



# Fourth Quarter 2021 Presentation

March 1<sup>st</sup>, 2021

# Disclaimer

## Corrected Presentation

On March 1, 2022, Paya Holdings Inc. (the "Company") issued a presentation announcing its financial results for the three and twelve months ended December 31, 2021. Subsequently, in connection with the Company's completion of the audit process, the Company made non-cash adjustments to the income tax and Tax Receivable Agreement amounts related to the domestic deferred tax asset valuation allowance. These non-cash adjustments decreased the previously reported net loss for the year ended December 31, 2021 by \$2.3 million or \$0.01 per diluted share, and increased the net income for the quarter ended December 31, 2021 by \$2.3 million or \$0.01 per diluted share. Following these adjustments, net loss and net loss per diluted share are \$0.8 million and \$0.01 for the year ended December 31, 2021, respectively, and net income and net income per diluted share are \$4.3 million and \$0.03 for the quarter ended December 31, 2021, respectively. This presentation has been updated with the adjusted information. There were no changes to the amounts of net sales, gross profit, net cash provided by operating activities, total equity, or adjusted EBITDA previously announced.

## Forward Looking Statements

Certain statements made in this presentation are "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. When used in this presentation, the words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "might," "outlook," "plan," "possible," "potential," "predict," "project," "seek," "should," "target," "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. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside our control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Forward-looking statements in this presentation may include, for example, our future financial performance.

The forward-looking statements contained in this presentation are based on our current expectations and beliefs concerning future developments and their potential effects on us. You should not place undue reliance on such statements as 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 that may cause 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. Some factors that could cause actual results to differ include, but are not limited to: exposure to economic conditions and political risk affecting the consumer loan market and consumer and commercial spending; the impacts of the ongoing COVID-19 coronavirus pandemic (including supply chain constraints, labor shortages and inflationary pressure) and the actions taken to control or mitigate its spread (which impacts are highly uncertain and cannot be reasonably estimated or predicted at this time); competition; the ability of our business to grow and manage growth profitably; changes in applicable laws or regulations; changes in the payment processing market in which Paya competes, including with respect to its competitive landscape, technology evolution or regulatory changes; changes in the vertical markets that Paya targets; risks relating to Paya's relationships within the payment ecosystem; risk that Paya may not be able to execute its growth strategies, including identifying and executing acquisitions; risks relating to data security; changes in accounting policies applicable to Paya; the risk that Paya may not be able to develop and maintain effective internal controls and other risks and uncertainties; and other risks and uncertainties discussed in our filings with the Securities and Exchange Commission.

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.

## Use of Non-GAAP Financial Measures

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. Paya 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 Paya. 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 EBTIDA a non-GAAP measure without reconciliation due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation. See more information in Paya's earnings press release.

# Paya Overview

A leading provider of innovative, integrated payment solutions, serving **software partners** and merchants across high-growth, **middle-market** verticals

## 2021 Financial Highlights

<b>\$42.9B</b> Payment Volume	<b>\$249.4M</b> Total Revenue
<b>\$130.1M</b> Gross Profit	<b>\$65.2M</b> Adj. EBITDA

## Key Performance Indicators (KPIs)

<b>&gt;100K</b> Customers & Merchants	<b>~85%</b> Card Not Present (CNP) Volume <sup>1</sup>
<b>\$250+</b> Average Transaction Size	<b>~100%</b> Net Volume Retention <sup>1</sup>

Enterprise

**Middle Market**

Small Business



**B2B Goods and Services**

% of Total Revenue: <sup>2</sup>

**35%**



**Non-Profit & Education**

**14%**



**Healthcare**

**11%**



**Government & Utilities**

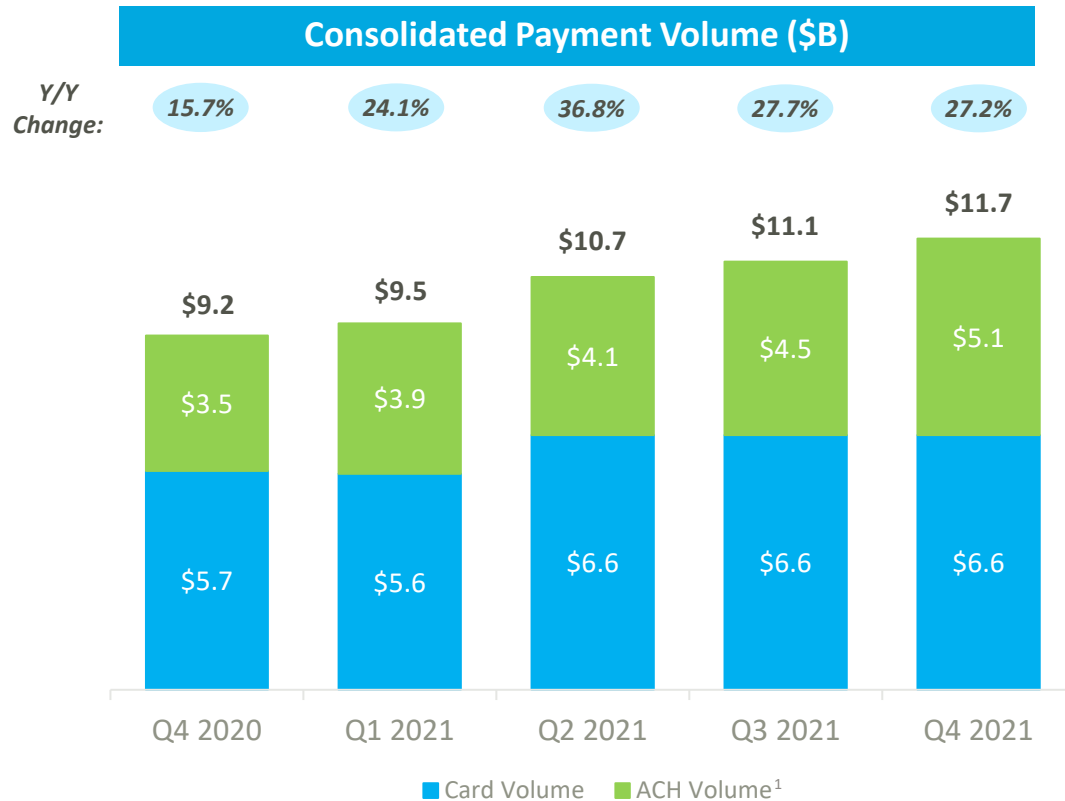
**10%**

**Target Markets: High-Growth, Under-Penetrated, Non-Cyclical**

1. Represents three-year average
2. 2021A; includes both card and ACH

# Payment Volume

Strong volume growth led by Integrated Solutions and ACH



- Total volume growth +27% y/y
- Card volume growth +16% y/y
- ACH volume growth +46% y/y
  - ACH transaction growth +22% y/y
- Strong performance in B2B and Not for Profit verticals

1. ACH payments volume included in Payment Services

# Q4 2021 Results

(\$ in millions, unless noted)

	Q4 2021	Q4 2020	Change	% Change
Payment Volume	\$11.7B	\$9.2B	\$2.5B	27.2%
Revenue	\$67.1	\$54.0	\$13.1	24.2%
Gross Profit <sup>1</sup> & Gross Profit Margin	\$34.7 51.7%	\$27.2 50.4%	\$7.5 1.3%	27.4%
Adj. EBITDA <sup>2</sup> & Adj. EBITDA Margin	\$17.3 25.8%	\$14.7 27.2%	\$2.6 (1.4)%	17.7%

1. Gross profit does not include any allocation for depreciation or amortization
2. See "Adjusted EBITDA Reconciliation"

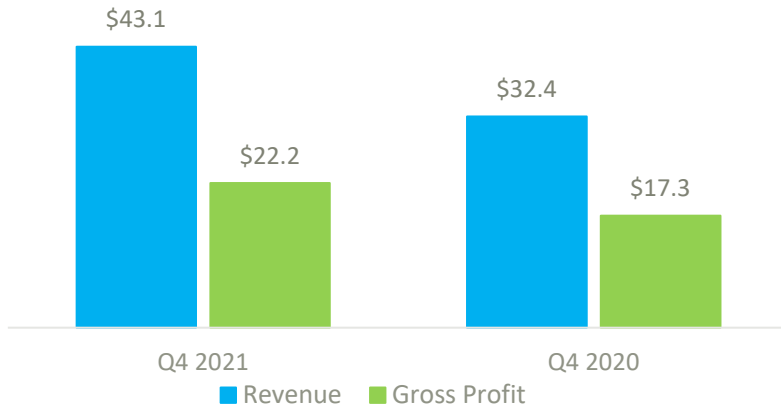
# Q4 2021 Segment Results

## Integrated Solutions

Gross Profit Margin:

51.5%

53.4%



## Key Business Highlights

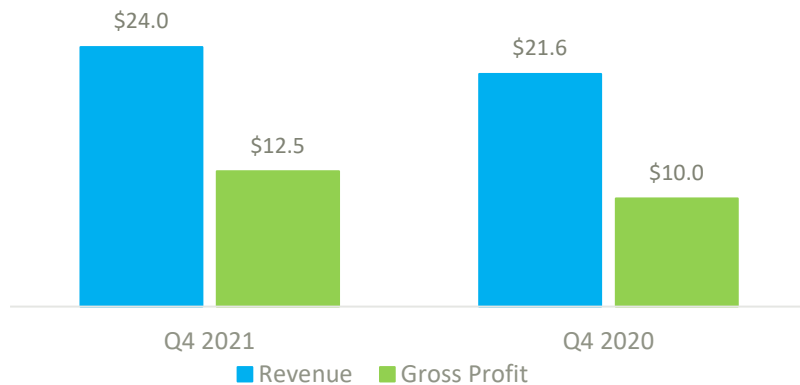
- Integrated Solutions revenue +33% y/y
- Growth led by B2B and Not for Profit verticals
- Gross Profit +28% y/y
- Gross Margin down 190 bps y/y primarily due to Paragon

## Payment Services

Gross Profit Margin:

52.1%

46.3%



## Key Business Highlights

- Payment Services revenue +11% y/y
- Strong ACH transaction and revenue growth; ACH revenue +21% y/y
- Gross Profit +25% y/y
- Gross Margin expanded 580 bps primarily due to ACH growth and mix shift

Note: \$ in million, unless noted; Numbers may not tie due to rounding

# 2021 Results

(\$ in millions, unless noted)

	2021	2020	Change	% Change
<b>Payment Volume</b>	\$42.9B	\$33.3B	\$9.6B	29.0%
<b>Revenue</b>	\$249.4	\$206.0	\$43.4	21.1%
<b>Gross Profit<sup>1</sup> &amp; Gross Profit Margin</b>	\$130.1 52.2%	\$103.9 50.3%	\$26.2 1.9%	25.2%
<b>Adj. EBITDA<sup>2</sup> &amp; Adj. EBITDA Margin</b>	\$65.2 26.1%	\$53.0 25.7%	\$12.2 0.4%	23.0%

1. Gross profit does not include any allocation for depreciation or amortization
2. See "Adjusted EBITDA Reconciliation"

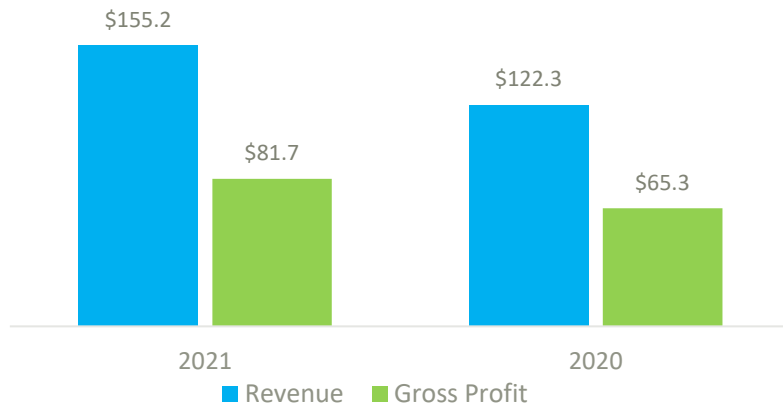
# 2021 Segment Results

## Integrated Solutions

Gross Profit Margin:

52.6%

53.4%



## Key Business Highlights

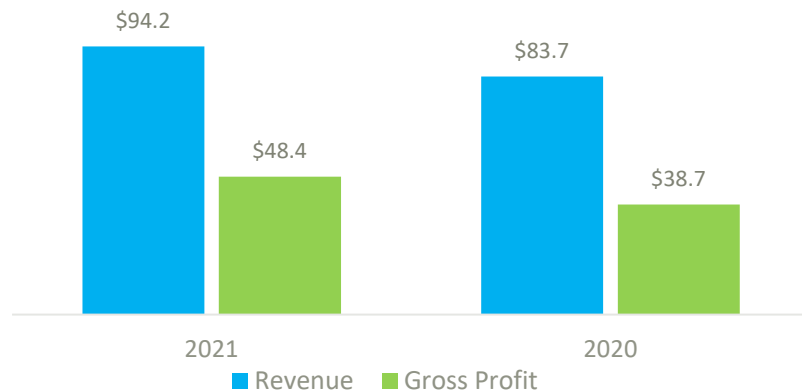
- Integrated Solutions revenue +27% y/y
- Full-year growth led by B2B, Government and Not for Profit verticals
- Gross Profit +25% y/y
- Gross Margin down 80 bps y/y primarily due to Paragon

## Payment Services

Gross Profit Margin:

51.4%

46.2%



## Key Business Highlights

- Payment Services revenue +13% y/y
- Strong ACH transaction and revenue growth; ACH revenue +27% y/y
- Gross Profit +25% y/y
- Gross Margin expanded 520 bps primarily due to ACH growth and mix shift

Note: \$ in millions, unless noted; Numbers may not tie due to rounding



# 2022 Outlook as of March 1, 2022

(\$ in millions, unless noted)

	2022
Revenue	\$275 - \$283
Gross Profit Margin	51.5% - 52.0%
Adj. EBITDA <sup>1</sup>	\$72 - \$74

*This outlook assumes no further unanticipated impacts from the COVID-19 pandemic*

1. Use of Non-GAAP financial measures



# Appendix

# Share Count - Illustrative

Category	Shares as of 12/31/21	Shares at \$15.00	Shares at \$17.50	Notes
Public Shares	81.9	81.9	81.9	<ul style="list-style-type: none"> <li>Shares held by public shareholders, together with shares issued related to warrant exchange</li> </ul>
Paya Rollover Shares	44.5	44.5	44.5	<ul style="list-style-type: none"> <li>Held by pre-Business Combination Paya equity holders, including company management who own ~10% of rollover shares</li> </ul>
<b>Shares Outstanding</b>	<b>126.4</b>	<b>126.4</b>	<b>126.4</b>	
Sponsor Earnout	5.7	5.7	5.7	<ul style="list-style-type: none"> <li>As of 12/31/21, no sponsor earnout shares have been issued; full amount is included per SEC reporting requirements</li> <li>Represents earnout shares associated with the Business Combination contingently issuable in two equal tranches if the closing price of Paya stock exceeds certain price thresholds (\$15.00 and \$17.50, respectively) for 20 out of any 30 consecutive trading days during the first five years following the close of the Business Combination</li> </ul>
<b>Shares Outstanding, Inclusive of Sponsor Earnout</b>	<b>132.1</b>	<b>132.1</b>	<b>132.1</b>	
Seller Earnout	-	7.0	14.0	<ul style="list-style-type: none"> <li>14M shares contingently issuable in two equal tranches if the closing price of Paya stock exceeds certain price thresholds (\$15.00 and \$17.50, respectively) for 20 out of any 30 consecutive trading days during the first five years following the close of the Business Combination</li> </ul>
<b>Fully Diluted Share Count</b>	<b>132.1</b>	<b>139.1</b>	<b>146.1</b>	

Note: Shares in millions

# Income Statement

Unaudited (\$ in millions)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 67.1	\$ 54.0	\$ 249.4	\$ 206.0
Cost of services exclusive of depreciation and amortization	(32.4)	(26.8)	(119.3)	(102.1)
Selling, general & administrative expenses	(21.0)	(19.4)	(77.5)	(63.0)
Depreciation and amortization	(7.6)	(6.6)	(30.0)	(24.6)
Income from operations	6.1	1.2	22.6	16.3
Other income (expense)				
Interest expense	(3.1)	(4.2)	(14.1)	(17.6)
Other income (expense)	—	1.2	(8.0)	1.2
Total other expense	(3.1)	(3.0)	(22.1)	(16.4)
Income (loss) before income taxes	3.0	(1.8)	0.5	(0.1)
Income tax benefit (expense)	1.3	(0.3)	(1.3)	(0.4)
Net income (loss)	\$ 4.3	\$ (2.1)	\$ (0.8)	\$ (0.5)
Weighted average common shares	132,037,815	106,562,101	126,417,145	66,294,576
Add effect of dilutive securities:				
Stock based awards	8,492	—	—	—
Weighted average common shares assuming dilution	132,046,307	106,562,101	126,417,145	66,294,576
Basic earnings per share	\$ 0.03	\$ (0.02)	\$ (0.01)	\$ (0.01)
Diluted earnings per share	\$ 0.03	\$ (0.02)	\$ (0.01)	\$ (0.01)

# Reconciliation of Non-GAAP Financial Measures

\$ in millions	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>Net income (loss)</b>	\$ 4.3	\$ (2.1)	\$ (0.8)	\$ (0.5)
Depreciation & amortization	7.6	6.6	30.0	24.6
Income tax expense (benefit)	(1.3)	0.3	1.3	0.4
Interest and other expense	3.1	3.0	22.1	16.4
<b>EBITDA</b>	<b>13.7</b>	<b>7.8</b>	<b>52.6</b>	<b>40.9</b>
Transaction-related expenses(a)	0.6	3.7	3.0	4.6
Stock based compensation(b)	1.2	0.8	3.7	1.9
Restructuring costs(c)	1.0	0.7	2.2	2.0
Discontinued service costs(d)	—	0.3	0.2	0.3
Management fees and expenses(e)	—	—	—	0.9
Non-recurring public company start-up costs	0.3	0.9	1.1	0.9
Non-recurring contingent non-income tax liability	—	—	0.8	—
Other costs(f)	0.5	0.5	1.6	1.5
Total adjustments	3.6	6.9	12.6	12.1
<b>Adjusted EBITDA</b>	<b>\$ 17.3</b>	<b>\$ 14.7</b>	<b>\$ 65.2</b>	<b>\$ 53.0</b>
Adjusted EBITDA Margin	25.8%	27.2%	26.1%	25.7%

- a. Represents professional service fees related to mergers and acquisitions such as legal fees, consulting fees, accounting advisory fees, and other costs.
- b. Represents non-cash charges associated with stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy.
- c. Represents costs associated with restructuring plans designed to streamline operations and reduce costs including costs associated with the relocation of facilities, certain staff restructuring charges including severance, certain executive hires, and acquisition related restructuring charges.
- d. Represents costs incurred to retire certain tools, applications and services that are no longer in use.
- e. Represents advisory fees that we will not be required to pay going forward.
- f. Represents non-operational gains or losses, non-standard project expense, non-operational legal expense and legal debt refinancing expense.

# Reconciliation of Non-GAAP Financial Measures (Cont'd)

\$ in millions	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>Net income (loss)</b>	\$ 4.3	\$ (2.1)	\$ (0.8)	\$ (0.5)
Amortization add back	6.4	5.6	25.4	20.7
Debt refinancing interest expense(a)	1.0	—	9.5	—
Transaction-related expenses(b)	0.6	3.7	3.0	4.6
Stock based compensation(c)	1.2	0.8	3.7	1.9
Restructuring costs(d)	1.0	0.7	2.2	2.0
Discontinued IT service costs(e)	—	0.3	0.2	0.3
Management fees and expenses(f)	—	—	—	0.9
Non-recurring public company start-up costs	0.3	0.9	1.1	0.9
Non-recurring contingent non-income tax liability	—	—	0.8	—
Other costs(g)	0.5	0.5	1.6	1.5
<b>Total adjustments</b>	<b>11.0</b>	<b>12.5</b>	<b>47.5</b>	<b>32.8</b>
Tax effect of adjustments(h)	(1.1)	—	(4.1)	—
<b>Adjusted Net Income</b>	<b>\$ 14.2</b>	<b>\$ 10.4</b>	<b>\$ 42.6</b>	<b>\$ 32.3</b>
Weighted average common shares assuming dilution	132,046,307	106,562,101	126,417,145	66,294,576
<b>Adjusted earnings per share</b>	<b>\$ 0.11</b>	<b>\$ 0.10</b>	<b>\$ 0.34</b>	<b>\$ 0.49</b>

a. Represents one-time debt refinancing expenses for the prepayment penalty and write-off of debt issuance costs.

b. Represents professional service fees related to mergers and acquisitions such as legal fees, consulting fees, accounting advisory fees, and other costs.

c. Represents non-cash charges associated with stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy.

d. Represents costs associated with restructuring plans designed to streamline operations and reduce costs including costs associated with the relocation of facilities, certain staff restructuring charges including severance, certain executive hires, and acquisition related restructuring charges.

e. Represents costs incurred to retire certain tools, applications and services that are no longer in use.

f. Represents advisory fees that we will not be required to pay going forward.

g. Represents non-operational gains or losses, non-standard project expense, non-operational legal expense and legal debt refinancing expense.

h. Represents pro forma income tax adjustment effect, at the anticipated blended rate, for all items expected to have a cash tax impact (i.e. items that were not originally recorded through goodwill). Any impact to the valuation allowance assessment for these adjustments has not been considered. The Company has not applied a pro forma tax adjustment in 2020 or 2019 due to the different ownership structure.

# Balance Sheet

Unaudited (\$ in millions)	December 31,	
	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 146.8	\$ 23.6
Trade receivables, net	23.2	17.5
Other current assets	3.8	3.2
Funds held for clients	99.8	78.5
Total current assets	\$ 273.6	\$ 122.8
Noncurrent assets:		
Property and equipment, net and other noncurrent assets	19.6	13.6
Goodwill and intangibles, net	357.8	338.9
<b>Total Assets</b>	\$ 651.0	\$ 475.3
<b>Liabilities and member's equity</b>		
Current liabilities:		
Trade payables	3.1	4.0
Accrued and other current liabilities	18.5	13.5
Accrued revenue share	11.0	7.5
Client funds obligations	99.1	78.7
Total current liabilities	\$ 131.7	\$ 103.7
Noncurrent liabilities:		
Deferred tax liability, net and other noncurrent liabilities	35.5	35.4
Noncurrent debt	241.9	220.2
<b>Total liabilities</b>	\$ 409.1	\$ 359.3
<b>Stockholders' Equity:</b>		
Additional paid-in-capital	256.1	129.4
Accumulated deficit	(14.2)	(13.4)
<b>Total stockholders' equity</b>	241.9	116.0
<b>Total liabilities and stockholders' equity</b>	\$ 651.0	\$ 475.3

# Statement of Cash Flows

Unaudited (\$ in millions)	Year Ended December 31,	
	2021	2020
<b>Cash and cash equivalents, beginning of period</b>	\$ 63.4	\$ 71.4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income, (loss)	(0.8)	(0.5)
<i>Adjustments</i>		
Depreciation & amortization expense	30.0	24.6
Deferred tax benefit	(2.9)	(1.8)
Other non-cash items	13.2	3.6
Changes in operating assets and liabilities	(2.8)	(4.5)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>36.7</u>	<u>21.4</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment, net of impact of business acquisitions and Purchases of customer lists	(22.8)	(13.2)
Acquisition of business, net of cash received	(14.5)	(19.9)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(37.3)</u>	<u>(33.1)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on noncurrent debt	(229.3)	(2.4)
Proceeds from issuance of noncurrent debt	250.0	—
Proceeds from equity offering	116.8	—
Other financing activities	(1.9)	6.1
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>135.6</u>	<u>3.7</u>
Net change in cash and cash equivalents	135.0	(8.0)
<b>Cash and cash equivalents, end of period</b>	<u>\$ 198.4</u>	<u>\$ 63.4</u>
<b>Reconciliation of cash, cash equivalents, and restricted cash</b>		
<b>Cash and cash equivalents</b>	\$ 146.8	\$ 23.6
<b>Restricted cash included in funds held for clients</b>	\$ 51.6	\$ 39.8
<b>Total cash, cash equivalents, and restricted cash</b>	<u>\$ 198.4</u>	<u>\$ 63.4</u>

Note: Paya revised the consolidated statements of cash flows presentation to include cash and cash equivalents within funds held for clients as a component of total cash and cash equivalents. Paya revised the 2020 presentation for comparable purposes.