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

Form 8-K

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

November 10, 2022
Date of Report (Date of earliest event reported)

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

Delaware	**001-37872**	**47-4257046**
(State or other jurisdiction of incorporation)	(Commission File Number)	(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: **(800) 935-5961**

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common stock, $0.001 par value	PRTH	Nasdaq Global Market

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

Emerging growth company ☐

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

Item 2.02. Results of Operations and Financial Condition.

On November 10, 2022, Priority Technology Holdings, Inc. ("Priority") issued a press release announcing its financial results for the quarter ended September 30, 2022. A copy of that press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 7.01. Regulation FD Disclosure.

On November 10, 2022, Priority will hold an earnings conference call and webcast at 11:00 a.m. (Eastern Time) to discuss the financial results for the quarter ended September 30, 2022. The press release referenced in Item 2.02 contains information about how to access the conference call and webcast. A copy of the slide presentation to be used during the earnings call and webcast is furnished as Exhibit 99.2 to this Current Report on Form 8-K. The slide presentation also will be available on our website, www.prth.com under the "Investor Relations" section.

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

Item 9.01. Financial Statements and Exhibits.

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

Exhibit Number	Description
99.1	Press Release of Priority Technology Holdings, Inc. dated November 10, 2022
99.2	Supplemental Slide Presentation
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

SIGNATURE

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

Dated: November 10, 2022

PRIORITY TECHNOLOGY HOLDINGS, INC.

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

Exhibit 99.1

Priority Investor Inquiries:
Chris Kettmann
ckettmann@lincolnchurchilladvisors.com
(773) 497-7575

Priority Technology Holdings, Inc. Announces Third Quarter 2022 Financial Results

Strong Third Quarter Revenue and Gross Profit (Non-GAAP) Growth Across all Business Segments

ALPHARETTA, GA - November 10, 2022 -- Priority Technology Holdings, Inc. (NASDAQ: PRTH) ("Priority" or the "Company"), the platform for unified commerce that delivers integrated payments and banking at scale, today announced its third quarter 2022 financial results including strong quarter-over-quarter diversified revenue growth.

Highlights of Consolidated Results

Third Quarter 2022, Compared with Third Quarter 2021

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

- Revenue of $166.4 million increased 25.6% from $132.5 million.
- Gross profit (a non-GAAP measure[1]) of $58.5 million increased 47.4% million from $39.7 million.
- Gross profit margin (a non-GAAP measure[1]) of 35.1% increased 510 basis points from 30.0%.
- Operating income of $14.1 million increased 69.9% from $8.3 million.
- Adjusted EBITDA (a non-GAAP measure[1]) of $35.1 million increased 48.7% from $23.6 million.

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

"We are pleased that our excellent third quarter results, by all financial metrics, continue to reinforce the strength of the solutions we offer our SMB, B2B and Enterprise payments partners," said Tom Priore, Chairman & CEO of Priority. "Our consistently strong performance through COVID and the current economic turmoil demonstrates the differentiation of our unified commerce platform that performs in varying business cycles and is poised to capitalize on emerging opportunities."

Full Year 2022 Financial Guidance

Priority's outlook remains strong and we are reaffirming our full-year 2022 revenue guidance while revising our adjusted EBITDA guidance for the year.

- Revenue remains forecasted to range between $650 million to $665 million, a growth rate of 26% to 29%.
- Adjusted EBITDA (a non-GAAP measure) is forecasted to range between $140 million to $145 million, a growth rate of 46% to 50%, compared to the prior forecasted range of $145 million to $150 million.

Conference Call

Priority Technology Holdings, Inc.'s leadership will host a conference call on Thursday, November 10, 2022 at 11:00 a.m. EST to discuss its third quarter 2022 financial results. Participants can access the call by phone in the U.S. or Canada at (833) 636-1319 or internationally at (412) 902-4286.

The Internet webcast link and accompanying slide presentation can be accessed at **https://edge.media-server.com/mmc/p/ofqk9ouz** and will also be posted in the "Investor Relations" section of the Company's website at www.prioritycommerce.com.

An audio replay of the call will be available shortly after the conference call until November 17, 2022 at 2:00 p.m. EST. To listen to the audio replay, dial (877) 344-7529 or (412) 317-0088 and enter conference ID number **1085687**. Alternatively, you may access the webcast replay in the "Investor Relations" section of the Company's website at www.prioritycommerce.com.

Non-GAAP Financial Measures

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

Gross Profit (non-GAAP) and Gross Profit Margin (non-GAAP)

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

	(in thousands) Three Months Ended September 30,	
	2022	**2021**
Revenues	$ 166,417	$ 132,542
Cost of revenue (excluding depreciation and amortization)	(107,958)	(92,833)
Gross profit (non-GAAP)	**58,459**	**39,709**
Gross profit margin (non-GAAP)	35.1 %	30.0 %
Depreciation and amortization of revenue generating assets	(2,629)	(1,495)
Gross profit	**55,830**	**38,214**
Gross profit margin	33.5 %	28.8 %

EBITDA and Adjusted EBITDA

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

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

	(in thousands) Three Months Ended September 30,	
	2022	**2021**
Net income (loss)	$ (792)	$ (549)
Interest expense	13,412	8,155
Income tax expense	1,691	790
Depreciation and amortization	17,817	12,330
EBITDA	32,128	20,726
Selling, general and administrative (non-recurring)	760	1,901
Non-cash stock-based compensation	1,104	935
Change in the fair value of contingent consideration	1,072	—
Adjusted EBITDA	**$ 35,064**	**$ 23,562**

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

	(in thousands) Three Months Ended September 30,	
	2022	**2021**
Selling, general and administrative expenses (non-recurring):		
Certain legal fees	$ 199	$ 932
Professional, accounting and consulting fees	95	383
Other expenses	466	586
	$ 760	**$ 1,901**

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

About Priority Technology Holdings, Inc.

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

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about future financial and operating results, our plans, objectives, expectations and intentions with respect to future operations, products and services, and other statements identified by words such as "may," "will," "should," "anticipates," "believes," "expects," "plans," "future," "intends," "could," "estimate," "predict," "projects," "targeting," "potential" or "contingent," "guidance," "outlook" or words of similar meaning. These forward-looking statements include, but are not limited to, our 2022 outlook and statements regarding our market and growth opportunities. Such forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive risks, trends and uncertainties that could cause actual results to differ materially from those projected, expressed, or implied by such forward-looking statements. Our actual results could differ materially, and potentially adversely, from those discussed or implied herein.

We caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this press release in the context of the risks and uncertainties disclosed in our SEC filings, including our most recent Annual Report on Form 10-K filed with the SEC on March 17, 2022 and our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2022. These filings are available online at www.sec.gov or www.prioritycommerce.com.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences we anticipate or affect us or our operations in the way we expect. You are cautioned not to place undue reliance on forward-looking statements as a predictor of future performance. The forward-looking statements included in this press release are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

Priority Technology Holdings, Inc.
Unaudited Consolidated Statements of Operations

(in thousands, except per share amounts)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenues	$ 166,417	$ 132,542	$ 486,086	$ 370,853
Operating expenses				
Cost of revenue (excludes depreciation and amortization)	107,958	92,833	320,187	264,527
Salary and employee benefits	16,384	11,909	48,231	31,808
Depreciation and amortization	17,817	12,330	52,675	32,123
Selling, general and administrative	10,178	7,220	27,027	22,213
Total operating expenses	152,337	124,292	448,120	350,671
Operating income	14,080	8,250	37,966	20,182
Other (expense) income				
Interest expense	(13,412)	(8,155)	(37,282)	(24,608)
Debt extinguishment and modification costs	—	—	—	(8,322)
Other income, net	231	146	311	92
Total other expense, net	(13,181)	(8,009)	(36,971)	(32,838)
Income (loss) before income taxes	899	241	995	(12,656)
Income tax expense	1,691	790	1,833	49
Net loss	(792)	(549)	(838)	(12,705)
Less: Dividends and accretion attributable to redeemable senior preferred stockholders	(9,466)	(5,813)	(26,415)	(9,724)
Less: NCI preferred unit redemptions	—	—	—	(10,777)
Net loss attributable to common stockholders	**$ (10,258)**	**$ (6,362)**	**$ (27,253)**	**$ (33,206)**
Loss per common share:				
Basic and diluted	$ (0.13)	$ (0.09)	$ (0.35)	$ (0.48)
Weighted-average common shares outstanding:				
Basic and diluted	77,984	71,979	78,392	69,689

Priority Technology Holdings, Inc.
Unaudited Consolidated Balance Sheets

(in thousands)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 12,707	$ 20,300
Restricted cash	11,624	28,859
Accounts receivable, net of allowances	69,688	58,423
Prepaid expenses and other current assets	16,725	15,807
Current portion of notes receivable	986	272
Settlement assets and customer account balances	516,687	479,471
Total current assets	628,417	603,132
Notes receivable, less current portion	2,072	105
Property, equipment and software, net	29,773	25,233
Goodwill	365,347	365,740
Intangible assets, net	301,729	340,211
Deferred income taxes, net	12,058	8,265
Other noncurrent assets	10,353	9,256
Total assets	**$ 1,349,749**	**$ 1,351,942**
Liabilities, Redeemable Senior Preferred Stock and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 50,955	$ 42,523
Accrued residual commissions	32,593	29,532
Customer deposits and advance payments	3,111	5,021
Current portion of long-term debt	6,200	6,200
Settlement and customer account obligations	517,008	500,291
Total current liabilities	609,867	583,567
Long-term debt, net of current portion, discounts and debt issuance costs	593,068	604,105
Other noncurrent liabilities	13,583	18,349
Total noncurrent liabilities	606,651	622,454
Total liabilities	1,216,518	1,206,021
Redeemable senior preferred stock	225,095	210,158
Stockholders' deficit:		
Preferred stock	—	—
Common stock	78	77
Additional paid-in capital	17,719	39,835
Treasury stock, at cost	(8,765)	(4,091)
Accumulated deficit	(100,896)	(100,058)
Total stockholders' deficit	(91,864)	(64,237)
Total liabilities, redeemable senior preferred stock and stockholders' deficit	**$ 1,349,749**	**$ 1,351,942**

Priority Technology Holdings, Inc.

Unaudited Consolidated Statements of Cash Flows

(in thousands)	Nine Months Ended September 30, 2022	2021
Cash flows from operating activities:		
Net loss	$ (838)	$ (12,705)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization of assets	52,675	32,123
Stock-based compensation	4,204	2,349
Amortization of debt issuance costs and discounts	2,613	1,607
Write-off of deferred loan costs and discount	—	2,580
Deferred income tax benefit	(3,567)	(160)
PIK interest paid	—	(23,715)
Other non-cash items, net	(154)	(39)
Change in operating assets and liabilities:		
Accounts receivable	(11,265)	(10,847)
Prepaid expenses and other current assets	(2,575)	(1,947)
Income taxes (receivable) payable	1,003	(1,541)
Notes receivable	569	(190)
Accounts payable and other accrued liabilities	13,711	9,192
Customer deposits and advance payments	(1,910)	713
Other assets and liabilities, net	(3,908)	13
Net cash provided by (used in) operating activities	**50,558**	**(2,567)**
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	—	(407,129)
Additions to property, equipment and software	(11,380)	(7,530)
Notes receivable loan funding	(3,250)	—
Acquisitions of intangible assets	(6,715)	(48,219)
Other investing activities	250	—
Net cash used in investing activities	**(21,095)**	**(462,878)**
Cash flows from financing activities:		
Proceeds from issuance of long-term debt, net of issue discount	—	607,318
Debt issuance and modification costs paid	—	(9,073)
Repayments of long-term debt	(4,650)	(359,875)
Borrowings under revolving credit facility	23,000	30,000
Repayments of borrowings under revolving credit facility	(32,000)	—
Proceeds from the issuance of redeemable senior preferred stock, net of discount	—	219,062
Redeemable senior preferred stock issuance fees and costs	—	(8,098)
Repurchases of Common Stock and shares withheld for taxes	(4,674)	(1,023)
Dividends paid to redeemable senior preferred stockholders	(11,478)	(4,015)
Proceeds from exercise of stock options	—	1,190
Settlement and customer accounts obligations, net	25,695	396,338
Contingent consideration for business combinations and asset acquisitions	(3,992)	—
Other financing activities	—	(814)
Net cash (used in) provided by financing activities	**(8,099)**	**871,010**
Net change in cash and cash equivalents, and restricted cash:		
Net increase in cash and cash equivalents, and restricted cash	21,364	405,565
Cash and cash equivalents, and restricted cash at beginning of period	518,093	88,120
Cash and cash equivalents, and restricted cash equivalents at end of period	**$ 539,457**	**$ 493,685**

(in thousands)	Nine Months Ended September 30,	
	2022	2021
Reconciliation of cash and cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 12,707	$ 16,974
Restricted cash	11,624	17,258
Cash and cash equivalents included in settlement assets and customer account balances	515,126	459,453
Total cash and cash equivalents, and restricted cash	**$ 539,457**	**$ 493,685**

Priority Technology Holdings, Inc.
Reportable Segments' Results

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
SMB Payments:				
Revenue	$ 139,892	$ 124,737	$ 412,357	$ 354,149
Operating expenses	126,445	110,090	372,429	311,769
Operating income	**$ 13,447**	**$ 14,647**	**$ 39,928**	**$ 42,380**
Operating margin	9.6 %	11.7 %	9.7 %	12.0 %
Depreciation and amortization	$ 11,040	$ 11,049	$ 32,844	$ 30,130
Key indicators:				
Merchant bankcard processing dollar value	$ 15,098,450	$ 13,830,550	$ 44,577,857	$ 39,602,577
Merchant bankcard transaction volume	165,796	153,053	476,084	431,369
B2B Payments:				
Revenue	$ 4,868	$ 4,181	$ 16,088	$ 11,722
Operating expenses	4,651	4,210	14,799	12,139
Operating income (loss)	**$ 217**	**$ (29)**	**$ 1,289**	**$ (417)**
Operating margin	4.5 %	(0.7)%	8.0 %	(3.6)%
Depreciation and amortization	$ 295	$ 73	$ 441	$ 220
Key indicators:				
Merchant bankcard processing dollar value	$ 116,348	$ 87,116	$ 380,217	$ 226,056
Merchant bankcard transaction volume	63	55	239	143
Enterprise Payments:				
Revenue	$ 21,657	$ 3,624	$ 57,641	$ 4,982
Operating expenses	12,345	2,395	38,137	3,418
Operating income	**$ 9,312**	**$ 1,229**	**$ 19,504**	**$ 1,564**
Operating margin	43.0 %	33.9 %	33.8 %	31.4 %
Depreciation and amortization	$ 6,203	$ 939	$ 18,599	$ 939
Key indicators:				
Merchant bankcard processing dollar value	$ 585,382	$ 23	$ 1,189,034	$ 23
Merchant bankcard transaction volume	808	—	2,023	—
Average billed clients	387,384	342,789	363,993	342,789
Operating income of reportable segments	$ 22,976	$ 15,847	$ 60,721	$ 43,527
Less: Corporate expense	(8,896)	(7,597)	(22,755)	(23,345)
Consolidated operating income	**$ 14,080**	**$ 8,250**	**$ 37,966**	**$ 20,182**
Corporate depreciation and amortization	$ 279	$ 269	$ 791	$ 834
Key indicators:				
Merchant bankcard processing dollar value	$ 15,800,180	$ 13,917,689	$ 46,147,108	$ 39,828,656
Merchant bankcard transaction volume	166,667	153,108	478,346	431,512
Average billed clients	387,384	342,789	363,993	342,789


PRIORITY TECHNOLOGY HOLDINGS
Priority (Nasdaq: PRTH)
Supplemental Slides: Third Quarter 2022 Earnings Call
November 10, 2022

DISCLAIMER

Important Notice Regarding Forward-Looking Statements and Non-GAAP Measures

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about future financial and operating results, our plans, objectives, expectations and intentions with respect to future operations, products and services, and other statements identified by words such as “may,” “will,” “should,” “anticipates,” “believes,” “expects,” “plans,” “future,” “intends,” “could,” “estimate,” “predict,” “projects,” “targeting,” “potential” or “contingent,” “guidance,” “anticipates,” “outlook” or words of similar meaning. These forward-looking statements include, but are not limited to, Priority Technology Holdings, Inc.’s (“Priority”, “we”, “our” or “us”) 2022 outlook and statements regarding our market and growth opportunities. Such forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive risks, trends and uncertainties that could cause actual results to differ materially from those projected, expressed, or implied by such forward-looking statements. These forward-looking statements may include, but are not limited to, statements about the effects of the COVID-19 pandemic on our revenues and financial operating results. Our actual results could differ materially, and potentially adversely, from those discussed or implied herein. We caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in our Securities and Exchange Commission (“SEC”) filings, including our Annual Report on Form 10-K filed with the SEC on March 17, 2022 and our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2022 . These filings are available online at www.sec.gov or www.prioritycommerce.com.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences we anticipate or affect us or our operations in the way we expect. You are cautioned not to place undue reliance on forward-looking statements as a predictor of future performance. The forward-looking statements included in this presentation are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

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

Gross profit referred throughout this presentation is a non-GAAP measure calculated by subtracting Cost of revenue (excluding depreciation and amortization) from Revenue. See Appendix 1 of this presentation for a reconciliation of Gross Profit (non-GAAP) to Gross Profit as per GAAP and Priority’s earnings press release for more details. Gross profit margin referred throughout this presentation is a non-GAAP measure calculated by dividing Gross Profit (non-GAAP measure) discussed above by Revenue. See Appendix 1 of this presentation for a reconciliation of Gross Profit (non-GAAP) to Gross Profit as per GAAP and Priority’s earnings press release for more details.

Third Quarter 2022 Highlights

- **Revenue of $166.4 million** increased 25.6% from $132.5 million in Q3 2021
- **Gross profit[1] of $58.5 million** increased 47.4% from $39.7 million in Q3 2021
- **Gross profit margin[1] of 35.1%** increased 510 basis points from 30.0% in Q3 2021
- **Operating income of $14.1 million** increased 69.9% from $8.3 million in Q3 2021
- **Adjusted EBITDA of $35.1 million** increased 48.7% from $23.6 million in Q3 2021

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

1 – Gross profit and Gross profit margin referred in this presentation are non-GAAP measures. See slide 2 for further details.

PRIORITY TECHNOLOGY HOLDINGS

Year-to-Date 2022 Highlights

- **Revenue of $486.1 million** increased 31.1% from $370.9 million in Q3 YTD 2021
- **Gross profit[1] of $165.9 million** increased 56.1% from $106.3 million in Q3 YTD 2021
- **Gross profit margin[1] of 34.1%** increased 540 basis points from 28.7% in Q3 YTD 2021
- **Operating income of $38.0 million** increased 88.1% from $20.2 million in Q3 YTD 2021
- **Adjusted EBITDA of $100.5 million** increased 60.5% from $62.6 million in Q3 YTD 2021

Revenue, Gross Profit and Adjusted EBITDA

(dollars in millions)

1 – Gross profit and Gross profit margin referred in this presentation are non-GAAP measures. See slide 2 for further details.

PRIORITY TECHNOLOGY HOLDINGS

PRIORITY – THE PAYMENTS POWERHOUSE

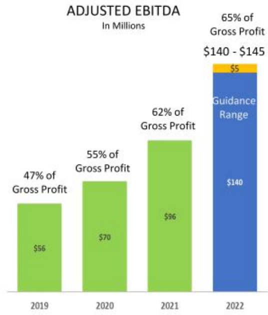
PRIORITY OVERVIEW

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

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

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

PRIORITY AT A GLANCE



420K+ Consumer Bank Accounts

254k+ Active Merchants

$110B+ in LTM Total Volume

PRIORITY

PRIORTY ACQUIRING SMB	PRIORITY B2B B2B	ENTERPRISE PAYMENTS

PRIORITY COMMERCE API's (PASSPORT)

PASSPORT PLATFORM ARCHITECTURE (SHARED MACRO/MICRO SERVICES)

COMMERCE	BANKING	DATA SCIENCE
Card Processing • Compliance Card Issuing • Pay Fac	Virtual Accounts • Ledger • ACH/ACH+ • Compliance Check Processing /Recon • Bill Payments	Data Warehouse • Business Intelligence Data Science • Visualization

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

SMB PAYMENTS

MX™ CONNECT

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

MX™ MERCHANT SUITE

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

COMPARATIVE FINANCIAL PERFORMANCE[1]

Peer Group	Q3 2022 REVENUE GROWTH	Q3 2022 EBITDA GROWTH
Priority Technology[2]	25.6%	48.7%
Global Payments	3.8%	8.8%
FIS Global	2.8%	-0.6%
Fiserv	8.5%	6.6%
Paysafe[3]	-1.4%	-13.4%

(1) Management calculations based on recent publicly available information
(2) Priority's organic revenue growth, excluding the acquisition of Finxera, was 12.7%
(3) Paysafe Q2 Results presented - Q3 Results not available until Nov 10th

1,250+
PARTNER / RESELLER ACCOUNTS

4,500+
NEW MERCHANT ONBOARDS PER MONTH

80%+
PERCENT OF INTEGRATED OR SEMI-INTEGRATED REVENUE

254K+
MERCHCANT ACCOUNTS

716M+
ANNUAL TOTAL TRANSACTIONS

$67B+
ANNUAL CARD VOLUME PROCESSED (Bankcard, Debit and Other Volume)

B2B Payments

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

Overview

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

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

CPX®

75K
SUPPLIERS ENROLLED

$33B
ISSUING VOLUME (ANNUAL) ENROLLED

46
FINANCIAL INSTITUTIONS SUPPORTED

ENTERPRISE PAYMENTS

INNOVATIVE PAYMENT SOLUTIONS DONE WITH EASE...

★

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

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

★

Single Virtual Ledger for Having One View of Customer

Eases reconciliation to allow 'closing your books daily or even more frequent'
Automated reconciliation so you build your workflow with confidence

★

Built for Future ...

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

★

Time Tested & Improving Continuously

PRTH existing products utilize Passport and are thriving and stays at par with changing regulatory requirements

★

Talented & Matured Fintech Operations Resource Pool to Support Your Journey

PRIORITY VALUE PROPOSITION

PASSPORT PLATFORM SOLUTIONS

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

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

Revenue Drivers

SMB Revenue of $139.9 million increased 12.1% from $124.7 million

- **SMB revenue** key growth drivers included:
  - **Bankcard Volume of $15.098 billion** increased $1.268 billion, or 9.2%, from $13.830 billion
  - **Bankcard Transactions of 165.8 million** increased 12.7 million, or 8.3%, from 153.1 million
  - **Average Ticket of $91.07** increased $0.71, or 0.8%, from $90.36
- **Average Merchant Count of 252.3K** in the third quarter 2022 grew 6.1% over third quarter 2021
- **New monthly merchant boards** averaged 5.0K during Q3 2022
  - Historically, new monthly boards have averaged 4.5K

(in millions except average ticket)

	Third Quarter		
	2022	2021	Variance
SMB Payments:			
Merchant bankcard processing dollar value	$ 15,098.4	$ 13,830.5	9.2%
Merchant bankcard transaction volume	165.8	153.1	8.3%
Average Ticket	$ 91.07	$ 90.36	0.8%

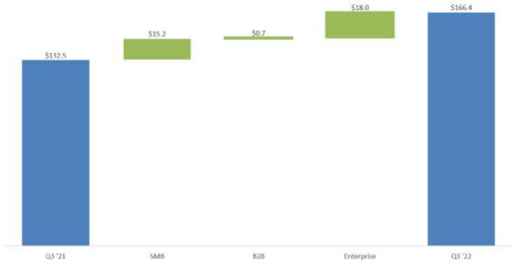
PRIORITY TECHNOLOGY HOLDINGS

Revenue Drivers

B2B Revenue of $4.9 million increased 16.4% from $4.2 million
Enterprise Revenue of $21.7 million increased $18.0 million from $3.6 million

- **B2B revenue** key growth drivers included:
  - **CPX** increased 68.8% to $2.7 million from $1.6 million driven by new customer additions and volume increases within existing customers
  - **Managed Services** decreased 15.2% to $2.2 million from $2.6 million, driven by the wind down of a large client
- **Enterprise revenue** key growth driver was the September 2021 acquisition of CFTPay (Finxera)
  - CFTPay Billed Clients of 397.8K for September 2022 increased 57.1K clients, or 16.8%, from 340.7K in September 2021

Revenue Growth by Segment
(dollars in millions)



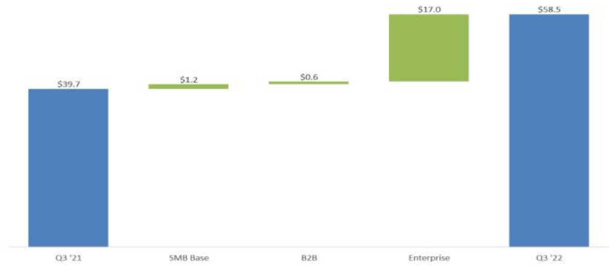
Gross Profit[1]

Gross Profit of $58.5 million increased 47.4% from $39.7 million

- **SMB gross profit of $35.5 million** increased 3.3% from $34.3 million in Q3 2021
- **B2B gross profit of $3.0 million** increased 24.6% from $2.4 million in Q3 2021
- **Enterprise gross profit of $20.0 million** increased $17.0 million from $3.0 million in Q3 2021

Gross Profit Growth by Segment

(dollars in millions)



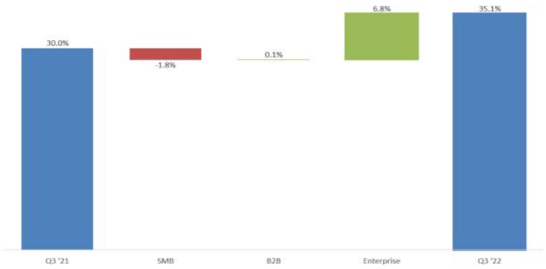
1 – Gross profit and Gross profit margin referred in this presentation are non-GAAP measures. See slide 2 for further details.

Gross Profit[1] Margin Analysis

Gross Profit Margin of 35.1% increased 510 basis points from 30.0%

- **SMB gross profit margin** decline of 220 bps was driven by mix related margin compression
- **B2B gross profit margin** expanded by 410 bps due to increased CPX revenue and operating leverage
- **Enterprise gross profit margin** increased by 1040 bps and combined with B2B drove the overall margin expansion, significantly more than offsetting the SMB decline

Gross Profit Margin change by Segment

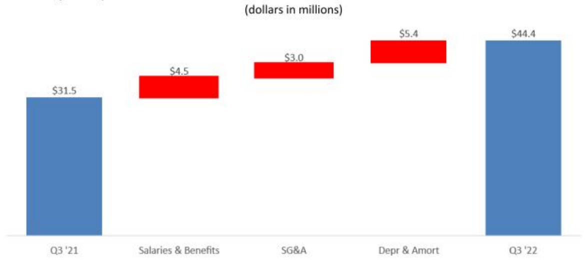


1 – Gross profit and Gross profit margin referred in this presentation are non-GAAP measures. See slide 2 for further details.

Other Operating Expenses

Other Operating Expenses of $44.4 million increased 41.0% from $31.5 million
Increase Primarily Driven by Acquisition and Business Growth

- **Salaries and Benefits of $16.4 million** increased 37.8% from $11.9 million in Q3 2021
  - Primarily driven by acquisition related headcount increases combined with continued investments in the team
- **SG&A of $10.2 million** increased 41.7% from $7.2 million in Q3 2021
  - $3.0 million of increase primarily SG&A expenses related to acquired businesses
- **Depreciation & Amortization of $17.8 million** increased $5.4 million from $12.4 million in Q3 2021
  - Growth driven by acquisitions



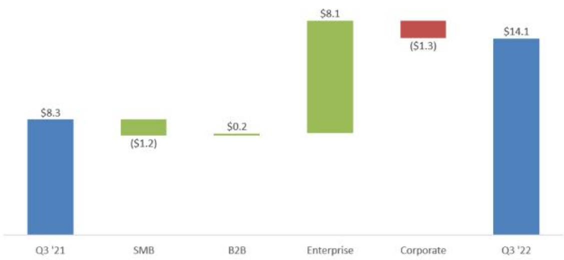
Operating Income

Operating Income of $14.1 million increased 69.9% from $8.3 million

- **SMB operating income of $13.4 million** decreased $1.2 million from $14.6 million in Q3 2021
  - Increases of $1.7 million in Salaries and $0.7 million in SG&A
    - Headcount & SG&A increases are attributable to growth initiatives
- **B2B operating income of $0.2 million** increased $0.2 million from ($0.0) million in Q3 2021
- **Enterprise operating income of $9.3 million** increased $8.1 million from $1.2 million in Q3 2021
- **Corporate expense of ($8.9) million** increased $1.3 million from ($7.6) million in Q3 2021
  - Expense increases tied to growth investments and acquisitions

Increase in Operating Income by Segment

(dollars in millions)



PRIORITY TECHNOLOGY HOLDINGS

Adjusted EBITDA

Strong Adjusted EBITDA Growth in Q3

- Q3 2022 Adjusted EBITDA of $35.1 million increased 48.7% from $23.6 million in Q3 2021

(dollars in millions)

EBITDA Walk

	2022 Q3	2021 Q3
Consolidated net income (loss) (GAAP)	**$ (0.8)**	**$ (0.5)**
Add: Interest expense	13.4	8.1
Add: Depreciation and amortization	17.8	12.3
Add: Income tax expense (benefit)	1.7	0.8
EBITDA (non-GAAP)	**32.1**	**20.7**
Further adjusted by:		
Add: Non-cash stock-based compensation	1.1	0.9
Add: Non-recurring expenses:		
Debt extinguishment and modification costs	-	-
Change in fair value of contingent consideration	1.1	-
Legal, professional, accounting and other SG&A	0.8	2.0
Adjusted EBITDA (non-GAAP)	**$ 35.1**	**$ 23.6**

PRIORITY TECHNOLOGY HOLDINGS

Outstanding Debt

- **Total Debt of $618.3 million** at end of Q3 2022 includes a $10.0 million reduction since Q2 2022
  - Decrease driven by $8.5 million net Revolver repayments and $1.55 million amortization
- **Net Debt of $605.2 million decreased ~$1.0 million** from $606.1 million at Q2 2022
- Revolver capacity available as of September 30, 2022 was $34.0 million

Debt Repayments

(dollars in millions)

Senior Preferred Stock Walk

Senior Preferred Stock of $225.1 million, Net of $21.9 million of Unaccreted Discounts and Issuance Costs

- **Third quarter dividends and accretion is as follows:**

(dollars in Thousands)	Q3 2022
Dividend:	
Payment in Kind	4,234
Cash	4,623
	8,857
Accretion	833
	$ 9,690

(dollars in millions)

Embedded Finance Opportunities

- **The market is large and growing**. We estimate the 2021 US market for platforms and enablers at $22 billion in total revenue across payments, lending, banking, and cards. We expect this market to more than double to $51 billion by 2026. The transaction value of embedded finance also will surge from $2.6 trillion to $7 trillion in 2026, or over 10% of total US transaction value. (1. Bain)
- By 2026, we expect **B2B payments to reach $33.3 trillion**, **with embedded payments taking a considerably higher share** as buyers shift to eCheck, virtual cards, and value-added ACH to streamline operations and simplify AP/AR reconciliation. During this time, the B2B embedded payments market will nearly quadruple from $0.7 trillion to $2.6 trillion, with revenues growing proportionally from $1.9 billion to $6.7 billion (1. Bain)
- **Small businesses starting up today may never interact with a conventional bank**. By logging into their e-commerce or accounting platform, they can open a deposit account, order a debit card, and meet most of their financing needs….to embed financial products into a single seamless, convenient, and easy-to-use customer experience. (2. McKinsey)
- **The winners** will likely provide a full suite of services, including some **regulatory oversight, compliance, origination, and fulfillment. Enablers that take the hassle out of embedded finance for platforms through easy integrations and great servicing should hold the upper hand.** They can choose a high volume, self-service model, or a higher-touch operation across fewer, bigger platforms (1. Bain)

Sources:

1. Bain & Company - Embedded Finance: What It Takes to Prosper in the New Value Chain
2. McKinsey & Company - Embedded finance: Who will lead the next payments revolution

DELIVERING UNIFIED COMMERCE SOLUTIONS

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

APPENDIX

Appendix 1

Gross Profit (non-GAAP) reconciliation

The reconciliation of gross profit (non-GAAP) to its most comparable GAAP measure is provided below:

	(in Millions) Three Months Ended September 30,	
	2022	**2021**
Revenues	$ 166.4	$ 132.5
Costs of services (excluding depreciation and amortization)	(108.0)	(92.8)
Gross profit (non-GAAP)	**58.4**	**39.7**
Depreciation and amortization of revenue generating assets	(2.6)	(1.5)
Gross profit	**$ 55.8**	**$ 38.2**
Gross profit margin (non-GAAP)	35.1%	30.0%
Gross profit margin	33.5%	28.8%

PRIORITY TECHNOLOGY HOLDINGS