and these shares were registered on a Form S-8 during 2018. Under the 2018 Plan, the Company's compensation committee may grant awards of non-qualified stock options, incentive stock options, SARs, restricted stock awards, RSUs, other stock-based awards (including cash bonus awards) or any combination of the foregoing. Any current or prospective employees, officers, consultants or advisors that the Company's compensation committee (or, in the case of non-employee directors, the Company's Board of Directors) selects, from time to time, are eligible to receive awards under the 2018 Plan. If any award granted under the 2018 Plan expires, terminates, or is canceled or forfeited without being settled or exercised, or if a SAR is settled in cash or otherwise without the issuance of shares, shares of the Company's Common Stock subject to such award will again be made available for future grants. In addition, if any shares are surrendered or tendered to pay the exercise price of an award or to satisfy withholding taxes owed, such shares will again be available for grants under the 2018 Plan. On March 17, 2022, the Company's Board of Directors unanimously approved an amendment to the 2018 Plan which was subsequently approved by our shareholders, to increase the number of shares authorized for issuance under the plan by 2,500,000 shares, resulting in 9,185,696 shares of the Company's Common Stock authorized for issuance under the plan. These additional shares were registered on Form S-8 in December 2022.

Stock-based compensation was as follows:

(in thousands)	Years Ended December 31, 2024	2023	2022
2018 Equity Incentive Plan			
Restricted stock units compensation expense	$ 5,897	$ 6,423	$ 6,182
Stock options compensation expense	4	7	7
Total stock-based compensation under the 2018 Equity Incentive Plan	5,901	6,430	6,189
ESPP compensation expense	56	50	39
Incentive units compensation expense	161	288	—
Total	**$ 6,118**	**$ 6,768**	**$ 6,228**

For the year ended December 31, 2024 and 2023, the Company's income tax expense for stock-based compensation was immaterial. For the year ended December 31, 2022, the Company recognized an income tax benefit of approximately and $0.7 million for stock-based compensation expense. No stock-based compensation has been capitalized.

A summary of the activity in stock units for the 2018 Plan is as follows:

Common Stock available for issuance at January 1, 2022	3,363,040
New shares authorized for issuance	2,500,000
Stock options forfeited	221,733
RSUs granted	(2,878,949)
PSUs granted[2]	(345,000)
RSUs forfeited	353,196
PSUs forfeited	—
Shares withheld for taxes[1]	291,266
Common Stock available for issuance at December 31, 2022	3,505,286
Stock options forfeited	129,380
RSUs granted	(641,578)
PSUs granted	—
RSUs forfeited	226,100
PSUs forfeited	37,500
Shares withheld for taxes[1]	291,110
Common Stock available for issuance at December 31, 2023	3,547,798
Stock options forfeited	14,302
RSUs granted	(1,132,450)
PSUs granted	(10,753)
RSUs forfeited	403,750
PSUs forfeited	1,666
Shares withheld for taxes[1]	326,282
Common Stock available for issuance at December 31, 2024	3,150,595

[1] The number of shares surrendered to satisfy withholding taxes owed are subsequently added back to the shares available for grant under the 2018 Plan.

(2) The shares were deemed granted to calculate remaining available shares when the participants were made aware of the award in 2022 to properly account for the number of shares available for issuance. However, they were not granted for accounting purposes until 2023 once the respective performance criteria were met.

Details about the time-based equity-classified stock options granted under the plan are as follows:

	Number of Shares	Weighted-average Exercise Price	Weighted-average Remaining Contractual Term	Aggregate Intrinsic Value *(in thousands)*
Outstanding, December 31, 2023	876,512	$ 6.87	4.9 years	$ 16
Exercised	(267,384)	6.95		
Forfeited[1]	(14,302)	6.95		
Outstanding, December 31, 2024	**594,826**	**6.84**	**3.9 years**	**$ 2,922**
Exercisable at December 31, 2024	**594,826**	**$ 6.84**	**3.9 years**	**$ 2,922**

(1) Forfeited includes awards for which the participant has been terminated but has 90 days from the date of termination to exercise the award based on the agreement.

There were no options granted in 2024, 2023, or 2022. The intrinsic value of options exercised in 2024 was $0.8 million. There were no options exercised in 2023 or 2022. As of December 31, 2024, there were no unrecognized compensation costs related to stock options.

Equity-classified Restricted Stock Units

Below is a summary of the Company's equity-classified RSUs and PSUs for the periods presented:

	Underlying Common Shares	Weighted-average Grant Date Fair Value
Service-based vesting:		
Unvested at January 1, 2022	879,250	$ 5.51
Granted[1]	2,878,948	$ 6.14
Forfeited	(353,196)	$ 6.04
Vested	(822,602)	$ 5.44
Unvested at December 31, 2022	2,582,400	$ 5.70
Granted[1]	641,578	$ 3.81
Forfeited	(226,100)	$ 5.44
Vested	(1,028,782)	$ 5.60
Unvested at December 31, 2023	1,969,096	$ 5.68
Granted[1]	1,132,450	$ 4.37
Forfeited	(403,750)	$ 6.37
Vested	(1,037,012)	$ 5.06
Unvested at December 31, 2024	**1,660,784**	$ 5.00
Performance-based vesting:		
Unvested at January 1, 2022	99,453	$ 4.46
Granted[2]	64,366	$ 5.00
Vested	(64,366)	$ 6.90
Unvested at December 31, 2022	99,453	$ 3.24
Granted[2]	345,000	$ 5.31
Forfeited	(37,500)	$ 5.31
Vested	(116,958)	$ 5.12
Unvested at December 31, 2023	289,995	$ 5.31
Granted	10,753	$ 9.30
Forfeited	(1,666)	$ 5.31
Vested	(101,674)	$ 5.31
Unvested at December 31, 2024	**197,408**	$ 5.56

(1) Includes 175,720 shares with an estimated fair value of $0.6 million, 143,605 shares with an estimated fair value of $0.5 million and 228,347 shares with an estimated fair value of $1.1 million issued to non-employees in December 31, 2024, 2023 and 2022, respectively.

(2) Includes only the portions of grants for which the performance goals have been determined and communicated to the grant recipient. Any grants for which the required performance goals have not been determined and communicated to the grant recipient are not considered to have been granted for accounting purposes.

As of December 31, 2024, there was $5.5 million and $0.5 million of unrecognized compensation costs for equity-classified service-based RSUs and performance-based RSUs, respectively, which are expected to be recognized over a remaining

weighted-average period of 1.9 years and 1.0 year, respectively. The total fair value of RSUs and PSUs that vested in 2024, 2023, and 2022 was $5.8 million, $1.3 million and $0.9 million, respectively.

Employee Stock Purchase Plan

On April 16, 2021, the 2021 Stock Purchase Plan was authorized by the Company's Board of Directors. The maximum number of shares available for purchase under the 2021 Stock Purchase Plan is 200,000 shares. The shares issued under the 2021 Stock Purchase Plan may be authorized but unissued or reacquired shares of Common Stock. All employees of the Company who work more than 20 hours per week and have been employed by the Company for at least 30 days may participate in the 2021 Stock Purchase Plan.

Under the 2021 Stock Purchase Plan, participants are offered, on the first day of the offering period, the option to purchase shares of Common Stock at a discount on the last day of the offering period. The offering period shall be for a period of three months, and the first offering period began during the first quarter of 2022. The 2021 Stock Purchase Plan provides eligible employees the opportunity to purchase shares of the Company's Common Stock on a quarterly basis through payroll deductions at a price equal to 95% of the lesser of the fair value on the first and last trading day of each quarter.

As of December 31, 2024, the Company had 45,018 shares available under the 2021 Stock Purchase Plan.

15. Employee Benefit Plans

The Company sponsors a 401(k) defined contribution savings plan that covers substantially all of its eligible employees. Under the plan, the Company contributes safe-harbor matching contributions to eligible plan participants on an annual basis. The Company may also contribute additional discretionary amounts to plan participants. The Company's contributions to the plan were $2.4 million, $2.0 million and $1.7 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company offers a comprehensive medical benefit plan to eligible employees. All obligations under the plan are fully insured through third-party insurance companies. Employees participating in the medical plan pay a portion of the costs for the insurance benefits.

16. Related Party Transactions

In February 2019, PHOT, a subsidiary of the Company, received a contribution of substantially all of the operating assets of eTab and Cumulus under asset contribution agreements. PHOT is a part of the Company's SMB reportable segment. These contributed assets were primarily composed of technology-related assets. Prior to these transactions, eTab was 80.0% owned by the Company's Chairman and Chief Executive Officer ("CEO"). No cash consideration was paid to the contributors of the eTab or Cumulus assets on the date of the transactions. As consideration for these contributed assets, the contributors were issued redeemable non-controlling preferred equity interests ("redeemable NCIs") in PHOT. Under these redeemable NCIs, the contributors were eligible to receive up to $4.5 million of profits earned by PHOT, plus a preferred yield (6.0% per year) on any undistributed preferred equity interest ("Total Preferred Equity Interest"). Once the total preferred equity interest is distributed to the holders, the redeemable NCIs cease to exist. The Company's CEO initially owned 83.3% of the redeemable NCIs, which ownership interest was subsequently reduced to 35.3% through the CEO's disposition of interests to others.

In November 2020, the Company agreed with the contributors to an exchange of shares of common stock of the Company, or cash, for the remaining undistributed Total Preferred Equity Interests of $4.8 million. An exchange valuation for the Company's common stock was established as of November 12, 2020 at the prior 20-day volume weighted average price of $2.78 per share. The exchange was contingent upon receiving approval of the Company's lenders; therefore, the binding exchange agreements were not entered into until after lender approval was received in April 2021 in connection with the debt refinancing.

In May 2021, the Company entered into exchange agreements and completed the exchange of 1,428,358 shares of common stock and $0.8 million of cash for the Total Preferred Equity Interests. The CEO received 605,623 shares of common stock of the Company in exchange for his 35.3% interest, and the Company's Chief Operating Officer (“COO”) received 413,081 shares of common stock of the Company in exchange for her 24.1% interest.

On October 31, 2023, a lawsuit was filed alleging that the Board breached its fiduciary duties by approving the above mentioned exchange transaction. The Company denied any wrongdoing. The lawsuit was settled on January 30, 2024, wherein the Company agreed to unwind the exchange transaction and received previously issued shares of common stock of the Company and promissory notes for the amount of cash paid from the CEO, COO and others in exchange of the reissuance of PHOT redeemable preferred units. The returned shares of common stock of the Company are recorded as treasury stock at their closing market price as of the settlement date of January 30, 2024. The reissued PHOT redeemable preferred units are recorded as redeemable NCI at their estimated fair value as of the settlement date on the Company's Consolidated Balance Sheets.

As of May 30, 2024, the Company approved redemption of PHOT redeemable preferred units for cash, common stock of the Company or a combination of both, at the sole discretion of the Company. The redeemable preferred units were accreted to their redemption value of $5.9 million as of May 30, 2024, through net loss available to common shareholders in the Company's Statements of Operations and Comprehensive Income (Loss). The exchange value of the Company's common stock was established based on the 30-day volume weighted average close price adjusted for market illiquidity. During the quarter ended June 30, 2024, the PHOT redeemable preferred units held by the CEO were redeemed in cash for $2.1 million and the promissory notes were satisfied. During the quarter ended September 30, 2024, the PHOT redeemable preferred units held by the COO were redeemed for 408,013 shares of the Company's common stock and PHOT redeemable preferred units held by other holders were redeemed for 404,628 shares of the Company's common stock.

17. Commitments and Contingencies

Minimum Annual Commitments with Third-party Processors

The Company has multi-year agreements with third parties to provide certain payment processing services to the Company. The Company pays processing fees under these agreements that are based on the volume and dollar amounts of processed payment transactions. Some of these agreements have minimum annual requirements for processing volumes. Based on existing contracts in place at December 31, 2024, the Company is committed to pay minimum processing fees under these agreements of approximately $22.9 million in 2025 and $25.4 million in 2026.

Other Commitments

The Company committed to capital contributions to fund the operations of certain subsidiaries totaling $32.0 million and $26.0 million as of December 31, 2024 and 2023, respectively. The Company is obligated to make the contributions within 10 business days of receiving notice for such contribution from the subsidiary. As of December 31, 2024 and 2023, the Company contributed $19.7 million and $11.8 million, respectively.

The Company committed to funding notes receivables totaling $11.3 million and $3.1 million as of December 31, 2024 and 2023, respectively. The Company is obligated to fulfill requests for funding required within a certain time period once the request is received. As of December 31, 2024 and 2023, the Company funded $7.1 million and $3.1 million respectively.

Merchant Reserves

See Note 4. Settlement Assets and Customer/Subscriber Account Balances and Related Obligations, for information about merchant reserves.

Contingent Consideration

The following table provides a reconciliation of the beginning and ending balance of the Company's contingent consideration liabilities related to completed acquisitions:

(in thousands)	Contingent Consideration Liabilities
January 1, 2023	$ 8,079
Addition of contingent consideration (related to asset acquisition)	263
Addition of contingent consideration due to resolution of contingency	7,000
Addition of contingent consideration (related to business combination)	8,419
Accretion of contingent consideration	1,658
Fair value adjustments due to changes in estimates of future payments	(19)
Payment of contingent consideration	(9,909)
Adjustment for receivable due to residual shortfall	(2,053)
December 31, 2023	$ 13,438
Accretion of contingent consideration	4,339
Fair value adjustments due to changes in estimates of future payments	(1,500)
Payment of contingent consideration	(5,592)
December 31, 2024	**$ 10,685**

Legal Proceedings

The Company is involved in certain legal proceedings and claims which arise in the ordinary course of business. In the opinion of the Company and based on consultations with inside and outside counsel, the results of any of these matters, individually and in the aggregate, are not expected to have a material effect on the Company's results of operations, financial condition or cash flows. As more information becomes available, and the Company determines that an unfavorable outcome is probable on a claim and that the amount of probable loss that the Company will incur on that claim is reasonably estimable, the Company will record an accrued expense for the claim in question. If and when the Company records such an accrual, it could be material and could adversely impact the Company's results of operations, financial condition and cash flows.

The Company is a party in a case filed on October 11, 2023 in the United States District Court of Northern District of California (the “Complaint”). The Complaint is a putative class action against The Credit Wholesale Company, Inc. (“Wholesale”), Priority Technology Holdings, Inc., Priority Payment Systems (“PPS”), LLC and Wells Fargo Bank, N.A. (“Wells Fargo”). The Complaint alleges that Wholesale as an agent of Priority, PPS and Wells Fargo made non-consensual recordation of telephonic communications with California businesses in violation of California Invasion of Privacy Act (the “Act”). The Complaint seeks to certify a class of affected businesses and an award of $5,000 per violation of the Act. On January 24, 2025, the court preliminarily approved the settlement agreement entered into by the parties wherein defendants agree to pay $19.5 million to settle this litigation. Any contribution toward the settlement by the Company will be nominal, and will not have any material impact on the Company's results of operations, financial conditions or cash flows.

Concentration of Risks

The Company's revenue is substantially derived from processing Visa and Mastercard bankcard transactions. Because the Company is not a member bank, to process these bankcard transactions, the Company maintains sponsorship agreements with member banks which require, among other things, that the Company abide by the by-laws and regulations of the card association.

A majority of the Company's cash and restricted cash is held in certain FIs, substantially all of which is in excess of federal deposit insurance corporation limits. The Company does not believe it is exposed to any significant credit risk from these transactions.

18. Fair Value

Fair Value Measurements

The Company's contingent consideration derived from business combinations are classified within Level 3 of the fair value hierarchy due to the uncertainty of the fair value measurement created by the absence of quoted market prices, the inherent lack of liquidity and unobservable inputs used to measure fair value which require judgement.

Contingent consideration liabilities related to certain of the Company's acquisitions are uncertain due to the utilization of unobservable inputs and management's judgement in determining the likelihood of achieving the earn-out criteria or the years ended December 31, 2024 and 2023. These liabilities measured at fair value on a recurring basis consisted of the following:

		Years Ended December 31,	
(in thousands)	**Fair Value Hierarchy**	**2024**	**2023**
Contingent consideration, current portion	Level 3	$ 3,891	$ 5,951
Contingent consideration, noncurrent portion	Level 3	6,794	7,487
Total contingent consideration		$ 10,685	$ 13,438

During the year ended December 31, 2024, there were no transfers into, out of, or between levels of the fair value hierarchy.

Fair Value Disclosures

Notes Receivable

Notes receivable are carried at amortized cost. Substantially all of the Company's notes receivable are secured, and the Company provides for allowances when it believes that certain notes receivable may not be collectible. The carrying value of the Company's notes receivable, net approximates fair value was approximately $8.6 million and $5.2 million at December 31, 2024 and 2023, respectively. On the fair value hierarchy, Level 3 inputs are used to estimate the fair value of these notes receivable.

Debt Obligations

Outstanding debt obligations (see Note 10. Debt Obligations) are reflected in the Company's Consolidated Balance Sheets at carrying value since the Company did not elect to remeasure debt obligations to fair value at the end of each reporting period.

The fair value of the term loan facility was estimated to be approximately $944.4 million and $651.9 million at December 31, 2024 and 2023, respectively, and was estimated using binding and non-binding quoted market prices in an active secondary market, which considers the credit risk and market related conditions, and is within Level 2 of the fair value hierarchy.

The carrying values of the other long-term debt obligations approximate fair value due to mechanisms in the credit agreements that adjust the applicable interest rates and the lack of a market for these debt obligations.

19. Segment Information

The Company's three reportable segments included SMB Payments, B2B Payments and Enterprise Payments.

More information about our three reportable segments:

- *SMB Payments*: Provides full-service acquiring and payment-enabled solutions for B2C transactions, leveraging Priority's proprietary software platform, distributed through ISO, direct sales and vertically focused ISV channels.

- *B2B Payments*: Provides market-leading AP automation solutions to corporations, software partners and industry leading FIs (including Citibank, Visa and Mastercard) in addition to improving cash flows by providing instant access to working capital.

- *Enterprise Payments*: Provides embedded finance and BaaS solutions to customers to modernize legacy platforms and accelerate software partners' strategies to monetize payments.

Corporate includes costs of corporate functions and shared services not allocated to our reportable segments.

The Company's chief operating decision makers ("CODM") are our CEO and CFO. Historically, the CODM used operating income (loss) as the measure of segment profit or loss to allocate resources. However, during the year, the segment performance measure was updated to adjusted earnings before interest expense, income tax and depreciation and amortization expenses ("Adjusted EBITDA") to have consistent measure of results across the organization.

Adjusted EBITDA represents EBITDA (i.e. earnings before interest, income tax, and depreciation and amortization expenses) adjusted for 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. Adjusted EBITDA is a non-GAAP measure and therefore, a reconciliation to earnings (loss) before income taxes (a GAAP measure) is included within this footnote.

Segment level assets information is not provided or subject to review by the CODM and therefore not provided.

Due to the recent acquisitions, growth, implementation of a shared services model and management of a single unified commerce engine across our payments infrastructure, the costs of operating overhead and shared services becomes less identifiable at the segment level. Therefore, the process of review of the CODM was updated during the quarter ended June 30, 2024. Operating overhead and shared costs are managed centrally and included in the corporate segment. All comparative periods have been recasted to reflect this update.

Information on reportable segments and reconciliations to income (loss) before income taxes are as follows:

(in thousands)	Year Ended December 31, 2024			
	SMB Payments	**B2B Payments**	**Enterprise Payments**	**Total**
Revenues	$ 613,547	$ 89,103	$ 180,448	$ 883,098
Elimination of intersegment revenues	—	—	—	(3,396)
Total consolidated revenues	**$ 613,547**	**$ 89,103**	**$ 180,448**	**$ 879,702**
Less: Cost of services (excludes depreciation and amortization)[1,4]	(478,451)	(64,659)	(11,892)	(555,002)
Less: Other operating expenses[1,2,4]	(59,099)	(22,317)	(31,413)	(112,829)
Add: Depreciation and amortization[4]	30,865	5,258	16,928	53,051
Add: Other segment items[2,3,4]	2,051	220	865	3,136
Adjustment for corporate items[4]	—	—	—	(63,791)
Adjusted EBITDA	$ 108,913	$ 7,605	$ 154,936	$ 204,267

Reconciliation of Adjusted EBITDA to income (loss) before income taxes	
Adjusted EBITDA	$ 204,267
Depreciation and amortization	(58,041)
Interest expense	(88,948)
Debt modification and extinguishment expenses	(10,369)
Selling, general and administrative (non-recurring)	(3,510)
Non-cash stock based compensation	(6,118)
Income before income taxes	**$ 37,281**

1. The significant expense categories and amounts align with the segment level information regularly provided to the CODM.
2. Other operating expenses include salary and employee benefits, depreciation and amortization, and selling, general and administrative expenses.
3. Other segment items for each reportable segment include other income, net and stock based compensation expense.
4. Adjustment for corporate items include:

(in thousands)	**December 31, 2024**
Elimination of cost of services (excludes depreciation and amortization)	$ 3,382
Other operating expenses	(81,832)
Depreciation and amortization	4,990
Other items[5]	9,669
	$ (63,791)

5. Other items include other income, net, stock based compensation expense, and selling, general and administrative (non-recurring expenses).

(in thousands)	Year Ended December 31, 2023			
	SMB Payments	**B2B Payments**	**Enterprise Payments**	**Total**
Revenues	$ 583,251	$ 41,156	$ 132,186	$ 756,593
Elimination of intersegment revenues	—	—	—	(981)
Total consolidated revenues	**583,251**	**41,156**	**132,186**	**755,612**
Less: Cost of services (excludes depreciation and amortization)[1,4]	(446,188)	(26,607)	(8,456)	(481,251)
Less: Other operating expenses[1,2,4]	(65,880)	(14,684)	(35,815)	(116,379)
Add: Depreciation and amortization[4]	36,715	1,831	22,426	60,972
Add: Other segment items[2,3,4]	1,587	554	552	2,693
Adjustment for corporate items[4]	— —	—	—	(53,315)
Adjusted EBITDA	$ 109,485	$ 2,250	$ 110,893	$ 168,332

Reconciliation of Adjusted EBITDA to income (loss) before income taxes	
Adjusted EBITDA	$ 168,332
Depreciation and amortization	(68,395)
Interest expense	(76,108)
Selling, general and administrative (non-recurring)	(9,825)
Non-cash stock based compensation	(6,768)
Non-cash other losses	(84)
Income before income taxes	**$ 7,152**

1. The significant expense categories and amounts align with the segment level information regularly provided to the CODM.
2. Other operating expenses include salary and employee benefits, depreciation and amortization, and selling, general and administrative expenses.
3. Other segment items for each reportable segment include other income, net and stock based compensation expense.
4. Adjustment for corporate items include:

(in thousands)	**December 31, 2023**
Elimination of cost of services (excludes depreciation and amortization)	$ 944
Other operating expenses	(77,402)
Depreciation and amortization	7,423
Other segment items[3]	15,720
	$ (53,315)

5. Other items include other income, net, stock based compensation expense, selling, general and administrative (non-recurring expenses) and non-cash other losses.

(in thousands)	Year Ended December 31, 2022			
	SMB Payments	**B2B Payments**	**Enterprise Payments**	**Total**
Revenues	$ 562,237	$ 18,890	$ 82,514	$ 663,641
Elimination of intersegment revenues	—	—	—	—
Total consolidated revenues	**562,237**	**18,890**	**82,514**	**663,641**
Less: Cost of services (excludes depreciation and amortization)[1,4]	(422,387)	(7,781)	(6,585)	(436,753)
Less: Other operating expenses[1,2,4]	(59,775)	(8,297)	(34,581)	(102,653)
Add: Depreciation and amortization[4]	37,193	162	24,734	62,089
Add: Other segment items[2,3,4]	161	4	112	277
Adjustment for corporate items[4]	—	—	—	(46,299)
Adjusted EBITDA	$ 117,429	$ 2,978	$ 66,194	$ 140,302

Reconciliation of Adjusted EBITDA to income (loss) before income taxes	
Adjusted EBITDA	$ 140,302
Depreciation and amortization	(70,681)
Interest expense	(53,554)
Selling, general and administrative (non-recurring)	(6,639)
Non-cash stock based compensation	(6,228)
Income before income taxes	**$ 3,200**

1. The significant expense categories and amounts align with the segment level information regularly provided to the CODM.
2. Other operating expenses include salary and employee benefits, depreciation and amortization, and selling, general and administrative expenses.
3. Other segment items for each reportable segment include other income, net and stock based compensation expense.
4. Adjustment for corporate items include:

(in thousands)	**December 31, 2022**
Elimination of cost of services (excludes depreciation and amortization)	$ —
Other operating expenses	(68,070)
Depreciation and amortization	8,592
Other segment items[3]	13,179
	$ (46,299)

20. (Loss) Earnings per Common Share

The following tables set forth the computation of the Company's basic and diluted earnings (loss) per common share:

(in thousands except per share amounts)	Years Ended December 31,		
	2024	**2023**	**2022**
Numerator:			
Net income (loss)	$ 24,015	$ (1,311)	(2,150)
Less: Dividends, accretion, and related excise tax attributable to redeemable senior preferred stockholders	(47,336)	(47,744)	(36,880)
Less: NCI preferred unit redemptions	(639)	—	—
Less: Earnings attributable to NCI	—	—	—
Net loss attributable to common shareholders	**$ (23,960)**	**$ (49,055)**	**$ (39,030)**
Denominator:			
Basic and diluted:			
Weighted-average common shares outstanding[1]	77,993	78,333	78,233
Loss per common share	**$ (0.31)**	**$ (0.63)**	**$ (0.50)**

(1) The weighted-average common shares outstanding includes 1,803,841 warrants issued in the second quarter of 2021 (refer to Note 11, Redeemable Senior Preferred Stock and Warrants).

Potentially anti-dilutive securities that were excluded from (loss) earnings per common share that could potentially be dilutive in future periods are as follows:

(in thousands)	Common Stock Equivalents at December 31,		
	2024	**2023**	**2022**
Outstanding warrants on common stock[1]	—	—	3,556
Outstanding options and warrants issued to adviser[2]	—	—	600
Restricted stock awards[3]	721	1,180	2,440
Outstanding stock option awards[3]	840	900	1,098
Total	**1,561**	**2,080**	**7,694**

(1) The warrants were exercisable at $11.50 per share and expired on August 24, 2023. Refer to Note 13. Shareholders' Deficit.
(2) The warrants and options were exercisable at $12.00 per share and expired on August 24, 2023. Refer Note 13. Shareholders' Deficit.
(3) Granted under the 2018 Plan.

21. Subsequent Events

On January 21, 2025, PRTH's indirect subsidiary, Priority Canada Acquisition Company, Inc. (the "acquiring entity"), acquired 100% of the equity interest in Payslate Inc. (Canada), Rentmoola Payment Solutions LLC (U.S.), and Rentmoola Payment Solutions Ltd (United Kingdom) (jointly referred as "letus business") for a total purchase consideration of $11.0 million (including earn outs of $6.5 million which is in the nature of deferred consideration). The cash consideration of $4.5 million was funded by the cash flows of the Company. Considering the timing of the acquisition, the Company has not yet completed its preliminary acquisition accounting. The letus business is engaged in processing of rent payments for property management companies in the United States and Canada. The acquisition is aimed to provide an opportunity to expand Priority's services in Canada.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

N/A

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, designed to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized or reported within the time periods specified in SEC rules and regulations and that such information is accumulated and communicated to our management, including our principal executive officer ("CEO"), our principal financial officer ("CFO") and, as appropriate, to allow timely decisions regarding required disclosures.

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2024. Based on that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2024, due to a material weakness in the internal control over financial reporting.
After giving full consideration to the material weakness, and the additional analyses and other procedures we performed to ensure that our Consolidated Financial Statements included in this Annual Report on Form 10-K were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), our management has concluded that our Consolidated Financial Statements present fairly, in all material respects, our financial position, results of operations and cash flows for the periods disclosed in conformity with GAAP.

Report of Management on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our CEO and CFO, we evaluated the effectiveness of our internal control over financial reporting as of the end of the most recent fiscal year, December 31, 2024, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control-Integrated Framework* (2013). Based on this evaluation, management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2024, due to a material weakness in internal control over financial reporting, as described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management has identified a material weakness related to the design and operation of certain automated controls (including related information technology general controls) for certain tools or applications involved in the transformation and ingestion of third-party processors' data in the Company's control environment. The ingested data is a key input for determination of merchant revenue (and related accounts receivable) and residual expense (and related accounts payable). Consequently, automated controls and IT dependent manual business process controls that rely upon information from the affected financial applications and processes were also deemed ineffective.

The control deficiencies did not result in any material misstatements to the consolidated financial statements and there were no changes to previously released financial results as a result of this material weakness. However, the control deficiencies described above created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis. Therefore, we concluded that the deficiencies represent a material weakness in the Company's internal control over financial reporting.

Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting as of December 31, 2024 (see Report of Independent Registered Public Accounting Firm).

Remediation Efforts

Management is committed to remediating the material weakness in a timely manner. Our remediation process includes but is not limited to: (i) rationalizing access privileges across our affected systems; (ii) formalization of controls in our data transformation and ingestion process; and (iii) training of relevant personnel on the design and operation of any new or modified controls.

These steps are subject to ongoing management review, as well as oversight by the Audit Committee of our Board of Directors. Additional or modified measures may also be required to remediate the material weakness. We will not be able to conclude that we have completely remediated the material weakness until the applicable controls are fully implemented and have operated for a sufficient period and management has concluded, through formal testing, that the remediated controls are operating effectively. We expect to complete these remediation measures as early as practicable in fiscal 2025. We will continue to monitor the design and effectiveness of these and other processes, procedures, and controls and make any further changes management deems appropriate.

No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls will be met, and no evaluation of controls can provide absolute assurance that all control deficiencies or material weaknesses have been or will be detected. There is no assurance that our remediation efforts will be fully effective. If these remediation efforts do not prove effective and control deficiencies and material weaknesses persist or occur in the future, the accuracy and timing of our financial reporting may be adversely affected.

Changes in Internal Control over Financial Reporting

Except for the identified material weakness, there were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2024, that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Director and Officer Trading Arrangements

On June 16, 2023, Sean Kiewiet, an officer of the Company as defined in Section 16 of the Exchange Act, adopted a Rule 10b5-1 trading arrangement as defined in Item 408(a) of Regulation S-K. During the three months ended December 31, 2024,none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

Officer or Director Name and Title	Action	Plan Type	Date	Number of Shares to be sold	Expiration
Sean Kiewiet, Chief Strategy Officer	Adopted	Rule 10b5-1	June 16, 2023	620,000	December 31, 2024

Item 9C. Disclosures Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

The information called for by Item 10 is incorporated herein by reference to the definitive proxy statement relating to the Company's 2024 Annual Meeting of Shareholders. We intend to file such definitive proxy statement with the SEC pursuant to Regulation 14A within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information called for by Item 11 is incorporated herein by reference to the definitive proxy statement referenced above in Item 10.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by Item 12 is incorporated herein by reference to the definitive proxy statement referenced above in Item 10.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by Item 13 is incorporated herein by reference to the definitive proxy statement referenced above in Item 10.

Item 14. Principal Accountant Fees and Services

The information called for by Item 14 is incorporated herein by reference to the definitive proxy statement referenced above in Item 10.

PART IV.

Item 15. Exhibit and Financial Statement Schedules

(a) (1) Our consolidated financial statements listed below are set forth in "Item 8 - Financial Statements and Supplementary Data" of this Annual Report on Form 10-K:

(2) Financial Statement Schedule

N/A

(b) Exhibits

Exhibit	Description
2.1	Second Amended and Restated Contribution Agreement, dated as of April 17, 2018, by and among Priority Investment Holdings, Priority Incentive Equity Holdings, LLC and M I Acquisitions, Inc. (incorporated by reference to Annex A to the Company's Proxy Statement on Schedule 14(a), filed July 5, 2018).
2.2 †	Agreement and Plan of Merger, dated as of March 5, 2021, by and among the Company, Finxera, Merger Sub, and the Equityholder Representative.
2.3	Certificate of Amendment to the Certificate of Incorporation of Priority Technology Holdings dated April 16, 2021, filed April 29, 2021.
2.4	Agreement and Plan of Merger by and among the Company, Finxera Holdings, Inc., Prime Warrior Acquisition Corp., and Stone Point Capital LLC.
3.1	Second Amended and Restated Certificate of Incorporation of Priority Technology Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 31, 2018).
3.2	Amended and Restated Bylaws of Priority Technology Holdings, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed July 31, 2018).
3.3	Certificate of Designations of Senior Preferred Stock.
4.1	Specimen Unit Certificate (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1, filed July 26, 2016).
4.2	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1, filed July 26, 2016).
4.3	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1, filed July 26, 2016).
4.4	Warrant Agreement, dated September 13, 2016, by and between American Stock Transfer & Trust Company, LLC and the Registrant (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed September 16, 2016).
4.5	Description of Securities.
4.6	Form of Warrant.

10.1	Registration Rights Agreement dated as of July 25, 2018 by and among M I Acquisitions, Inc. and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.2 †	Priority Technology Holdings, Inc. 2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.3	Priority Technology Holdings, Inc. 2021 Employee Stock Purchase Plan.
10.3.1	Amendment No. 1 to Priority Technology Holdings, Inc. 2021 Employee Stock Purchase Plan.
10.4 †	Credit Agreement, dated as of April 27, 2021, among the Loan Parties name therein and Truist Bank.
10.5 †	Director Agreement by and among Priority Holdings LLC, Pipeline Cynergy Holdings, LLC, Priority Payment Systems Holdings, LLC and Thomas C. Priore, dated May 21, 2014 (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-4/A, filed December 26, 2018).
10.6 †	Amendment No. 1 to Director Agreement by and among Priority Holdings LLC, Pipeline Cynergy Holdings, LLC, Priority Payment Systems Holdings, LLC and Thomas C. Priore, dated April 19, 2018 (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-4/A, filed December 26, 2018).
10.7	Executive Employment Agreement of Bradley Miller dated April 15, 2022.
10.8	Executive Employment Agreement of Timothy O'Leary dated September 19, 2022.
10.9	Form Restricted Stock Unit Award Agreement.
10.10 †	Form of Independent Director Agreement (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K, filed March 29, 2019).
10.11	Asset Purchase Agreement by and between MRI Payments LLC, MRI Software LLC, and Priority Real Estate Technology LLC, dated August 31, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 1, 2020).
10.12	Support Agreement, dated as of March 5, 2021, by and among the Shareholders' and Finxera.
10.13	Debt Commitment Letter, dated as of March 5, 2021, between Priority Holdings, LLC and Truist Securities, Inc.
10.14	Preferred Stock Commitment Letter, dated as of March 5, 2021, among the Company and certain affiliates of Ares Capital Management LLC
10.15 †	Securities Purchase Agreement, dated as of April 27, 2021, among the Company and the Investors named therein
10.16 †	Registration Rights Agreement, dated as of April 27, 2021, among the Company and the Investors name therein
10.17 †	Credit Agreement, dated as of April 27, 2021, among the Loan Parties name therein and Truist Bank
10.18	Amendment No. 2, dated September 17, 2021, to the Credit Agreement, dated as of April 27, 2021, by and among the Loan Parties named therein and Truist Bank.
10.19	Third Amendment to the Credit and Guaranty Agreement, dated as of June 30, 2023, by and among Priority Holdings, LLC, as the Initial Borrower, the Credit Parties thereto, the 2023 Incremental Revolving Credit Lender and Truist Bank, as Administrative Agent and Collateral Agent.
10.20	Fourth Amendment to the Credit and Guaranty Agreement, dated as of October 2, 2023, by and among Priority Holdings, LLC, as the Initial Borrower, the Credit Parties party thereto, the 2023-1 Incremental Term Lender and Truist Bank, as Administrative Agent and Collateral Agent.
10.21 *	Amended and Restated Registration Rights Agreement, dated as of September 17, 2021 by and among Priority Technology Holdings, Inc. and the stockholders party thereto.
10.22	Amendment No. 1 to Equity and Asset Purchase Agreement, dated July 31, 2023, by and among Plastiq, Powered by Priority, LLC, Plastiq Inc., PLV Inc. and Nearside Business Corp.
10.23	Side Letter Agreement, dated July 28, 2023, by and between Plastiq, Powered by Priority, LLC and Colonnade Acquisition Corp. II.
10.24	Earnout Agreement, dated July 31, 2023, by and among Plastiq, Powered by Priority, LLC, Plastiq Inc., PLV Inc., Nearside Business Corp., Blue Torch Finance, LLC and Priority Holdings, LLC.
10.25	Priority Technology Holdings, Inc. Amended and Restated Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights, and Qualifications, Limitations and Restrictions thereof, of Senior Preferred Stock.
10.26	Rule 10b5-1 Sales Plan, dated June 16, 2023, by and between Sean Kiewiet and J.P. Morgan Securities LLC.
10.27	Credit and Guaranty Agreement, dated as of May 16, 2024, by and among Priority Holdings, LLC, as the Initial Borrower, the Credit Parties party thereto, the Lenders party thereto and Truist Bank, as Administrative Agent and Collateral Agent.

10.28	Amendment No. 1 to the Credit and Guaranty Agreement, dated as of November 21, 2024, by and among Priority Holdings, LLC, as the Initial Borrower, the Credit Parties party thereto, the 2024-1 Incremental Term Lenders and Truist Bank, as Administrative Agent and Collateral Agent.
19.1 *	Insider Trading Policy
21.1 *	Subsidiaries
23.1 *	Consent of Independent Registered Public Accounting Firm
31.1 *	Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2 *	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Priority Technology Holdings, Inc. Recoupment Policy adopted March 1, 2023
101.INS *	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH *	XBRL Taxonomy Extension Schema Document
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB *	XBRL Taxonomy Extension Label Linkbase Document
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith
** Furnished herewith
† Indicates exhibits that constitute management contracts or compensation plans or arrangements.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRIORITY TECHNOLOGY HOLDINGS, INC.

March 6, 2025

/s/ Thomas C. Priore
Thomas C. Priore
Chief Executive Officer and Chairman
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Thomas C. Priore Thomas C. Priore	Chief Executive Officer and Chairman (Principal Executive Officer)	March 6, 2025
/s/ Timothy M. O'Leary Timothy M. O'Leary	Chief Financial Officer (Principal Financial Officer)	March 6, 2025
/s/ Rajiv Kumar Rajiv Kumar	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 6, 2025
/s/ John Priore John Priore	Director	March 6, 2025
/s/ Michael Passilla Michael Passilla	Director	March 6, 2025
/s/ Marietta C. Davis Marietta C. Davis	Director	March 6, 2025
/s/ Christina M. Favilla Christina M. Favilla	Director	March 6, 2025
/s/ Marc Crisafulli Marc Crisafulli	Director	March 6, 2025

EXHIBIT 10.21

EXECUTION VERSION

AMENDED AND RESTATED

REGISTRATION RIGHTS AGREEMENT

by and among

Priority Technology Holdings, Inc.

and

the other parties hereto

Dated as of September 17, 2021

TABLE OF CONTENTS

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

THIS AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT (the "Agreement") is dated as of September 17, 2021 and is by and among Priority Technology Holdings, Inc., a Delaware corporation (the "Company"), Thomas C. Priore ("TCP"), The Thomas C. Priore 2019 GRAT ("TCP 2019 GRAT"), the Thomas C. Priore Irrevocable Insurance Trust U/A/D 1/8/2010 ("TCP Insurance Trust", and, together with TCP and TCP 2019 GRAT, the "TCP Investor Group"), Trident Finxera Holdings LP, a Delaware limited partnership ("Trident"), and the individuals or entities listed on Schedule A hereto (each, an "Individual" and, collectively, the "Individuals").

BACKGROUND

WHEREAS, the Company, TCP and certain Individuals are parties to that certain Registration Rights Agreement, dated as of July 25, 2018 (the "Prior Agreement");

WHEREAS, Finxera Holdings, Inc., a Delaware corporation ("Finxera"), the Company, Prime Warrior Acquisition Corp., a Delaware corporation and indirect wholly-owned subsidiary of the Company, and, solely in its capacity as the representative of the Equityholders (as defined therein), Stone Point Capital LLC, a Delaware limited liability company, are parties to that certain Agreement and Plan of Merger, dated as of March 5, 2021 (the "Merger Agreement"), pursuant to which the Company has agreed, among other things, to issue shares of common stock, par value $0.001 per share, of the Company ("Common Stock") to Trident and other stockholders of Finxera (the "Rollover Holders") in connection with the consummation of the transactions contemplated by the Merger Agreement (the "Closing"); and

WHEREAS, as a condition to the willingness of Finxera to enter into the Merger Agreement, the Company has agreed to enter into this Agreement to amend and restate the Prior Agreement in order to provide rights relating to the registration of shares of Common Stock issued to Trident and certain of the Rollover Holders.

NOW, THEREFORE, in consideration of the respective representations, warranties, covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Definitions. As used in this Agreement:

"Affiliate" has the meaning ascribed thereto in Rule 12b-2 promulgated under the Exchange Act, as in effect on the date hereof, including with respect to the Trident Investor Group, any investment fund or holding company that is directly or indirectly managed or advised by a manager or advisor of the Trident Investor Group or any of its direct or indirect equityholders.

"Agreement" has the meaning set forth in the preamble.

"Block Sale" means the sale of Common Stock by the Trident Investor Group to one or more purchasers in a registered transaction by means of (i) a bought deal, (ii) a block trade, (iii) a direct sale or (iv) an overnight deal.

"Board" means the board of directors of the Company.

"Business Day" means a day other than a Saturday, Sunday, federal or New York State holiday or other day on which commercial banks in New York City are authorized or required by law to close.

"Closing" has the meaning set forth in the recitals.

"Common Stock" has the meaning set forth in the recitals.

"Company" has the meaning set forth in the preamble.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

"FINRA" means Financial Industry Regulatory Authority, Inc.

"Finxera" has the meaning set forth in the recitals.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Holder" means each member of the TCP Investor Group, the members of the Trident Investor Group, and each Individual that is a holder of Registrable Securities or securities exercisable, exchangeable or convertible into Registrable Securities or any Transferee of such Person to whom registration rights are assigned pursuant to Section 4.2.

"Indemnified Party" and "Indemnified Parties" have the meanings set forth in Section 3.1.

"Individual" has the meaning set forth in the preamble.

"Law" means any statute, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

"Lock-Up Period" has the meaning set forth in Section 2.12.

"Merger Agreement" has the meaning set forth in the recitals.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, a cooperative, an unincorporated organization, or other form of business organization, whether or not regarded as a

legal entity under applicable Law, or any Governmental Authority or any department, agency or political subdivision thereof.

"Prior Agreement" has the meaning set forth in the recitals.

"Registrable Securities" means all (i) shares of Common Stock, (ii) Warrants and (iii) any securities into which the Common Stock or Warrants may be converted or exchanged pursuant to any merger, consolidation, sale of all or any part of its assets, corporate conversion or other extraordinary transaction of the Company held by a Holder. As to any Registrable Securities, such securities will cease to be Registrable Securities when:

(a) a registration statement covering such Registrable Securities has been declared effective and such Registrable Securities have been disposed of pursuant to such effective registration statement;

(b) such Registrable Securities shall have been sold pursuant to Rule 144 or 145 (or any similar provision then in effect) under the Securities Act; or

(c) such Registrable Securities cease to be outstanding.

"Registration Expenses" means any and all expenses incurred in connection with the performance of or compliance with this Agreement (whether or not any registration statement becomes effective or any sale or Registrable Securities is made), including:

(a) all SEC, stock exchange, or FINRA registration and filing fees (including, if applicable, the fees and expenses of any "qualified independent underwriter," as such term is defined in Rule 5121 of FINRA, and of its counsel);

(b) all fees and expenses of complying with securities or blue sky Laws (including fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities);

(c) all printing, messenger and delivery expenses;

(d) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or FINRA and all rating agency fees;

(e) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits and/or "cold comfort" letters required by or incident to such performance and compliance;

(f) any fees and disbursements of underwriters customarily paid by the issuers or sellers of securities, including liability insurance if the Company so desires or if the underwriters so require, and the reasonable fees and expenses of any special experts retained in connection with the requested registration, but excluding underwriting discounts and commissions and transfer taxes, if any;

(g) any fees and disbursements of counsel (including the fees and disbursements of outside counsel (i) for the Trident Investor Group and (ii) for the other Holders) incurred in connection with any registration statement or registered offering covering Registrable Securities held by the Holders;

(h) the costs and expenses of the Company relating to analyst and investor presentations or any "road show" undertaken in connection with the registration and/or marketing of the Registrable Securities (including the reasonable out-of-pocket expenses of the Holders); and

(i) any other fees and disbursements customarily paid by the issuers of securities.

"SEC" means the U.S. Securities and Exchange Commission or any successor agency.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

"TCP" has the meaning set forth in the preamble.

"TCP Investor Group" has the meaning set forth in the preamble.

"Transfer" (including its correlative meanings, "Transferor", "Transferee" and "Transferred") shall mean, with respect to any security, directly or indirectly, to sell, contract to sell, give, assign, hypothecate, pledge, encumber, grant a security interest in, offer, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any economic, voting or other rights in or to such security. When used as a noun, "Transfer" shall have such correlative meaning as the context may require.

"Trident" has the meaning set forth in the preamble.

"Trident Demand Offering" has the meaning set forth in Section 2.1(a).

"Trident Investor Group" shall mean Trident Finxera Holdings LP and its Affiliates and any Transferee of any such Person to whom registration rights are assigned pursuant to Section 4.2.

"Warrants" means the warrants to purchase shares of Common Stock.

"WKSI" means a well-known seasoned issuer, as defined in Rule 405 under the Securities Act.

Section 1.2 Other Definitional Provisions; Interpretation.

(a) The words "hereof," "herein," and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision

of this Agreement, and references in this Agreement to a designated "Article" or "Section" refer to an Article or Section of this Agreement unless otherwise specified.

(b) The headings in this Agreement are included for convenience of reference only and do not limit or otherwise affect the meaning or interpretation of this Agreement.

(c) The meanings given to terms defined herein are equally applicable to both the singular and plural forms of such terms.

ARTICLE II
REGISTRATION RIGHTS

Section 2.1 Right to Demand a Non-Shelf Registered Offering.

(a) Upon the demand of the TCP Investor Group or the Trident Investor Group made at any time and from time to time, the Company will facilitate in the manner described in this Agreement a non-shelf registered offering of the Registrable Securities requested by such Holder to be included in such offering. Notwithstanding the foregoing, with respect to any demand by the Trident Investor Group pursuant to this Section 2.1 (a "Trident Demand Offering"), (i) in no event shall the Company be obligated under this Section 2.1(a) to effect more than two (2) Trident Demand Offerings (which may be underwritten or non-underwritten) and (ii) no such demand shall be effective hereunder unless the Registrable Securities proposed to be offered by the Trident Investor Group in such offering have an aggregate market value (based on the most recent closing price of the Common Stock at the time of the demand) of at least $25 million or such request includes all Registrable Securities owned by the Trident Investor Group at such time. Any demanded non-shelf registered offering may, at the Company's option, include shares of Common Stock to be sold by the Company for its own account and will also, subject to Section 2.6, include Registrable Securities to be sold by Holders that exercise their related piggyback rights on a timely basis.

(b) No Trident Demand Offering shall be deemed to have occurred for the purposes of this Section 2.1 if the registration statement relating thereto (i) does not become effective, (ii) is not maintained effective for 90 days (or such shorter period as shall terminate when all Registrable Securities covered by such registration statement have been sold) or (iii) the offering of the Registrable Securities pursuant to such registration statement is subject to a stop order, injunction or similar order or requirement of the SEC during such period, in which case, the Trident Investor Group shall be entitled to an additional Trident Demand Offering in lieu thereof.

Section 2.2 Right to Piggyback on a Non-Shelf Registered Offering. In connection with any registered offering of Common Stock covered by a non-shelf registration statement other than a Block Sale (whether pursuant to the exercise of demand rights or at the initiative of the Company), any non-demanding Holders may exercise piggyback rights to have included in such offering Registrable Securities held by them. The Company will facilitate in the manner described in this Agreement any such non-shelf registered offering. For the avoidance of doubt, if a Holder exercises the demand set forth in Section 2.1, each Holder (including the demanding Holder) shall have the right to sell Registrable Securities in the offering on a "pro rata"

basis with "pro rata" being determined by dividing the number of Registrable Securities held by a Holder by the number of Registrable Securities held by all Holders.

Section 2.3 Right to Demand and be Included in a Shelf Registration. Upon the demand of any Holder, made at any time and from time to time when the Company is eligible to utilize Form S-3 or a successor form to sell Registrable Securities in a secondary offering on a delayed or continuous basis in accordance with Rule 415 of the Securities Act, the Company will facilitate in the manner described in this Agreement a shelf registration of Registrable Securities held by the Holders. Any shelf registration filed by the Company covering shares (whether pursuant to a Holder's demand or the initiative of the Company) will cover Registrable Securities held by each of the Holders up to the highest common percentage of their original respective holdings, which, in the case of a demand by a Holder, such highest common percentage will be agreed upon by the demanding Holder. If at the time of such request the Company is a WKSI, such shelf registration would, at the request of the Trident Investor Group or a majority of the other Holders, cover an unspecified number of shares and Registrable Securities to be sold by the Company and the Holders.

Section 2.4 Demand and Piggyback Rights for Shelf Takedowns. Upon the demand of one or more of the TCP Investor Group or the Trident Investor Group made at any time and from time to time, the Company will facilitate in the manner described in this Agreement a "takedown" of Registrable Securities off of an effective shelf registration statement. In connection with any underwritten shelf takedown (whether pursuant to the exercise of such demand rights or at the initiative of the Company), the Holders may, subject to Section 2.6, exercise piggyback rights to have included in such takedown Registrable Securities held by them that are registered on such shelf. Notwithstanding the foregoing, (a) Holders (other than the Trident Investor Group) may not demand a shelf takedown for an offering that will result in the imposition of a lock-up on the Company and the Holders unless the Registrable Securities requested to be sold by the demanding Holders in such takedown have an aggregate market value (based on the most recent closing price of the Common Stock at the time of the demand) of at least $50.0 million and (b) the Trident Investor Group may not demand a shelf takedown for an underwritten offering or Block Sale unless the Registrable Securities requested to be sold by the Trident Investor Group in such takedown have an aggregate market value (based on the most recent closing price of the Common Stock at the time of the demand) of at least $25.0 million or such request includes all Registrable Securities owned by the Trident Investor Group at such time.

Section 2.5 Right to Reload a Shelf. Upon the written request of a Holder, the Company will file and seek the effectiveness of a post-effective amendment to an existing shelf in order to register up to the number of Registrable Securities previously taken down off of such shelf by such Holder and not yet "reloaded" onto such shelf. The Holders and the Company will consult and coordinate with each other in order to accomplish such replenishments from time to time in a sensible manner.

Section 2.6 Limitations on Demand and Piggyback Rights.

(a) Any demand for the filing of a registration statement or for a registered offering or takedown will be subject to the constraints of any applicable lock-up arrangements, and such demand must be deferred until such lock-up arrangements no longer apply. If a demand

has been made for a non-shelf registered offering (other than a Block Sale) or for an underwritten takedown, no further demands may be made so long as the related offering is still being pursued. After an underwritten offering demanded by a Holder, such Holder may not make another demand for an underwritten offering prior to 60 days after the expiration of the lock-up applicable to its prior demanded offering unless another Holder joins in the demand. Notwithstanding anything in this Agreement to the contrary, (i) the Holders will not have piggyback or other registration rights with respect to registered primary offerings by the Company (A) covered by a Form S-8 registration statement or a successor form applicable to employee benefit-related offers and sales, (B) where the shares are not being sold for cash or (C) where the offering is a bona fide offering of securities other than shares or other Registrable Securities, even if such securities are convertible into or exchangeable or exercisable for shares, and (ii) the Holders (other than the Trident Investor Group) will not have piggyback or other registration rights (or be entitled to any notices relating thereto) with respect to any Block Sale (including a Block Sale off of a shelf registration statement).

(b) The Company may postpone the filing of a demanded registration statement or suspend the effectiveness of any shelf registration statement for a reasonable "blackout period" not in excess of 90 consecutive days (but not more than twice in any 12-month period and not sooner than 90 days from any prior postponement) if the Board determines that such registration or offering could materially interfere with a bona fide business or financing transaction of the Company or is reasonably likely to require premature disclosure of information, the premature disclosure of which could materially and adversely affect the Company. The blackout period will end upon the earlier to occur of, (i) in the case of a bona fide business or financing transaction, a date not later than 90 days from the date such deferral commenced, and (ii) in the case of disclosure of non-public information, the earlier to occur of (x) the filing by the Company of its next succeeding Form 10-K or Form 10-Q, or (y) the date upon which such information is otherwise disclosed.

Section 2.7 Notifications Regarding Registration Statements. Prior to exercising demand rights for a registration statement, the Holders (other than the Trident Investor Group) will consult with each other in this regard. In order for one or more Holders to exercise their right to demand that a registration statement be filed, they must so notify the Company in writing indicating the number of Registrable Securities sought to be registered and the proposed plan of distribution. The Company will keep the Holders contemporaneously apprised of any registration of Common Stock, whether pursuant to a Holder demand or otherwise, with respect to which a piggyback opportunity is available. Pending any required public disclosure and subject to applicable legal requirements, the parties will maintain the confidentiality of these discussions.

Section 2.8 Notifications Regarding Registration Piggyback Rights. Any Holder wishing to exercise its piggyback rights with respect to a non-shelf registration statement must notify the Company and the other Holders of the number of Registrable Securities it seeks to have included in such registration statement. Such notice must be given as soon as practicable, but in no event later than 5:00 pm, New York City time, on the second trading day prior to (i) if applicable, the date on which the preliminary prospectus intended to be used in connection with pre-effective marketing efforts for the relevant offering is expected to be finalized, and (ii) in any case, the date on which the pricing of the relevant offering is expected to occur. No such notice is

required in connection with a shelf registration statement, as Registrable Securities held by all Holders will be included subject to the limitations described in Section 2.3.

Section 2.9 Notifications Regarding Demanded Underwritten Takedowns.

(a) Prior to exercising their demand rights for an underwritten takedown of Registrable Securities off of a shelf registration statement, the Holders (other than the Trident Investor Group) will consult with each other in this regard. The Company will keep the Holders contemporaneously apprised of all pertinent aspects of any underwritten shelf takedown in order that they may have a reasonable opportunity to exercise their related piggyback rights. Without limiting the Company's obligation as described in the preceding sentence, having a reasonable opportunity requires that the Holders be notified by the Company of an anticipated underwritten takedown (whether pursuant to a demand made by other Holders or made at the Company's own initiative) no later than 5:00 pm, New York City time, on (i) if applicable, the second trading day prior to the date on which the preliminary prospectus or prospectus supplement intended to be used in connection with pre-pricing marketing efforts for such takedown is finalized, and (ii) in all cases, the second trading day prior to the date on which the pricing of the relevant takedown occurs.

(b) Any Holder wishing to exercise piggyback rights (if any) with respect to an underwritten shelf takedown must notify the Company and the other Holders of the number of Registrable Securities it seeks to have included in such takedown. Such notice must be given as soon as practicable, but in no event later than 5:00 pm, New York City time, on (i) if applicable, the trading day prior to the date on which the preliminary prospectus or prospectus supplement intended to be used in connection with marketing efforts for the relevant offering is expected to be finalized, and (ii) in all cases, the trading day prior to the date on which the pricing of the relevant takedown occurs.

(c) Pending any required public disclosure and subject to applicable legal requirements, the parties will maintain appropriate confidentiality of their discussions regarding a prospective underwritten takedown.

Section 2.10 Plan of Distribution, Underwriters and Counsel. If a majority of the shares or other Registrable Securities proposed to be sold in an underwritten offering through a non-shelf registration statement or through a shelf takedown is being sold by the Company for its own account, the Company will be entitled to determine the plan of distribution and select the managing underwriters for such offering. Otherwise, the Holders holding a majority of the Registrable Securities requested to be included in such offering, in consultation with the Trident Investor Group, will be entitled to determine the plan of distribution and select the managing underwriters, and such Persons will also be entitled to select one or more counsel for the selling Holders (which may be the same as counsel for the Company). In the case of a shelf registration statement, the plan of distribution will provide as much flexibility as is reasonably possible, including with respect to resales by transferee Holders.

Section 2.11 Cutbacks. If the managing underwriters advise the Company and the selling Holders that, in their opinion, the number of shares or other Registrable Securities requested to be included in an underwritten offering exceeds the amount that can be sold in such offering without adversely affecting the distribution of the shares or other Registrable Securities

being offered, such offering will include only the number of shares or other Registrable Securities that the underwriters advise can be sold in such offering. If, absent a demand, the Company has initiated the registration statement and/or offering and is selling shares for its own account in such offering, the Company will have first priority. To the extent of any remaining capacity, and in all other cases where the Company is not selling shares in the relevant offering, the selling Holders will be subject to cutback pro rata based on the number of Registrable Securities initially requested by them to be included in such offering, without distinguishing between Holders based on who made the demand for such offering or who is exercising piggyback rights. If the Company and all of the selling Holders are able to include all of the shares and Registrable Securities initially requested by them to be included in such offering, to the extent of any remaining capacity, securities for the account of other Persons that the Company is obligated to register pursuant to written contractual piggyback registration rights with such Persons may also be included in such offering. With respect to any Trident Demand Offering, in the event that the Trident Investor Group is subject to cutback in accordance with the terms of this Section 2.11 of more than ten percent (10%) of its Registrable Securities to be included in such offering, the Trident Investor Group shall be entitled to an additional Trident Demand Offering in lieu thereof.

Section 2.12 Lock-ups.

(a) Other than as described in clause (b) below, in connection with any underwritten offering of shares or other Registrable Securities, the Company and each Holder will agree (in the case of Holders, with respect to Registrable Securities respectively held by them) to be bound by the underwriting agreement's lock-up restrictions (which must apply in like manner to all of them) that are agreed to (x) by the Company, if a majority of the shares or other Registrable Securities being sold in such offering are being sold for its account, and (y) by Holders holding a majority of Registrable Securities being sold by all Holders, if a majority of the shares or other Registrable Securities being sold in such offering are being sold by Holders (the "Lock-Up Period"). Other than as described in clause (b) below, pending the signing of the applicable underwriting agreement, from the point at which a Holder receives written notice that the Company intends to pursue an underwritten registered public offering of shares with respect to which a piggyback opportunity will apply pursuant to this Agreement and until the applicable underwriting agreement is entered into or such offering is abandoned, each Holder agrees to be bound by the same restrictions on transfer as were applicable under the underwriting agreement applicable to the Company's initial public offering; provided, however, that with respect to the Trident Investor Group any such restrictions on transfer shall not extend for a period longer than 60 days without the prior written consent of the Trident Investor Group; provided, further, however, that in the event of a Block Sale for which piggyback rights are not available hereunder, Holders (other than the TCP Investor Group and AESV Creditcard Consulting LLC and any Transferee of any such Person to whom registration rights are assigned pursuant to Section 4.2) shall not be subject to the restrictions on transfer under this Section 2.12 with respect to such Block Sale.

(b) At any time, each Holder shall have the right to elect to relinquish all rights under this Article II. If any Holder makes such election, it will no longer be subject to this Section 2.12.

Section 2.13 Expenses. All Registration Expenses incurred in connection with any registration statement or registered offering covering Registrable Securities held by Holders

will be borne by the Company. However, underwriters', brokers' and dealers' discounts and commissions applicable to Registrable Securities sold for the account of a Holder will be borne by such Holder.

Section 2.14 Facilitating Registrations and Offerings.

(a) If the Company becomes obligated under this Agreement to facilitate a registration and offering of Registrable Securities on behalf of Holders, the Company will do so with the same degree of care and dispatch as would reasonably be expected in the case of a registration and offering by the Company of shares for its own account. Without limiting this general obligation, the Company will fulfill its specific obligations as described in this Section 2.14.

(b) In connection with each registration statement that is demanded by Holders or as to which piggyback rights otherwise apply, the Company will:

(i) prepare and file with the SEC a registration statement covering the applicable Registrable Securities at the earliest practicable date, but in any event not later than 60 days after the demand is made with respect to a long-form registration statement, and 30 days with respect to a short-form registration statement, file amendments thereto as warranted, seek the effectiveness thereof, and file with the SEC prospectuses and prospectus supplements as may be required, all in consultation with the Holders and as reasonably necessary in order to permit the offer and sale of such Registrable Securities in accordance with the applicable plan of distribution;

(ii) within a reasonable time prior to the filing of any registration statement, any prospectus, any amendment to a registration statement, amendment or supplement to a prospectus or any free writing prospectus, provide copies of such documents to the selling Holders and to the underwriter or underwriters of an underwritten offering, if applicable, and to their respective counsel; fairly consider such reasonable changes in any such documents prior to or after the filing thereof as the counsel to the Holders or the underwriter or the underwriters may request; and make such of the representatives of the Company as shall be reasonably requested by the selling Holders or any underwriter available for discussion of such documents;

(iii) within a reasonable time prior to the filing of any document which is to be incorporated by reference into a registration statement or a prospectus, provide copies of such document to counsel for the Holders and underwriters; fairly consider such reasonable changes in such document prior to or after the filing thereof as counsel for such Holders or such underwriter shall request; and make such of the representatives of the Company as shall be reasonably requested by such counsel available for discussion of such document;

(iv) use all reasonable efforts to cause each registration statement and the related prospectus and any amendment or supplement thereto, as of the effective date of such registration statement, amendment or supplement and during the distribution of the Registrable Securities (x) to comply in all material respects with the requirements of the Securities Act and the rules and regulations of the SEC and (y) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(v) notify each Holder promptly, and, if requested by such Holder, confirm such advice in writing, (A) when a registration statement has become effective and when any post-effective amendments and supplements thereto become effective if such registration statement or post-effective amendment is not automatically effective upon filing pursuant to Rule 462 of the Securities Act, (B) of the issuance by the SEC or any state securities authority of any stop order, injunction or other order or requirement suspending the effectiveness of a registration statement or the initiation of any proceedings for that purpose, (C) if, between the effective date of a registration statement and the closing of any sale of securities covered thereby pursuant to any agreement to which the Company is a party, the representations and warranties of the Company contained in such agreement cease to be true and correct in all material respects or if the Company receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, and (D) of the happening of any event during the period a registration statement is effective as a result of which such registration statement or the related prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(vi) furnish counsel for each underwriter, if any, and for the Holders copies of any correspondence with the SEC or any state securities authority relating to the registration statement or prospectus;

(vii) otherwise use all reasonable efforts to comply with all applicable rules and regulations of the SEC, including making available to its security holders an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar provision then in force); and

(viii) use all reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a registration statement at the earliest possible time.

(c) In connection with any non-shelf registered offering or shelf takedown (including a Block Sale) that is demanded by Holders or as to which piggyback rights otherwise apply, the Company will:

(i) cooperate with the selling Holders and the sole underwriter or managing underwriter of an underwritten offering, if any, to facilitate the timely preparation and delivery of certificates representing the Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations (consistent with the provisions of the governing documents thereof) and registered in such names as the selling Holders or the sole underwriter or managing underwriter of an underwritten offering of Registrable Securities, if any, may reasonably request at least five days prior to any sale of such Registrable Securities;

(ii) furnish to each Holder and to each underwriter, if any, participating in the relevant offering, without charge, as many copies of the applicable prospectus, including each preliminary prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities; the Company hereby consents to the use of the

prospectus, including each preliminary prospectus, by each such Holder and underwriter in connection with the offering and sale of the Registrable Securities covered by the prospectus or the preliminary prospectus;

(iii) use all reasonable efforts to register or qualify the Registrable Securities being offered and sold, no later than the time the applicable registration statement becomes effective, under all applicable state securities or "blue sky" laws of such jurisdictions as each underwriter, if any, or any Holder holding Registrable Securities covered by a registration statement, shall reasonably request; use all reasonable efforts to keep each such registration or qualification effective during the period such registration statement is required to be kept effective; and do any and all other acts and things which may be reasonably necessary or advisable to enable each such underwriter, if any, and each such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be obligated to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to consent to be subject to general service of process (other than service of process in connection with such registration or qualification or any sale of Registrable Securities in connection therewith) in any such jurisdiction;

(iv) cause all Registrable Securities being sold to be qualified for inclusion in or listed on the Nasdaq Capital Market or any securities exchange on which Registrable Securities issued by the Company are then so qualified or listed if so requested by the Holders, or if so requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(v) cooperate and assist in any filings required to be made with FINRA and in the performance of any due diligence investigation by any underwriter in an underwritten offering;

(vi) use all reasonable efforts to facilitate the distribution and sale of any Registrable Securities to be offered pursuant to this Agreement, including without limitation by making road show presentations, holding meetings with and making calls to potential investors and taking such other actions as shall be requested by the Holders or the lead managing underwriter of an underwritten offering; and

(vii) enter into customary agreements (including, in the case of an underwritten offering, underwriting agreements in customary form, and including provisions with respect to indemnification and contribution in customary form and consistent with the provisions relating to indemnification and contribution contained herein) and take all other customary and appropriate actions in order to expedite or facilitate the disposition of such Registrable Securities and in connection therewith:

(A) make such representations and warranties to the selling Holders and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings;

(B) obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably

satisfactory to the lead managing underwriter, if any) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(C) obtain "cold comfort" letters and updates thereto from the Company's independent certified public accountants addressed to the selling Holders, if permissible, and the underwriters, if any, which letters shall be customary in form and shall cover matters of the type customarily covered in "cold comfort" letters to underwriters in connection with primary underwritten offerings; and

(D) to the extent requested and customary for the relevant transaction, enter into a securities sales agreement with the Holders providing for, among other things, the appointment of an agent for the selling Holders for the purpose of soliciting purchases of Registrable Securities, which agreement shall be customary in form, substance and scope and shall contain customary representations, warranties and covenants.

(E) The above shall be done at such times as customarily occur in similar registered offerings or shelf takedowns.

(d) In connection with each registration and offering of Registrable Securities to be sold by Holders, the Company will, in accordance with customary practice, make available for inspection by representatives of the Holders and underwriters and any counsel or accountant retained by such Holder or underwriters all relevant financial and other records, pertinent corporate documents and properties of the Company and cause appropriate officers, managers and employees of the Company to supply all information reasonably requested by any such representative, underwriter, counsel or accountant in connection with their due diligence exercise.

(e) Each Holder that holds Registrable Securities covered by any registration statement will furnish to the Company such information regarding itself as is required to be included in the registration statement, the ownership of Registrable Securities by such Holder and the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing.

ARTICLE III
INDEMNIFICATION

Section 3.1 Indemnification by the Company. In the event of any registration of any Registrable Securities of the Company under the Securities Act pursuant to Article II, the Company hereby indemnifies and agrees to hold harmless, to the fullest extent permitted by Law, each Holder who sells Registrable Securities covered by such registration statement, each other Person, if any, who controls such Holder and each Affiliate of such Holder and their respective directors, officers, members, general and limited partners, equityholders, employees, representatives and agents, each other Person who participates as an underwriter in the offering or sale of such Registrable Securities and each other Person, if any, who controls such underwriter within the meaning of the Securities Act (each, an "Indemnified Party" and collectively, the "Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several,

and reasonable and documented expenses to which such Indemnified Party may become subject under the Securities Act, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof, whether or not such Indemnified Party is a party thereto) arise out of or are based upon: (a) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such Registrable Securities were registered under the Securities Act, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or any other such disclosure document (including reports and other documents filed under the Exchange Act and any document incorporated by reference therein) or related document or report; (b) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in the case of a prospectus, in the light of the circumstances when they were made; or (c) any violation or alleged violation by the Company or any of its subsidiaries of any federal, state, foreign or common law rule or regulation applicable to the Company or any of its subsidiaries and relating to action or inaction in connection with any such registration, disclosure document or related document or report, and the Company will reimburse such Indemnified Party for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided, however, that the Company will not be liable to any Indemnified Party in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, in any such preliminary, final or summary prospectus, or any amendment or supplement thereto in reliance upon and in conformity with written information with respect to such Indemnified Party furnished to the Company by such Indemnified Party expressly for use in the preparation thereof. Such indemnity will remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any Indemnified Party and will survive the Transfer of such Registrable Securities by such Holder or any termination of this Agreement.

Section 3.2 Indemnification by the Holders and Underwriters. The Company may require, as a condition to including any Registrable Securities in any registration statement filed in accordance with Article II, that the Company shall have received an undertaking reasonably satisfactory to it from the Holder of such Registrable Securities or any prospective underwriter to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 3.1) the Company, all other Holders or any prospective underwriter, as the case may be, and any of their respective Affiliates, directors, officers and controlling Persons, with respect to any untrue statement in or omission from such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement, if such untrue statement or omission was made in reliance upon and in conformity with written information with respect to such Holder or underwriter furnished to the Company by such Holder or underwriter expressly for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement, or a document incorporated by reference into any of the foregoing. Such indemnity will remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the Holders, or any of their respective Affiliates, directors, officers or controlling Persons and will survive the Transfer of such Registrable Securities by such Holder. In no event shall the liability of any selling Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the net proceeds actually

received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

Section 3.3 Notices of Claims, Etc. Promptly after receipt by an Indemnified Party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Article III, such Indemnified Party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided that the failure of the Indemnified Party to give notice as provided herein will not relieve the indemnifying party of its obligations under Section 3.1 or 3.2, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, unless in such Indemnified Party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel selected by the Trident Investor Group and Holders of at least a majority of the Registrable Securities included in the relevant registration, and after notice from the indemnifying party to such Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. If, in such Indemnified Party's reasonable judgment, having common counsel would result in a conflict of interest between the interests of such indemnified and indemnifying parties, then such Indemnified Party may employ separate counsel reasonably acceptable to the indemnifying party to represent or defend such Indemnified Party in such action, it being understood, however, that the indemnifying party will not be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for all such Indemnified Parties (and not more than one separate firm of local counsel at any time for all such Indemnified Parties) in such action. In the event the indemnifying party fails to assume the defense of any claim within twenty (20) days after notice thereof is given by the Indemnified Party or fails to pursue with reasonable diligence the defense of the claim, the Indemnified Party shall have the right to undertake the defense of such claim, with counsel selected by the Indemnified Party, at the reasonable cost and expense and for the account of the indemnifying party. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation.

Section 3.4 Contribution. If the indemnification provided for hereunder from the indemnifying party is unavailable to an Indemnified Party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to herein for reasons other than those described in the proviso in the first sentence of Section 3.1, then the indemnifying party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and Indemnified Parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and Indemnified Parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a

material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or Indemnified Parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party under this Section 3.4 as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. In no event shall the liability of any selling Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the net proceeds actually received by such Holder upon the sale of the Registrable Securities giving rise to such contribution obligation.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 3.4 were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 3.5 Non-Exclusivity. The obligations of the parties under this Article III will be in addition to any liability which any party may otherwise have to any other party. Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in any underwriting agreement or similar agreement entered into in connection with any offering hereunder are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

ARTICLE IV
OTHER

Section 4.1 Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to another party hereto shall be in writing and shall be deemed given (a) when delivered personally, (b) five (5) Business Days after being sent by certified or registered mail, postage prepaid, return receipt requested, (c) one (1) Business Day after being sent by Federal Express or other nationally recognized overnight courier, or (d) if transmitted by e-mail, on the date transmitted (provided no "bounce back" or similar message of non-delivery is received with respect thereto) to parties at the following addresses (or at such other address for a party as shall be specified by prior written notice from such party):

if to the Company:

Priority Technology Holdings, Inc.
19 West 44th Street, Suite 1416
New York, New York 10036
Email: tpriore@pps.io
Attn: Thomas C. Priore

with copy (which shall not constitute notice) to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Email: michael.gilligan@srz.com
Attn: Michael E. Gilligan

if to the TCP Investor Group:

19 West 44th Street, Suite 1416
New York, New York 10036
Email: tpriore@pps.io
Attn: Thomas C. Priore

with copy (which shall not constitute notice) to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Email: michael.gilligan@srz.com
Attn: Michael E. Gilligan

if to the Trident Investor Group:

c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, CT 06830
Attention: Joshua S. Goldman
E-mail: jgoldman@stonepoint.com

with a copy (which shall not constitute notice):

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: Howard T. Spilko and Todd E. Lenson
Email: hspilko@kramerlevin and tlenson@kramerlevin.com

if to any Individual, as set forth on Schedule A.

Section 4.2 Assignment. Neither the Company nor any Holder shall assign all or any part of this Agreement without the prior written consent of the Company; provided, however, that any Holder may assign its respective rights and obligations under this Agreement in whole or in part to any of its respective Affiliates without the consent of any other party. Notwithstanding the foregoing, the Trident Investor Group may also assign its rights under this Agreement to (i) any member of the Trident Investor Group or (ii) any other transferee of Registrable Securities in a Transfer of at least fifty percent (50%) of the Registrable Securities

held by the Trident Investor Group as of the date hereof. Except as otherwise provided herein, this Agreement will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns.

Section 4.3 Amendments; Waiver. This Agreement may be amended, supplemented or otherwise modified, or any provision waived, only by a written instrument executed by the Company, Trident and the Holders holding a majority of the Registrable Securities subject to this Agreement; *provided* that no such amendment, supplement or other modification or waiver shall adversely affect the economic interests of any Holder hereunder, or increase the obligations of any Holder, disproportionately to other Holders without the written consent of such Holder. For the avoidance of doubt, no consent pursuant to this Section 4.3 shall be required in connection with any amendment or revision to Schedule A unless such amendment or revision is to remove a Holder from such schedule at a time when such Holder would otherwise be entitled to registration rights herein. No waiver by any party of any of the provisions hereof will be effective unless explicitly set forth in writing and executed by the party so waiving. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of any party, will be deemed to constitute a waiver by the party taking such action of compliance with any covenants or agreements contained herein. The waiver by any party hereto of a breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach.

Section 4.4 Third Parties. This Agreement does not create any rights, claims or benefits inuring to any person that is not a party hereto nor create or establish any third party beneficiary hereto, except for the Indemnified Parties under Article III.

Section 4.5 Rule 144. For so long as the Company is subject to the requirements of Section 13, 14 or 15(d) of the Exchange Act, the Company covenants that it will file, in a timely manner, all reports required to be filed by it under the Securities Act and the Exchange Act (or, if the Company is subject to the requirements of Section 13, 14 or 15(d) of the Exchange Act but is not required to file such reports, it will, upon the request of any Holder, make publicly available such information), make and keep public information available, as those terms are understood and defined in Rule 144 and take such further action as any Holder may reasonably request so as to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rule or regulation hereafter adopted by the SEC, in each case, only to the extent such sales would be permitted under all applicable lock-ups. Upon the request of any Holder, the Company will deliver to such Holder a written statement that it has complied with the reporting requirements of Rule 144, the Securities Act and the Securities Exchange Act.

Section 4.6 In-Kind Distributions. If any Holder seeks to effectuate an in-kind distribution of all or part of its Registrable Securities to its direct or indirect equityholders, the Company will, only to the extent such in-kind distribution would be permitted under all applicable lock-ups, cooperate with such Holder and the Company's transfer agent to facilitate such in-kind distribution in the manner reasonably requested by such Holder, as well as any resales by such transferees under a shelf registration statement covering such distributed Registrable Securities.

Section 4.7 No Inconsistent Agreements. The Company has not entered, and will not hereafter enter, into any agreement with respect to its securities which is inconsistent with the rights granted to the Trident Investor Group in this Agreement.

Section 4.8 Mergers. The Company shall not, directly or indirectly, enter into any merger, consolidation or reorganization in which the Company shall not be the surviving corporation unless the proposed surviving corporation shall, prior to such merger, consolidation or reorganization, agree in writing to assume the obligations of the Company under this Agreement, and for that purpose references hereunder to "Registrable Securities" shall be deemed to be references to the securities which the Holders would be entitled to receive in exchange for Registrable Securities under any such merger, consolidation or reorganization, provided, however, that the provisions of this Agreement shall not apply in the event of any merger, consolidation or reorganization in which the Company is not the surviving corporation if the Holders are entitled to receive in exchange therefor (i) cash or (ii) securities of the acquiring corporation which may be immediately sold to the public pursuant to an effective registration statement under the Securities Act or pursuant to an exemption therefrom which permits sales without limitation as to volume or the manner of sale on a nationally recognized securities exchange.

Section 4.9 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, applicable to contracts formed and to be performed entirely within the State of New York, without regard to the conflicts of law principles thereof, to the extent such principles would require or permit the applicability of the laws of another jurisdiction.

Section 4.10 CONSENT TO JURISDICTION. EACH OF THE PARTIES HERETO CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE STATE AND COUNTY OF NEW YORK AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. EACH OF THE PARTIES HERETO ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS RESPECTIVE PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY FINAL AND NONAPPEALABLE JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH OF THE PARTIES HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF VIA OVERNIGHT COURIER, TO SUCH PARTY AT THE ADDRESS SPECIFIED IN THIS AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE FOURTEEN CALENDAR DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF ANY PARTY HERETO TO SERVE ANY SUCH LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW OR TO OBTAIN JURISDICTION OVER OR TO BRING ACTIONS, SUITS OR PROCEEDINGS AGAINST THE OTHER PARTIES HERETO IN SUCH OTHER JURISDICTIONS, AND IN SUCH MANNER, AS MAY BE PERMITTED BY ANY APPLICABLE LAW.

Section 4.11 MUTUAL WAIVER OF JURY TRIAL. THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS AGREEMENT.

Section 4.12 Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement by any of them, the non-breaching party would be irreparably harmed and could not be made whole by monetary damages. Each party accordingly agrees to waive the defense in any action for specific performance that a remedy at law would be adequate and that the parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of this Agreement.

Section 4.13 Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. There are no agreements, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein. This Agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter.

Section 4.14 Severability. If one or more of the provisions, paragraphs, words, clauses, phrases or sentences contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision, paragraph, word, clause, phrase or sentence in every other respect and of the remaining provisions, paragraphs, words, clauses, phrases or sentences hereof shall not be in any way impaired, it being intended that all rights, powers and privileges of the parties hereto shall be enforceable to the fullest extent permitted by Law.

Section 4.15 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.

Section 4.16 No Recourse. This Agreement may only be enforced against, and any claims or cause of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against the entities that are expressly identified as parties hereto, and no past, present or future Affiliate, director, officer, employee, incorporator, member, manager, partner, stockholder, agent, attorney or representative of any party hereto shall have any liability for any obligations or liabilities of the parties to this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

Section 4.17 Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Holder shall

be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

COMPANY:

PRIORITY TECHNOLOGY HOLDINGS, INC.

By: _____

Name: Thomas C. Priore

Title: Chief Executive Officer and Chairman

[Signature Page to Amended & Restated Registration Rights Agreement]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Thomas C. Priore

[Signature Page to Amended & Restated Registration Rights Agreement]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Lori Priore

Lori Priore, as Trustee for the Thomas Priore 2019 GRAT

[Signature Page to Amended & Restated Registration Rights Agreement]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

THOMAS C. PRIORE IRREVOCABLE INSURANCE TRUST U/A/D 1/8/2010

By: Lori Priore
Lori A. Priore, as Trustee

By: Bertrand H. Smyers
Bertrand H. Smyers, as Trustee

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

THOMAS C. PRIORE IRREVOCABLE INSURANCE TRUST U/A/D 1/8/2010

By: Lori A. Priore
Lori A. Priore, as Trustee

By: _____
Bernard H. Smyers, as Trustee

[Signature Page to Amended and Restated Registration Rights Agreement]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

THOMAS C. PRIORE IRREVOCABLE INSURANCE TRUST U/A/D 1/8/2010

By: Lori Priore
Lori A. Priore, as Trustee

By: Bertrand H. Smyers
Bertrand H. Smyers, as Trustee

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

TRIDENT FINXERA HOLDINGS LP

By: 

Name: Scott Bronner
Title: President

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

William Bennett Wilson

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Sanjoy Goyle

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Praveer Kumar

Praveer Kumar

[*Signature Page to Amended & Restated Registration Rights Agreement*]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Goyle Nanda 2018 Irrevocable Trust dated
October 26, 2018

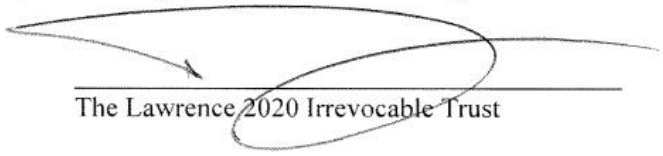
IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Kumar Gupta 2018 Irrevocable Trust dated October 24, 2018

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

John Lawrence

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.



The Lawrence 2020 Irrevocable Trust

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

Prashant Gupta

Prashant Gupta

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

R. Prathibha

Prathibha Ramasubramanian

Schedule A
Individuals

1. AESV Creditcard Consulting LLC
2. Bruce Mattox
3. David McMiller
4. Sean Kiewiet
5. Tom Liney
6. Ranjana Ram
7. Bill Wilson
8. Sanj Goyle
9. Praveer Kumar
10. Goyle Nanda 2018 Irrevocable Trust dated October 26, 2018
11. Kumar Gupta 2018 Irrevocable Trust dated October 24, 2018
12. Kumar Gupta 2019 Irrevocable Trust dated February 6, 2019
13. John Lawrence
14. The Lawrence 2020 Irrevocable Trust
15. Prashant Gupta
16. Prathiba Ramasubramanian

Exhibit A

Escrow Agreeement

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement") is entered into as of [●], 2021 by and among Priority Technology Holdings, Inc., a Delaware corporation ("Parent"), Stone Point Capital LLC, a Delaware limited liability company, in its capacity as the Equityholder Representative (the "Equityholder Representative"), and American Stock Transfer & Trust Company, LLC, as escrow agent (the "Escrow Agent"). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Merger Agreement (as defined below); provided, however, that it is understood and agreed that the Escrow Agent has no knowledge of any capitalized term not defined within this Agreement. Parent and the Equityholder Representative are referred to collectively herein as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, Parent, the Equityholder Representative (solely in its capacity as the Equityholder Representative), Finxera Holdings, Inc., a Delaware corporation (the "Company"), and Prime Warrior Acquisition Corp., a Delaware corporation and indirect wholly-owned subsidiary of Parent ("Merger Sub"), are parties to that certain Agreement and Plan of Merger, dated as March 5, 2021 (as it may be amended, modified or restated from time to time, the "Merger Agreement"), pursuant to which, among other things, Merger Sub will merge with and into the Company with the Company as the surviving entity;

WHEREAS, pursuant to the terms of the Merger Agreement, concurrent with the execution and delivery of this Agreement, Parent shall deposit, or cause to be deposited with the Escrow Agent, [●] shares of common stock, par value $0.001 per share, of Parent (the "Escrow Shares"), in book-entry form and registered in the names of the Stockholders and in the amounts set forth on Exhibit A attached hereto, for purposes of securing the payment of any potential amounts owing to Parent or the Stockholders pursuant to Section 2.8(f) of the Merger Agreement, to be held by the Escrow Agent in accordance with the terms of this Agreement; and

WHEREAS, pursuant to the terms of the Merger Agreement, each of Parent and the Equityholder Representative are to execute and deliver to the other and cause the Escrow Agent to duly execute and deliver to Parent and the Equityholder Representative, this Agreement at the Closing.

NOW, THEREFORE, in consideration of the premises and the mutual obligations and covenants set forth herein, the Parties and the Escrow Agent agree as follows:

1. Appointment. The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein.

2. Receipt of the Escrow Shares. The Escrow Agent will acknowledge via email its receipt of the Escrow Shares for deposit into the Escrow Account (as defined below).

3. Investment of the Escrow Shares. The Escrow Agent shall hold the Escrow Shares in a separate, non-interest bearing demand deposit account for the purpose of holding documents or other assets that may deposited (the "Escrow Account"), and no other

investment shall be permitted hereunder. The Escrow Shares shall be held and disbursed solely for the purposes and in accordance with the terms of this Agreement and shall not be subject to any voluntary encumbrances. In addition, Escrow Agent has not, does not and shall not verify or assess, nor does it make any representation or warranty as to the value, validity or transferability of the purported content of any Escrow Shares. The Parties hereby represent and warrant, severally as to each such Party and not jointly, that (i) the contents of the Escrow Shares complies with all applicable laws and regulations, including, without limitation, laws and regulations relating to the prevention of money laundering, and (ii) such contents do not, directly or indirectly, relate to any country, entity or person that is the subject of any sanctions administered by the U.S. Office of Foreign Assets Control, and no transaction contemplated by the documents contained in the Escrow Shares would violate any such sanctions if conducted by a person to which such sanctions apply.

4. Voting, Dividends, etc.

(a) The Stockholders shall remain the beneficial owners of the Escrow Shares unless any such Escrow Shares are transferred to Parent pursuant to this Agreement and, until such time, the Stockholders shall retain all rights and benefits of a holder of such Escrow Shares (or any shares of capital stock issued in respect thereof), including the right to vote the Escrow Shares (and any shares of capital stock issued in respect thereof), subject to the terms and limitations of this Agreement. The Parties hereby agree that any proxy solicitation materials with respect to the Escrow Shares shall be delivered directly to each Stockholder with respect to any Escrow Shares beneficially owned by such Stockholder, and such Stockholder shall be entitled to vote such Escrow Shares as if such Escrow Shares were held directly.

(b) The Parties agree that any dividends payable in cash in respect of the Escrow Shares and all dividends payable in securities or other non-cash property, including without limitation, shares or other securities issued upon a stock split, stock dividend, subdivision, recapitalization, merger or other similar events (collectively, "Dividends"), in each case, shall not be distributed or issued to the Stockholders as the beneficial owners of such Escrow Shares, but rather shall be retained by Parent and held in trust with respect to the Escrow Shares. Upon the final disbursement of the Escrow Shares pursuant to Section 5 below, any Dividends held by Parent in trust with respect to Escrow Shares that are ultimately distributed to any Stockholder shall be distributed or issued to such Stockholder.

5. Disbursement. As between the Parties, except as expressly provided herein, the rights of, in and to the Escrow Shares shall be governed by and determined exclusively pursuant to the Merger Agreement. The Escrow Shares shall be held in escrow under the terms of this Agreement and released by the Escrow Agent only as follows:

(a) *Purchase Price Adjustment.* As promptly as practicable, but in no event later than the third (3rd) Business Day following the final determination of the Actual Adjustment pursuant to Section 2.8(e) of the Merger Agreement, Parent and the Equityholder Representative shall provide the Escrow Agent with joint written instructions executed by an Authorized Representative of each such Party (a "Joint Instruction") specifying the specific Escrow Shares (if any) to be released from the Purchase Price Adjustment Account to (i) Parent or (ii) the Paying Agent (for further distribution to the Stockholders in accordance with their pro

rata share as set forth on Exhibit A attached hereto), in each case, less any tax deductions or withholdings required under applicable law, as provided in the Merger Agreement and set forth in the Joint Instruction.

(b) *No Duty to Calculate or Confirm*. In any case hereunder in which the Escrow Agent is provided with a Joint Instruction or an Equityholder Representative Instruction, as applicable, the Escrow Agent shall be entitled to entirely rely on such instruction and the information contained therein with no responsibility to calculate or confirm amounts or percentages to release.

(c) *Timing of Distributions*. Upon receipt by the Escrow Agent of any proper release instructions pursuant to clause (a) above, the Escrow Agent shall promptly, and in any event within three (3) Business Days after receipt of such instructions, distribute to the applicable Party or Parties (or their respective designees), in the case of a Joint Instruction, the specific Escrow Shares, set forth in such Joint Instruction.

6. Duties of the Escrow Agent.

(a) *Duties in General*. The Escrow Agent shall have only those duties as are specifically and expressly provided herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duty, shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties in connection herewith, if any, including without limitation the Merger Agreement (the "Underlying Agreements"), nor shall the Escrow Agent be required to determine if any person or entity has complied with any Underlying Agreement, nor shall any additional obligations of the Escrow Agent be inferred from the terms of the Underlying Agreements, even though reference thereto may be made in this Agreement. As between the Escrow Agent and the Parties, in the event of any conflict between the terms and provisions of this Agreement, those of any Underlying Agreement, any schedule or exhibit attached to this Agreement or any other agreement among the Parties, the terms and conditions of this Agreement shall control. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any written notice, document, instruction or request furnished to it hereunder and believed in good faith by it to be genuine and to have been signed by an Authorized Representative(s) as applicable, without inquiry and without requiring substantiating evidence of any kind. The Escrow Agent shall not be liable to any Party, any beneficiary or other person for refraining from acting upon any instruction setting forth, claiming, containing, objecting to, or related to the transfer or distribution of the Escrow Shares, or any portion thereof, unless such instruction shall have been delivered to the Escrow Agent in accordance with this Agreement, including Section 11 and Section 12 below, and the Escrow Agent has been able to satisfy any applicable security procedures as may be required pursuant to Section 12. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due to it or the Escrow Shares nor shall the Escrow Agent have any duty or obligation to confirm or verify the accuracy or correctness of any amounts deposited with it hereunder.

(b) *Exculpation*. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that a final adjudication of a court of competent jurisdiction determines that the Escrow Agent's (or its affiliates' or agents') fraud, bad faith, gross negligence or willful misconduct was the cause of any direct loss to any Party. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates or agents; provided, however, that the Escrow Agent shall not thereby be relieved of any of its obligations under this Agreement. The Escrow Agent may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with, or in good faith reliance upon, the advice or opinion of any such counsel, accountants or other skilled persons. In the event that the Escrow Agent shall be uncertain or believe there is some ambiguity as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party which, in its good faith opinion, conflict with any of the provisions of this Agreement, it shall be entitled either to (i) refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be given (A) a Joint Instruction or an Equityholder Representative Instruction, as applicable, in writing by the applicable Party or Parties which eliminates such ambiguity or uncertainty to the satisfaction of the Escrow Agent or (B) a final court order or judgment of a court of competent jurisdiction (it being understood that the Escrow Agent shall be entitled conclusively to rely and act upon any such court order and shall have no obligation to determine whether any such court order is final); or (ii) file an action in interpleader provided that, in each case, the Escrow Agent provides prompt notice thereof to Parent and the Equityholder Representative after taking any such action or declining to take any such action. The Parties agree to pursue any redress or recourse in connection with any dispute without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, incidental, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

7. Termination of Escrow Account; Succession.

(a) This Agreement shall terminate, and the related Escrow Account shall be closed, if and when, and not before, all Escrow Shares in the Escrow Account shall have been distributed by the Escrow Agent in accordance with this Agreement.

(b) The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving no less than thirty (30) days advance notice in writing of such resignation to the Parties, and the Parties shall have the right to terminate the services of the Escrow Agent hereunder at any time by giving written notice (with such written notice being signed by Parent and the Equityholder Representative) of such termination to the Escrow Agent which shall be no less than thirty (30) days from the date of the issued termination notice, in each case specifying the effective date of such resignation or termination. If the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) days following receipt of the notice of resignation or termination or if such appointment is contrary to applicable law, the Escrow Agent may either (i) petition any court of competent jurisdiction located in the State of Delaware for the appointment of a successor escrow agent or other appropriate relief or (ii) appoint a

successor escrow agent of its own choice. Any such resulting appointment shall be binding upon all of the parties hereto, and no appointed successor escrow agent shall be deemed to be an agent of the Escrow Agent, so long as any such successor escrow agent is capable of performing the duties of escrow agent under this Agreement and is qualified and licensed in all applicable jurisdictions. The Escrow Agent's sole responsibility after such thirty (30) day notice period expires shall be to hold the Escrow Shares (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent, if any, or in accordance with the directions of a final order or judgment of a court of competent jurisdiction, at which time of delivery the Escrow Agent's obligations hereunder shall cease and terminate. Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all of its escrow business may be transferred, shall be the Escrow Agent under this Agreement without further act.

8. Compensation and Reimbursement. The Parties agree to pay the Escrow Agent upon execution of this Agreement and from time to time thereafter reasonable compensation for the services to be rendered hereunder, along with any fees or charges for accounts, including those levied by any governmental authority which the Escrow Agent may impose, charge or pass-through, all of which unless otherwise agreed in writing shall be as described in Schedule 3, which such compensation shall be borne 50% by the Parent and 50% by the Equityholder Representative at the Closing. The obligations set forth in this Section 8 shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement. Each of the Parties further agrees to the disclosures and agreements set forth in Schedule 3.

9. Indemnity.

(a) The Parties shall jointly and severally indemnify, defend and save harmless, pay or reimburse the Escrow Agent and its affiliates and their respective successors, assigns, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, litigation, investigations, reasonable and documented out-of-pocket costs or expenses (including, without limitation, the reasonable fees and expenses of outside counsel and experts and their staffs and all reasonable and documented expense of document location, duplication and shipment) (collectively "Losses"), arising out of or in connection with (i) the Escrow Agent's execution and proper performance of this Agreement, except to the extent that such Losses are finally adjudicated by a court of competent jurisdiction to have been primarily caused by the fraud, gross negligence, willful misconduct or bad faith of any Indemnitee, or (ii) the Escrow Agent following any instructions or other directions, whether joint or singular, from the Parties, in accordance with this Agreement. It is understood that the Escrow Agent does not have a contractual right of set-off or contractual security interest under this Agreement; provided, however, that nothing herein shall be construed as a waiver of any statutory or common law rights to which the Escrow Agent may otherwise be entitled with respect thereto. The indemnity obligations set forth in this Section 9(a) shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement.

(b) Without limiting the foregoing, the Parties hereby agree as among themselves that Parent shall be responsible for one hundred percent (100%) of any fees, expenses or indemnification payments required to be paid to the Escrow Agent pursuant to Section 8 and Section 9 of this Agreement.

10. Taxpayer Identification Numbers; Tax Reporting. Parent shall deliver with respect to itself, and the Equityholder Representative shall deliver with respect to each Stockholder, to the Escrow Agent an IRS Form W-9 or W-8, as applicable, and/or other required documentation that the Escrow Agent may reasonably request. The Escrow Agent shall withhold any taxes it deems appropriate in the absence of proper tax documentation or as required by law, and shall remit such taxes to the appropriate authorities. The Parties hereby represent to the Escrow Agent that no tax reporting of any kind is required under this Agreement so long as the Escrow Shares are held in non-interest bearing demand deposit accounts.

11. Notices. Any notices, demands or communications to the Escrow Agent (except as otherwise set forth in and required by Section 12 below) or a Party hereunder shall be in writing and shall be deemed to have been duly given and received (a) if delivered personally, as of the date received, (b) if delivered by certified mail, return receipt requested, three (3) Business Days after being mailed, (c) if delivered by a nationally recognized overnight delivery service, one (1) Business Day after being entrusted to such delivery service, or (d) if sent via electronic mail or similar electronic transmission, as of the date received; and in each case will be addressed to such party at its address set forth below (or such other address as it may from time to time designate in writing to the Escrow Agent and/or the other Parties).

If to the Equityholder Representative:

c/o Stone Point Capital LLC
20 Horseneck Lane
Greenwich, Connecticut 06830
Attention: Joshua S. Goldman
Email: jgoldman@stonepoint.com

with a copy (which shall not constitute notice) to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: Howard T. Spilko and Todd E. Lenson
Email: hspilko@kramerlevin.com and
tlenson@kramerlevin.com

If to Parent:

c/o PSD Partners LP
1156 Avenue of the Americas
Suite 620
New York, NY 10036

Attention: Thomas C. Priore
E-mail: tpriore@pps.io

with a copy (which shall not constitute notice) to:

Wilmer Cutler Pickering Hale & Dorr LLP
7 World Trade Center
250 Greenwich Street
New York, NY 10007
Attention: Michael E. Gilligan
E-mail: michael.gilligan@wilmerhale.com

If to the Escrow Agent:

American Stock Transfer & Trust Company LLC
Corporate Actions Department
6201 15th Avenue
Brooklyn NY 11219
Email: dbarker@astfinancial.com
Attention: David Barker, Relationship Manager
Facsimile: 718-765-8729

12. Security Procedures.

(a) Notwithstanding anything to the contrary in Section 11, any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of the Escrow Shares, including but not limited to any such funds transfer or Escrow Shares instructions that may otherwise be set forth in a written instruction permitted pursuant to this Agreement, may be given to the Escrow Agent only by confirmed facsimile or as a PDF attached to an email executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons signing this Agreement or one of their designated persons as set forth on the Designation of Authorized Representatives attached hereto as Schedules 1-A and 1-B (each, an "Authorized Representative"), and no instruction for or related to the transfer or distribution of the Escrow Shares, or any portion thereof, shall be deemed delivered and effective unless the Escrow Agent actually shall have received such instruction by facsimile or email at the number or email address provided to the Parties by the Escrow Agent in accordance with Section 11 and in the case of a facsimile as further evidenced by a confirmed transmittal to that number. Each Designation of Authorized Representatives for Parent or the Equityholder Representative shall be signed by a Secretary, any Assistant Secretary or other duly authorized officer or representative of Parent or the Equityholder Representative, as applicable. The Escrow Agent shall not be liable to any Party or other person for refraining from acting upon any instruction for or related to the transfer or distribution of the Escrow Shares in the Escrow Account if delivered to any other facsimile number or email address, including but not limited to a valid email address of any employee of the Escrow Agent.

(b) In the event that any funds transfer instructions or Escrow Shares disbursement instructions are received by the Escrow Agent in accordance with this Agreement,

the Escrow Agent is authorized to seek confirmation of such Joint Instruction by a single telephone callback or email confirmation to one of the Authorized Representatives designated on Schedule 1-A or Schedule 1-B, and the Escrow Agent may rely upon the confirmation of anyone purporting to be that Authorized Representative. No funds will be disbursed until an Authorized Representative is able to confirm such instructions by telephone callback or email confirmation. The persons and telephone numbers or email addresses for callbacks or email confirmations may be changed only in a writing executed by an Authorized Representative of the applicable Party and actually received and acknowledged by the Escrow Agent via facsimile or as a PDF attached to an email. The Escrow Agent will confirm any such change in Authorized Representatives by a telephone callback or email confirmation to an Authorized Representative of such Party and the Escrow Agent may rely and act upon the confirmation of anyone purporting to be that Authorized Representative. The Escrow Agent, any intermediary bank and the beneficiary's bank in any transfer of Escrow Shares may rely solely upon the identifying number of the beneficiary's bank or any intermediary bank included in a Joint Instruction provided by Parent and the Equityholder Representative and confirmed by an Authorized Representative. Further, the beneficiary's bank in the funds transfer instruction may make payment on the basis of the account number provided in such Party's or the Parties' instruction and confirmed by an Authorized Representative even though it identifies a person different from the named beneficiary. Notwithstanding anything to the contrary, the Parties acknowledge and agree that Escrow Agent (i) shall have no obligation to take any action in connection with this Agreement on a non-Business Day and any action Escrow Agent may otherwise be required to perform on a non-Business Day may be performed by Escrow Agent on the following Business Day and (ii) may not transfer or distribute the Escrow Shares or Escrow Shares until Escrow Agent has completed its security procedures.

(c) Notwithstanding anything to the contrary contained in this Agreement, in the event that an electronic signature is affixed to an instruction issued hereunder to disburse or transfer Escrow Shares, such instruction shall be confirmed by a verifying callback (or email confirmation) to an Authorized Representative. The Parties acknowledge that the security procedures set forth in this Section 12 are commercially reasonable.

13. Compliance with Directives. In the event that a legal garnishment, attachment, levy, restraining notice, court order or other governmental order (a "Directive") is served with respect to any of the Escrow Shares, or the delivery thereof shall be stayed or enjoined by a Directive, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all such Directives so entered or issued, and in the event that the Escrow Agent obeys or complies with any such Directive it shall not be liable to any of the Parties or to any other person, entity, firm or corporation, by reason of such compliance notwithstanding that such Directive may be subsequently reversed modified, annulled, set aside or vacated.

14. Assignment. Parent and the Equityholder Representative may assign their respective rights under this Agreement to the same extent they are permitted to assign their rights and obligations under the Merger Agreement; provided, however, that no such assignment shall relieve Parent or the Equityholder Representative of their respective obligations hereunder, and the assignment shall not take effect until the Escrow Agent receives, reviews and approves requested "know your customer" documents for the Party to be assigned. If upon the completion of such screening, the Escrow Agent agrees to the proposed assignment, the Escrow Agent shall deliver an assignment agreement or other agreement, as appropriate, to the Parties for execution.

The Escrow Agent shall not be permitted to assign its obligations hereunder except as provided in Section 7(b) above.

15. Miscellaneous.

(a) This Agreement, including the schedules attached hereto (as between the parties hereto), and the Merger Agreement (as between the Parties) embody the entire agreement and understanding of the parties hereto concerning the Escrow Shares and, in the event of any inconsistency between this Agreement and the Merger Agreement, the Merger Agreement shall control; provided, however, that this Agreement shall control in respect of the rights and obligations of the Escrow Agent. The Escrow Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Agreement, including without limitation the Merger Agreement. This Agreement may be amended only by a writing signed by the parties hereto. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD FOR THE CONFLICTS OF LAWS PRINCIPLES THEREOF. The Parties each represent, warrant and covenant that each document, notice, instruction or request provided by such Party to the Escrow Agent shall comply with applicable laws and regulations. This Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

(b) EACH PARTY AND THE ESCROW AGENT HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE DELAWARE COURT OF CHANCERY (OR, ONLY IF THE DELAWARE COURT OF CHANCERY DECLINES TO ACCEPT JURISDICTION OVER A PARTICULAR MATTER, ANY U.S. FEDERAL COURT SITTING IN THE STATE OF DELAWARE) AND ANY APPELLATE COURT THEREOF IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING ARISING IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, AND AGREES THAT ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE BROUGHT ONLY IN SUCH COURT (AND WAIVES ANY OBJECTION BASED ON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION TO VENUE THEREIN). Any and all process may be served in any action, suit or proceeding arising in connection with this Agreement by complying with the provisions of Section 11. Such service of process shall have the same effect as if the party being served were a resident in the State of Delaware and had been lawfully served with such process in such jurisdiction. The parties hereto hereby waive all claims of error by reason of such service. Nothing herein shall affect the right of any party hereto to service of process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the other in any other jurisdiction to enforce judgments or rulings of the aforementioned courts. To the extent that in any jurisdiction any party hereto may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, such party hereto shall not claim, and hereby irrevocably waives, such immunity. No party to this Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes beyond its control. Except as expressly provided in Section 9 above, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or

in respect of the Escrow Account or this Agreement. EACH PARTY AND THE ESCROW AGENT IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE ACTIONS OF EACH PARTY AND THE ESCROW AGENT IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(c) This Agreement and any Joint Instruction and any Equityholder Representative Instruction may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission or as a PDF attached to an email shall constitute effective execution and delivery of this Agreement and signatures transmitted by facsimile or as a PDF attached to an email shall be deemed to be original signatures for all purposes.

(d) The Escrow Agent shall keep the information with respect to this Agreement and the Escrow Account, the Parties, or any transaction hereunder confidential. Notwithstanding the immediately preceding sentence, the Parties authorize the Escrow Agent to disclose information with respect to this Agreement and the Escrow Account, the Parties, or any transaction hereunder if such disclosure is: (i) necessary for the purpose of allowing the Escrow Agent to perform its duties and to exercise its powers and rights hereunder; (ii) to a proposed assignee permitted under this Agreement of the rights of the Escrow Agent to the extent that such assignee is subject to confidentiality obligations with respect to any such disclosure; (iii) to a branch, affiliate, subsidiary, employee or agent of the Escrow Agent or to their auditors or legal advisers, who shall be subject to confidentiality obligations with respect to any such disclosure; (iv) to the regulators of a branch, affiliate, subsidiary, employee or agent of the Escrow Agent or to any competent court; (v) to the auditors of any of the Parties; or (vi) required by applicable law, regardless of whether the disclosure is made in the country in which each Party resides, in which the Escrow Account are maintained, or in which the transaction is conducted; provided, however, that in the case of each of clauses (i), (ii) and (iii) above, the Escrow Agent shall be responsible for the failure of any party to which the Escrow Agent discloses such information as permitted by such clauses to keep such information confidential in accordance with this Section 15(d). This Section 15(d) shall not apply to information that (A) is or becomes publicly available other than as a result of the Escrow Agent's breach of this Agreement, (B) was obtained by the Escrow Agent from a third party that is not, to the Escrow Agent's knowledge, subject to an obligation of confidentiality with respect to such information or (C) was independently developed by the Escrow Agent without reference to such information. The Parties agree that such disclosures by the Escrow Agent and its affiliates may be transmitted across national boundaries and through networks, including those owned by third parties.

(e) If any provision contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless the invalidity of any such provision substantially deprives any party hereof of the practical benefits intended to be conferred by this Agreement. Notwithstanding the foregoing, any provision of this Agreement held invalid, illegal or unenforceable only in part or degree shall remain in full force

and effect to the extent not held invalid or unenforceable, and the determination that any provision of this Agreement is invalid, illegal or unenforceable as applied to particular circumstances shall not affect the application of such provision to circumstances other than those as to which it is held invalid, illegal or unenforceable, and any court of competent jurisdiction is authorized to adjust such provision to make it valid, legal and enforceable and such provision as so adjusted shall bind the parties hereto.

(f) The headings contained in this Agreement are solely for the purpose of reference and convenience, are not part of the agreement of the parties hereto, and shall not in any way limit, modify or otherwise affect the meaning or interpretation of this Agreement. References to "Sections" refer to corresponding sections of this Agreement unless otherwise specified. Unless the context requires otherwise, the words "include," "including" and variations thereof mean including without limitation; and the words "hereof," "hereby," "herein," "hereunder" and similar terms refer to this Agreement as a whole and not any particular section or article in which such words appear. Unless the context requires otherwise, words in the singular include the plural, words in the plural include the singular, and words indicating gender shall be applicable to all genders. Currency amounts referred to herein are in U.S. Dollars. References to a number of days refer to calendar days unless Business Day(s) are specified. "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth below is authorized or required by law or executive order to remain closed. Except as otherwise specified, whenever any action must be taken on or by a day that is not a Business Day, then such action may be validly taken on or by the next day that is a Business Day.

[SIGNATURE PAGES FOLLOW]

To evidence their agreement, the Parties and the Escrow Agent have caused this Agreement to be executed on the date first written above.

PRIORITY TECHNOLOGY HOLDINGS, INC.

By:_____
Name:
Title:

STONE POINT CAPITAL LLC, AS EQUITYHOLDER REPRESENTATIVE

By:_____
Name: Scott Bronner
Title: Managing Director

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC, AS ESCROW AGENT

By: _____
Name:
Title:

SCHEDULE 1-A

PARENT

DESIGNATION OF AUTHORIZED REPRESENTATIVES

The undersigned, [-], being the duly elected, qualified and acting [Chief Executive Officer and Chairman] of Priority Technology Holdings, Inc. ("Parent"), does hereby certify:

1. That each of the following representatives is at the date hereof an Authorized Representative of Parent, as such term is defined in the Escrow Agreement, dated [●], [●] (the "Escrow Agreement"), by and among American Stock Transfer & Trust Company, LLC (the "Escrow Agent"), Parent and Stone Point Capital LLC, that the signature appearing opposite each Authorized Representative's name is the true and genuine signature of such Authorized Representative, and that each Authorized Representative's contact information is current and up-to-date at the date hereof. Each of the Authorized Representatives is authorized to issue instructions, confirm funds transfer instructions by callback or email confirmation and effect changes in Authorized Representatives, all in accordance with the terms of the Escrow Agreement. Callbacks or emails confirming an instruction shall be made to an Authorized Representative other than the Authorized Representative who issued the instruction unless (a) only a single Authorized Representative is designated below, (b) the information set forth below changes and is not updated by Parent such that only the Authorized Representative who issued the instruction is available to receive a callback or email confirmation, or (c) Parent is an individual. Parent acknowledges that pursuant to this Schedule, the Escrow Agent is offering an option for callback or email confirmation to a different Authorized Representative, and if Parent nevertheless names only a single Authorized Representative or fails to update Authorized Representative information, Parent agrees to be bound by any instruction from such Authorized Representative, whether or not authorized, confirmed by callback or email confirmation to the issuer of the instruction.

NAME	SIGNATURE	TELEPHONE & CELL NUMBERS & EMAIL
_____	_____	(office)_____
		(cell) _____
		(email) _____
_____	_____	(office)_____
		(cell) _____
		(email) _____
_____	_____	(office)_____
		(cell) _____

(email) _____

2. Email confirmation is only permitted to a corporate email address for purposes of this Schedule. Any personal email addresses provided will not be used for email confirmation.
3. This Schedule may be signed in counterparts and the undersigned certifies that any signature set forth on an attachment to this Schedule is the true and genuine signature of an Authorized Representative and that each such Authorized Representative's contact information is current and up-to-date at the date hereof.
4. That pursuant to Parent's governing documents, as amended, the undersigned has the power and authority to execute this Designation on behalf of Parent, and that the undersigned has so executed this Designation this ____ day of _____, [●].
5. Notwithstanding the above, if Parent is an individual, no signature will be required below.

Signature:

_____

Name:

Title:

FOR YOUR SECURITY, PLEASE CROSS OUT ALL UNUSED SIGNATURE LINES ON THIS SCHEDULE 1-A

All instructions, including but not limited to funds transfer instructions, whether transmitted by facsimile or set forth in a PDF attached to an email, must include the signature (or electronic signature subject to the conditions set forth in the Escrow Agreement) of the Authorized Representative authorizing said funds transfer on behalf of such Party.

SCHEDULE 1-B

EQUITYHOLDER REPRESENTATIVE

DESIGNATION OF AUTHORIZED REPRESENTATIVES

The undersigned, Scott Bronner, being a Managing Director of Stone Point Capital LLC ("Stone Point"), does hereby certify:

1. That each of the following representatives is at the date hereof an Authorized Representative of Stone Point, as such term is defined in the Escrow Agreement, dated [●], [●] (the "Escrow Agreement"), by and among American Stock Transfer & Trust Company, LLC (the "Escrow Agent"), Priority Technology Holdings, Inc., and Stone Point, that the signature appearing opposite each Authorized Representative's name is the true and genuine signature of such Authorized Representative, and that each Authorized Representative's contact information is current and up-to-date at the date hereof. Each of the Authorized Representatives is authorized to issue instructions, confirm funds transfer instructions by callback or email confirmation and effect changes in Authorized Representatives, all in accordance with the terms of the Escrow Agreement. Callbacks or emails confirming an instruction shall be made to an Authorized Representative other than the Authorized Representative who issued the instruction unless (a) only a single Authorized Representative is designated below, (b) the information set forth below changes and is not updated by Stone Point such that only the Authorized Representative who issued the instruction is available to receive a callback or email confirmation, or (c) Stone Point is an individual. Stone Point acknowledges that pursuant to this Schedule, the Escrow Agent is offering an option for callback or email confirmation to a different Authorized Representative, and if Stone Point nevertheless names only a single Authorized Representative or fails to update Authorized Representative information, Stone Point agrees to be bound by any instruction received from such Authorized Representative, whether or not authorized, confirmed by callback or email confirmation to the issuer of the instruction.

NAME	SIGNATURE	TELEPHONE & CELL NUMBERS & EMAIL
Joshua S. Goldman	_____	(office) (203) 862-3144 (cell) (518) 588-5863 (email) jgoldman@stonepoint.com
Richard A. Goldman	_____	(office)(203) 862-2950 (cell) (917) 584-1098 (email) rgoldman@stonepoint.com
Sally A. DeVino	_____	(office) (203) 862-2954

(cell) (203) 517-6043
(email) sdevino@stonepoint.com

2. Email confirmation is only permitted to a corporate email address for purposes of this Schedule. Any personal email addresses provided will not be used for email confirmation.
3. This Schedule may be signed in counterparts and the undersigned certifies that any signature set forth on an attachment to this Schedule is the true and genuine signature of an Authorized Representative and that each such Authorized Representative's contact information is current and up-to-date at the date hereof.
4. That pursuant to Stone Point's governing documents, as amended, the undersigned has the power and authority to execute this Designation on behalf of Stone Point, and that the undersigned has so executed this Designation this ___ day of _____, [●].
5. Notwithstanding the above, if Stone Point is an individual, no signature will be required below.

Signature:_____

Name: Scott Bronner

Title: Managing Director

FOR YOUR SECURITY, PLEASE CROSS OUT ALL UNUSED SIGNATURE LINES ON THIS SCHEDULE 1-B

All instructions, including but not limited to funds transfer instructions, whether transmitted by facsimile or set forth in a PDF attached to an email, must include the signature (or electronic signature subject to the conditions set forth in the Escrow Agreement) of the Authorized Representative authorizing said funds transfer on behalf of such Party.

SCHEDULE 3

Fee Schedule: One-Time Fee of $7,500

Exhibit A

Stockholder	# of Escrow Shares	Pro Rata Share
Trident Finxera Holdings LP		
Bill Wilson		
Sanjoy Goyle		
Praveer Kumar		
Goyle Nanda 2018 Irrevocable Trust dated October 26, 2018		
Kumar Gupta 2018 Irrevocable Trust dated October 24, 2018		
John Lawrence		
The Lawrence 2020 Irrevocable Trust		
Prashant Gupta		
Prathibha Ramasubramanian		
Donald Suva		
Total		**100%**

EXHIBIT 19.1

PRIORITY TECHNOLOGY HOLDINGS, INC.

SECURITIES TRADING POLICY

Compliance with United States Securities Laws and Security Trading

Adopted as of July 25, 2018

This Securities Trading Policy ("Policy") contains the following sections:

1.0 General

1.1 Priority Technology Holdings, Inc. and its subsidiaries (collectively, the "Company"), their directors, officers and employees (collectively, "Priority Personnel"), family members of Priority Personnel and trusts, corporations and other entities controlled by any of such persons (collectively, "Insiders") must, at all times, comply with the securities laws of the United States and all applicable jurisdictions.

1.2 Federal securities laws prohibit trading in the securities of a company on the basis of "inside" information. These transactions are commonly known as "insider trading". It is also illegal to recommend to others (commonly called "tipping") that they buy, sell or retain the securities to which such inside information relates. Anyone violating these laws is subject to personal liability and could face criminal penalties, including a jail term. Federal securities law also creates a strong incentive for the Company to deter insider trading by its employees. In the normal course of business, Priority Personnel may come into possession of inside information concerning the Company, transactions in which the Company proposes to engage or other entities with which the Company does business. Therefore, the Company has established this Policy with respect to trading in its securities or securities of another company. Any violation of this Policy could subject you to disciplinary action, up to and including termination. See Section 7.

1.3 This Policy concerns compliance as it pertains to the disclosure of inside information regarding the Company or another company and to trading in securities while in possession of such inside information. In addition to requiring that Insiders comply with

the letter of the law, it is the Company's policy that Insiders exercise judgment so as to also comply with the spirit of the law and avoid even the appearance of impropriety.

1.4 This Policy is intended to protect Insiders and the Company from insider trading violations. However, the matters set forth in this Policy are guidelines only and are not intended to replace your responsibility to understand and comply with the legal prohibition on insider trading. Appropriate judgment should be exercised in connection with all securities trading. If you have specific questions regarding this Policy or applicable law, please contact the General Counsel or another member of the Company's legal and compliance staff (collectively, "Company Compliance").

2.0 Definitions

2.1 Family Members. For purposes of this Policy, the term "family members" includes family members who reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in the Company's securities are directed by you or are subject to your influence or control.

2.2 Material. Information is generally considered "material" if a reasonable investor would consider it important in deciding whether to buy, sell or hold a security. Information that is likely to affect the price of the Company's securities is almost always material. The information may concern the Company or another company and may be positive or negative. In addition, it should be emphasized that material information does not have to relate to a company's business; information about the contents of a forthcoming publication in the financial press that is expected to affect the market price of a security could well be material. Employees should assume that information that would affect their consideration of whether to trade, or which might tend to influence the price of the security, is material.

Examples of material information include, but are not limited to:

- dividend information;
- earnings results, estimates and guidance on earnings and changes in previously released earnings results, estimates or guidance;
- a significant merger, acquisition or divestiture proposal or agreement;
- investments, joint ventures or changes in assets;
- new service offerings or significant news relating to service offerings;
- changes in relationships with significant customers (e.g., the gain or loss of a significant customer);
- extraordinary management developments;
- major financing developments

- major litigation developments
- restructuring or layoffs; and
- changes in auditors.

Information that something is likely to happen or even just that it may happen can be material. Courts often resolve close cases in favor of finding the information material. Therefore, Insiders should err on the side of caution. Insiders should keep in mind that the Securities and Exchange Commission's ("SEC") rules and regulations provide that the mere fact that a person is aware of the information is a bar to trading. It is no excuse that such person's reasons for trading were not based on the information.

2.3 Non-Public Information. For the purpose of this Policy, information is "Non-Public" until three criteria have been satisfied:

First, the information must have been widely disseminated. Generally, Insiders should assume that information has NOT been widely disseminated unless one or more of the following has occurred:

- it has been carried in a "financial" news service such as the Dow Jones Broad Tape;
- it has been carried in a "general" news service such as the Associated Press;
- it has been carried by a national television news service and/or;
- it has appeared in a filing with the SEC.

Second, the information disseminated must be some form of "official" announcement. In other words, the fact that rumors, speculation, or statements attributed to unidentified sources are public is insufficient to be considered widely disseminated even when the information is accurate.

Third, after the information has been disseminated, a period of time must pass sufficient for the information to be absorbed by the general public. As a general rule, information should not be considered fully absorbed until the third trading day on the NASDAQ Stock Market ("NASDAQ") after the day on which the information is disseminated in a national news medium or disclosed in a filing with the SEC.

2.4 Section 16 Persons: The "Section 16 Persons" means the Company's directors and officers (as defined in Rule 16a-1 under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")).

2.5 Security or Securities. The term "security" or "securities" is defined very broadly by the securities laws and includes stock (common and preferred), stock options, warrants, bonds, notes, debentures, convertible instruments, put or call options (i.e., exchange-traded options), or other similar instruments.

2.6 Trade or Trading. The term "trade" or "trading" means broadly any purchase, sale or other transaction to acquire, transfer or dispose of securities, including market option exercises, gifts or other contributions, exercises of stock options granted under the Company's stock plans, sales of stock acquired upon the exercise of options and trades made under an employee benefit plan such as a 401(k) plan.

3.0 Statement of Policy

3.1 No Insider may buy or sell the Company's securities at any time when the Insider has Material Non-Public Information concerning the Company.

3.2 No Insider may buy or sell securities of another company at any time when the Insider has Material Non-Public Information about that company, including, without limitation, any of the Company's customers, when that information was obtained as a result of the Insider's employment or relationship to the Company.

3.3 No Insider may disclose ("tip") Material Non-Public Information to any other person (including family members), and no Insider may make buy or sell recommendations on the basis of Material Non-Public Information. In addition, Insiders should take care before trading on the recommendation of others to ensure that the recommendation is not the result of an illegal "tip".

3.4 No Insider who receives or has access to the Company's Material Non-Public Information may comment on stock price movements or rumors of other corporate developments (including discussions in Internet "chat rooms") that are of possible significance to the investing public unless it is part of the Insider's job (such as Investor Relations) or the Insider has been specifically authorized in accordance with the Company's Policy and Procedures for Compliance with Regulation FD. If you comment on stock price movements or rumors or disclose Material Non-Public Information to a third party you must contact Company Compliance immediately.

3.5 In addition, it is generally the practice of the Company not to respond to inquiries and/or rumors concerning the Company's affairs. If you receive inquiries concerning the Company from the media or inquiries from securities analysts or other members of the financial community, you should refer such inquiries, without comment, to the Company's Investor Relations Officer, if any, or Company Compliance.

3.6 Certain Insiders may only trade in the Company's securities during the four "Window Periods" that occur each fiscal year. These persons must also receive pre-approval prior to any transaction. See Section 5.0.

3.7 No Short Sales or Speculative Transactions. No Insider, whether or not he or she possesses Material Non-Public Information, may trade in options, warrants, puts and calls or similar instruments in the Company's securities, or sell such securities "short" (i.e., selling stock that is not owned and borrowing the shares to make delivery). Such activities may unduly focus the Insider's attention on short-term performance at the expense of the Company's long-term objectives, allow the Insider to continue to own the covered securities, but without the full risks and rewards of ownership, put the personal

gain of the Insider in conflict with the best interests of the Company and its securityholders or otherwise give the appearance of impropriety. No Priority Personnel may engage in any transactions (including variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of the Company's equity securities.

3.8 An Insider who is aware of Material Non-Public Information when he or she ceases to be an Insider may not trade in the Company's securities until that information has become public or is no longer material. In addition, this Policy continues in effect for all Permanent Restricted Persons and Other Restricted Persons until the opening of the first Window Period after termination of employment or other relationship with the Company, except that, unless notified otherwise by the Company, the pre-clearance requirements set forth in Section 5.0 continue to apply to Permanent Restricted Persons for six months after the termination of their status as a Permanent Restricted Person. See Section 5.3.

3.9 Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not excepted from the Policy. The securities laws do not recognize such mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

4.0 Certain Exceptions

The prohibition on trading in the Company's securities set forth in Section 3.0 above does not apply to:

- Transferring shares to an entity that does not involve a change in the beneficial ownership of the shares (for example, to an inter vivos trust of which you are the sole beneficiary during your lifetime).

- The exercise of stock options pursuant to the Company's stock plans; *however, the sale of any such stock acquired upon such exercise, including as part of a cashless exercise of an option, is subject to this Policy*.

- The exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of restricted stock, shares underlying restricted stock units or shares subject to an option to satisfy tax withholding requirements.

- The execution of transactions pursuant to a trading plan that complies with SEC Rule 10b5-1 and which has been approved by the Company. See Section 6.1.

- To the extent the Company offers its securities as an investment option in the Company's 401(k) plan, the purchase of stock through the Company's 401(k) plan through regular payroll deductions; *however, the sale of any such stock and the election to transfer funds into or out of, or a loan with respect to amounts invested in, the stock fund is subject to this Policy*.

- To the extent the Company offers its securities as an investment option in an employee stock purchase plan, the purchase of stock through the Company's employee stock purchase plan*; however, the sale of any such stock and changing instructions regarding the level of withholding contributions which are used to purchase stock is subject to this Policy*.

5.0 Pre-clearance of Trades and Other Procedures

5.1 Applicability. Section 16 Persons, family members of Section 16 Persons and trusts, corporations and other entities controlled by Section 16 Persons (collectively, "Permanent Restricted Persons") as well as certain other persons described in Section 5.2 must obtain the advance approval of Company Compliance in accordance with Section 5.3 before effecting transactions in the Company's securities, including any exercise of an option (whether cashless or otherwise), gifts, loans, pledges, rights or warrant to purchase or sell such securities, contribution to a trust or other transfers, whether the transaction is for the individual's own account, one over which he or she exercises control or one in which he or she has a beneficial interest.

5.2 Other Restricted Persons. From time to time, the Company will notify persons other than Permanent Restricted Persons that they are subject to the pre-clearance requirements set forth in Section 5.3 if the Company believes that, in the normal course of their duties, they are likely to have regular access to Material Non-Public Information ("Other Restricted Persons"). Examples of such persons include other corporate officers like those working in sales and marketing, global operations, legal, finance and corporate development departments (if any), family members of any of such persons and trusts, corporations and other entities controlled by any of such persons. Occasionally, certain individuals may have access to Material Non-Public Information for a limited period of time. During such a period, such persons may be notified that they are also Other Restricted Persons who will be subject to the pre-clearance requirements set forth in Section 5.3.

5.3 Procedures. Subject to Section 6.1, Permanent Restricted Persons and Other Restricted Persons should submit a request for pre-clearance to Company Compliance at least two business days in advance of the proposed transaction (two weeks in the case of using shares as collateral for a loan (see Section 6.2)) and by completing the attached "Request for Approval" form. Approval must be in writing, dated and signed, specifying the securities involved. **Approval for transactions and pledges of the Company's securities will generally be granted only during a Window Period (described in Section 5.4 below) and the transaction may only be performed during the Window Period in which the approval was granted and in any event within two business days from the date of approval.** Unless notified otherwise by the Company, Permanent Restricted Persons must comply with these pre-clearance requirements for six months after the termination of their status as a Permanent Restricted Person.

5.4 Window Periods. The Company has established four "windows" of time during the fiscal year during which Request for Approval forms may be approved and transactions and pledges may be performed ("Window Periods"). Each Window Period begins with the

third trading day on NASDAQ after the day on which the Company makes a public news release of its quarterly or annual earnings for the prior fiscal quarter or year. That same Window Period closes at the close of trading on the last trading day that is two weeks prior to the end of the then current fiscal quarter. After the close of the Window Period, except as set forth in Section 4.0 above, Permanent Restricted Persons and Other Restricted Persons may not trade in any of the Company's securities. The prohibition against trading while aware of, or tipping of, Material Non-Public Information applies even during a Window Period. For example, if during a Window Period, a material acquisition or divestiture is pending or a forthcoming publication in the financial press may affect the relevant securities market, you may not trade in the Company's securities. You must consult Company Compliance whenever you are in doubt.

5.5 Suspension of Trading. From time to time, the Company may require that directors, officers, selected employees and/or others suspend trading in the Company's securities because of developments that have not yet been disclosed to the public. *All those affected shall not trade in the Company's securities while the suspension is in effect, and shall not disclose to others that we have suspended trading for certain individuals.* Though these blackouts generally will arise because the Company is involved in a highly- sensitive transaction, they may be declared for any reason. If the Company declares a blackout to which you are subject, a member of the legal department will notify you when the blackout begins and when it ends.

5.6 Notification of Window Periods. In order to assist you in complying with this Policy, the Company will deliver an e-mail (or other communication) notifying all Section 16 Persons and all other Priority Personnel designated as Other Restricted Persons when the Window Period has opened and when the Window Period is about to close. The Company's delivery or nondelivery of these e-mails (or other communication) does not relieve you of your obligation to only trade in the Company's securities in full compliance with this Policy.

5.7 Hardship Exemptions. Those subject to the Window Periods or a blackout pursuant to Section 5.5 may request a hardship exemption for periods outside the Window Periods or during a blackout, as applicable, if they are not in possession of Material Non-Public Information and are not otherwise prohibited from trading pursuant to this Policy. Hardship exemptions are granted infrequently and only in exceptional circumstances. Any request for a hardship exemption should be made to Company Compliance.

6.0 10b5-1 Plans/Margin Accounts and Pledges/Short Sales

6.1 10b5-1 Trading Plans. A 10b5-1 trading plan is a binding, written contract between you and your broker that specifies the price, amount, and date of trades to be executed in your account in the future, or provides a formula or mechanism that your broker will follow. A 10b5-1 trading plan can only be established when you do not possess Material Non-Public Information. Therefore, Insiders cannot enter into these plans at any time when in possession of Material Non-Public Information and, in addition, persons subject to the pre-clearance requirements of this Policy described in Section 5.0 cannot enter into these plans outside Window Periods. In addition, a 10b5-1 trading plan must not permit you to

exercise any subsequent influence over how, when, or whether the purchases or sales are made.

You have an affirmative defense against any claim by the SEC against you for insider trading if your trade was made under a 10b5-1 trading plan that you entered into when you were not aware of Material Non-Public Information. The rules regarding 10b5-1 trading plans are complex and you must fully comply with them. You should consult with your legal advisor before proceeding.

Each Insider must pre-clear with Company Compliance its proposed 10b5-1 trading plan prior to the establishment of such plan. The Company reserves the right to withhold pre-clearance of any 10b5-1 trading plan that the Company determines is not consistent with the rules regarding such plans. Notwithstanding any pre-clearance of a 10b5-1 trading plan, the Company assumes no liability for the consequences of any transaction made pursuant to such plan.

If you enter into a 10b5-1 trading plan, your 10b5-1 trading plan should be structured to avoid purchases or sales shortly before known announcements, such as quarterly or annual earnings announcements. Even though transactions executed in accordance with a properly formulated 10b5-1 trading plan are exempt from the insider trading rules, the trades may nonetheless occur at times shortly before we announce material news, and the investing public and media may not understand the nuances of trading pursuant to a 10b5-1 trading plan. This could result in negative publicity for you and the Company if the SEC or NASDAQ were to investigate your trades.

For Insiders, any modification or termination of a pre-approved 10b5-1 trading plan requires pre-clearance by Company Compliance. In addition, any modification of a pre-approved 10b5-1 trading plan must occur before you become aware of any Material Non-Public Information and must comply with the requirements of the rules regarding 10b5-1 trading plans and, if you are subject to Window Period restrictions, must take place during a Window Period.

Transactions effected pursuant to a pre-cleared 10b5-1 trading plan will not require further pre-clearance at the time of the transaction if the plan specifies the dates, prices and amounts of the contemplated trades, or establishes a formula for determining the dates, prices and amounts.

Finally, if you are a Section 16 Person, 10b5-1 trading plans require special care. Because in a 10b5-1 trading plan you can specify conditions that trigger a purchase or sale, you may not even be aware that a transaction has taken place and you may not be able to comply with the SEC's requirement that you report your transaction to the SEC within two business days after its execution. Therefore, for Section 16 Persons, a transaction executed according to a 10b5-1 trading plan is not permitted unless the 10b5-1 trading plan requires your broker to notify the Company before the close of business on the day of the execution of the transaction. See Section 8.0.

6.2 Margin Accounts and Pledges. Securities purchased on margin may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities held in an account which may be borrowed against or are otherwise pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Accordingly, if you purchase securities on margin or pledge them as collateral for a loan, a margin sale or foreclosure sale may occur at a time when you are aware of Material Non-Public Information or otherwise are not permitted to trade in the Company's securities. The sale, even though not initiated at your request, is still a sale for your benefit and may subject you to liability under the insider trading rules if made at a time when you are aware of Material Non-Public Information. Similar cautions apply to a bank or other loans for which you have pledged stock as collateral.

Therefore, no Priority Personnel, whether or not in possession of Material Non-Public Information, may purchase the Company's securities on margin, or borrow against any account in which the Company's securities are held, or pledge the Company's securities as collateral for a loan, without first obtaining pre-clearance. Request for approval must be submitted to Company Compliance at least two weeks prior to the execution of the documents evidencing the proposed pledge. Company Compliance is under no obligation to approve any request for pre-clearance and may determine not to permit the arrangement for any reason. Approvals will be based on the particular facts and circumstances of the request, including, but not limited to, the percentage amount that the securities being pledged represent of the total number of the Company's securities held by the person making the request and the financial capacity of the person making the request. Notwithstanding the pre-clearance of any request, the Company assumes no liability for the consequences of any transaction made pursuant to such request.

7.0 Potential Criminal And Civil Liability And/Or Disciplinary Action

7.1 Individual Responsibility. Each Insider is individually responsible for complying with the securities laws and this Policy, regardless of whether the Company has prohibited trading by that Insider or any other Insiders. Trading in securities during the Window Periods and outside of any suspension periods should not be considered a "safe harbor". We remind you that, whether or not during a Window Period, you may not trade securities on the basis of Material Non-Public Information.

You should also bear in mind that any proceeding alleging improper trading will necessarily occur after the trade has been completed and is particularly susceptible to second-guessing with the benefit of hindsight. Therefore, as a practical matter, before engaging in any transaction you should carefully consider how enforcement authorities and others might view the transaction in hindsight. Further, whether or not you possess Material Non-Public Information, it is advisable that you invest in the Company's securities or the securities of any company that has a substantial relationship with the Company from the perspective of a long term investor who would like to participate over time in the Company's or such company's earnings growth.

7.2 Controlling Persons. The securities laws provide that, in addition to sanctions against an individual who trades illegally, penalties may be assessed against what are known as

"controlling persons" with respect to the violator. The term "controlling person" is not defined, but includes employers (i.e., the Company), its directors, officers and managerial and supervisory personnel. The concept is broader than what would normally be encompassed by a reporting chain. Individuals may be considered "controlling persons" with respect to any other individual whose behavior they have the power to influence. Liability can be imposed only if two conditions are met. First, it must be shown that the "controlling person" knew or recklessly disregarded the fact that a violation was likely. Second, it must be shown that the "controlling person" failed to take appropriate steps to prevent the violation from occurring. For this reason, the Company's supervisory personnel are directed to take appropriate steps to ensure that those they supervise, understand and comply with the requirements set forth in this Policy.

7.3 Potential Sanctions.

(i) Liability for Insider Trading and Tipping. Insiders, controlling persons and the Company may be subject to civil penalties, criminal penalties and/or jail for trading in securities when they have Material Non-Public Information or for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Non-Public Information, or to whom they have made recommendations or expressed opinions on the basis of such information about trading securities. The SEC has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the Financial Industry Regulatory Authority use sophisticated electronic surveillance techniques to uncover insider trading.

(ii) Possible Disciplinary Actions. Priority Personnel who violate this Policy will be subject to disciplinary action, up to and including termination of employment for cause, whether or not the Priority Personnel's failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish one's reputation and irreparably damage a career.

7.4 Questions and Violations. Anyone with questions concerning this Policy or its application should contact Company Compliance. Any violation or perceived violation should be reported immediately to Company Compliance.

8.0 Broker Requirements for Section 16 Persons

The timely reporting of transactions requires tight interface with brokers handling transactions for the Company's directors and executive officers. A knowledgeable, alert broker can also serve as a gatekeeper, helping to ensure compliance with the Company's pre-clearance procedures and helping prevent inadvertent violations. Therefore, in order to facilitate timely compliance by the directors and executive officers of the Company with the requirements of Section 16 of the Exchange Act, brokers of Section 16 Persons need to comply with the following requirements:

- Not to enter any order (except for orders under pre-approved Rule 10b5-1 plans) without first verifying with the Company that your transaction was pre-cleared

and complying with the brokerage firm's compliance procedures (e.g., Rule 144), and

- To report before the close of business on the day of the execution of the transaction to the Company by telephone and in writing via e-mail to Company Compliance and the Corporate Secretary, the complete (i.e., date, type of transaction, number of shares and price) details of every transaction involving the Company's stock, including gifts, transfers, pledges and all 10b5-1 transactions.

Because it is the legal obligation of the trading person to cause this filing to be made, you are strongly encouraged to confirm following any transaction that your broker has immediately telephoned and e-mailed the required information to the Company.

9.0 Confidentiality

No Priority Personnel should disclose any Non-Public Information to non-Priority Personnel (including to family members), except when such disclosure is needed to carry out the Company's business and then only when the Priority Personnel disclosing the information has no reason to believe that the recipient will misuse the information. When such information is disclosed, the recipient must be told that such information may be used only for the business purpose related to its disclosure and that the information must be held in confidence. Priority Personnel should disclose Non-Public Information to other Priority Personnel only in the ordinary course of business, for legitimate business purposes and in the absence of reasons to believe that the information will be misused or improperly disclosed by the recipient. Written information should be appropriately safeguarded and should not be left where it may be seen by persons not entitled to the information and Non-Public Information should not be discussed with any person within the Company under circumstances where it could be overheard. See also, Controlling Persons, Section 7.2.

In addition to other circumstances where it may be applicable, this confidentiality policy must be strictly adhered to in responding to inquiries about the Company that may be made by the press, securities analysts or other members of the financial community. It is important that responses to any such inquiries be made on behalf of the Company by a duly designated officer. Accordingly, Priority Personnel should not respond to any such inquiries and should refer all such inquiries to the Company's Investor Relations Officer, if any, or Company Compliance. See also, Statement of Policy, Sections 3.4 and 3.5.

10.0 Legal Effect of this Policy

The Company's Policy with respect to insider trading and the disclosure of confidential information, and the procedures that implement this Policy, are not intended to serve as precise recitations of the legal prohibitions against insider trading and tipping which are highly complex, fact specific and evolving. Certain of the procedures are designed to prevent even the appearance of impropriety and in some respects may be more restrictive than the securities laws. Therefore, these procedures are not intended to serve as a basis for establishing civil or criminal liability that would not otherwise exist.

ACKNOWLEDGMENT CONCERNING SECURITIES TRADING POLICY

If you are a Permanent Restricted Person as described in Section 5.1 or have been notified by us that you are subject to the pre-clearance requirements as an Other Restricted Person as described in Section 5.2, we ask that you acknowledge that you have received and read this Securities Trading Policy. Priority Technology Holdings, Inc. may ask you to re-submit this acknowledgement on an annual basis, at such time as a person has been designated as an Other Restricted Person or whenever the Securities Trading Policy is significantly updated.

If you are not a Permanent Restricted Person and have not been notified by us that you have been designated as an Other Restricted Person, you do not have to sign the acknowledgement below.

By my signature below, I acknowledge that I have read and received Priority Technology Holdings, Inc.'s Securities Trading Policy.

Signature: _____

Name (printed): _____

Date: _____

REQUEST FOR APPROVAL TO TRADE
PRIORITY TECHNOLOGY HOLDINGS, INC. SECURITIES

Type of Security [*check all applicable boxes*]

- ☐ Common stock
- ☐ Preferred stock
- ☐ Restricted stock
- ☐ Stock option/warrant

Number of Shares _____

Proposed Date of Transaction _____

Type of Transaction

- ☐ Stock option exercise – Exercise Price $_____/share
  Exercise Price paid as follows:
  - ☐ Broker's cashless exchange
  - ☐ cash
  - ☐ pledge
  - ☐ other _____

  Withholding tax paid as follows:
  - ☐ Broker's cashless exchange
  - ☐ cash
  - ☐ other _____
- ☐ Purchase
- ☐ Sale
- ☐ Gift
- ☐ Other

Broker Contact Information

Company Name _____
Contact Name _____
Telephone _____
Fax _____
Account Number _____

Social Security or other Tax Identification Number_____

Status (check all applicable boxes)

- ☐ Executive Officer
- ☐ Board Member

Filing Information (check all applicable boxes and complete blanks)

Date of filing of last Form 3 or 4_____

- ☐ Is a Form 144 Necessary?

Date of filing of last Form 144_____

I am not currently in possession of any material non-public information relating to Priority Technology Holdings, Inc. and its subsidiaries. I hereby certify that the statements made on this form are true and correct.

I understand that clearance may be rescinded prior to effectuating the above transaction if material non-public information regarding Priority Technology Holdings, Inc. or its subsidiaries arises and, in the reasonable judgment of Priority Technology Holdings, Inc., the completion of my trade would be inadvisable. I also understand that the ultimate responsibility for compliance with the insider trading provisions of the federal securities laws rests with me and that clearance of any proposed transaction should not be construed as a guarantee that I will not later be found to have been in possession of material non-public information.

Signature_____ Date:_____
Print Name_____
Telephone Number Where You May Be Reached_____

- ☐ Request Approved (transaction must be completed during the Window Period (as defined in Section 5.4 of Priority Technology Holdings, Inc.'s Securities Trading Policy) in which this approval was granted and in any event within two business days after approval).
- ☐ Request Denied
- ☐ Request Approved with the following modification

Signature_____ Date:_____

Subsidiaries of Priority Technology Holdings, Inc.

Priority Technology Holdings, Inc.
Priority Holdings, LLC
Priority Payment Systems, LLC
Priority Hospitality Technology, LLC
Priority Ovvi, LLC
Priority Payright Health Solutions, LLC
Priority Commerce Canada, Inc. (Canada)
Priority Real Estate Technology, LLC
Priority Finance
Priority Commercial Payments, LLC
Plastiq, Powered by Priority, LLC
Plastiq Canada, Inc. (Canada)
Finxera Holdings, Inc.
Finxera Intermediate, LLC
Finxera, Inc.
Priority IDC Private Limited (India)
Enhanced Capital RETC Fund XII, LLC
Priority Account Administration Services, Inc.
Priority Tech Ventures, LLC
Priority IR, LLC
Priority Wave, LLC
Priority Ambient TPA Solutions, LLC
Priority Build, LLC
Primsa Prop Tech, LLC
Priority Rollfi, LLC

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-226713) of Priority Technology Holdings, Inc.,
(2) Registration Statement (Form S-8 No. 333-230620) of Priority Technology Holdings, Inc.,
(3) Registration Statement (Form S-8 No. 333-264064) of Priority Technology Holdings, Inc.,
(4) Registration Statement (Form S-8 No. 333-268918) of Priority Technology Holdings, Inc.,
(5) Registration Statement (Form S-8 No. 333-268919) of Priority Technology Holdings, Inc.; and
(6) Registration Statement (Form S-3 No. 333-283519) of Priority Technology Holdings, Inc.;

of our report dated March 6, 2025, with respect to the consolidated financial statements of Priority Technology Holdings, Inc. included in this Annual Report (Form 10-K) of Priority Technology Holdings, Inc. for the year ended December 31, 2024.

Ernst & Young LLP

Atlanta, Georgia
March 6, 2025

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AS ADOPTED PURSUANT TO SECTION 303 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas C. Priore, certify that:

1. I have reviewed this Annual Report on Form 10-K of Priority Technology Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 6, 2025

/s/ Thomas C. Priore

Thomas C. Priore

Chief Executive Officer and Chairman

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy O'Leary, certify that:

1. I have reviewed this Annual Report on Form 10-K of Priority Technology Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 6, 2025

/s/ Timothy O'Leary

Timothy O'Leary

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Priority Technology Holdings, Inc. (the "Company") for the year ended December 31, 2024 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

March 6, 2025

/s/ Thomas C. Priore

Thomas C. Priore
Chief Executive Officer and Chairman
(Principal Executive Officer)

March 6, 2025

/s/ Timothy O'Leary

Timothy O'Leary
Chief Financial Officer
(Principal Financial Officer)

The foregoing certifications are being furnished solely pursuant to 18 U.S.C. § 1350 and are not being filed as part of the Report on Form 10-K or as a separate disclosure document.