



Second Quarter 2021 Presentation

August 6th, 2021

Disclaimer

Forward Looking Statements

This presentation includes “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements may be identified by the use of words such as “forecast,” “intend,” “seek,” “target,” “anticipate,” “believe,” “expect,” “estimate,” “plan,” “outlook,” and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters.

Such forward looking statements include estimated financial information. Such forward looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the businesses of Paya Holdings Inc. or its subsidiaries (collectively, “Paya”) are based on current expectations that are subject to risks and uncertainties. A number of factors could cause actual results or outcomes to differ materially from those indicated by such forward looking statements. These factors include, but are not limited to: (1) the ability to recognize the anticipated benefits of our business combination with FinTech Acquisition Corp. III (“FinTech”), which may be affected by, among other things, competition, the ability of the combined company to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees; (2) costs related to the business combination or operating Paya as a public company; (3) changes in applicable laws or regulations; (4) the possibility that Paya may be adversely affected by other economic, business, and/or competitive factors; and (5) other risks and uncertainties indicated from time to time in the period reports and other documents to be filed with the Securities and Exchange Commission (“SEC”) by Paya. You are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Paya undertakes no commitment to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

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 at a Glance

Paya is a leading independent integrated payments platform

Growing, innovative provider serving **software partners** and merchants across attractive **middle market verticals**



HQ in Atlanta, GA



~300 Employees

Key Business Highlights

>100K

Customers
(Merchants)

~70%

Integrated Solutions
Revenue¹

87%

Card Not Present
(CNP) Volume

\$200+

Average
Transaction Size²

~93%

Net Volume
Retention

Enterprise

Middle Market

SMB



B2B Goods and Services



Healthcare



Non-Profit



Government & Utilities



Education

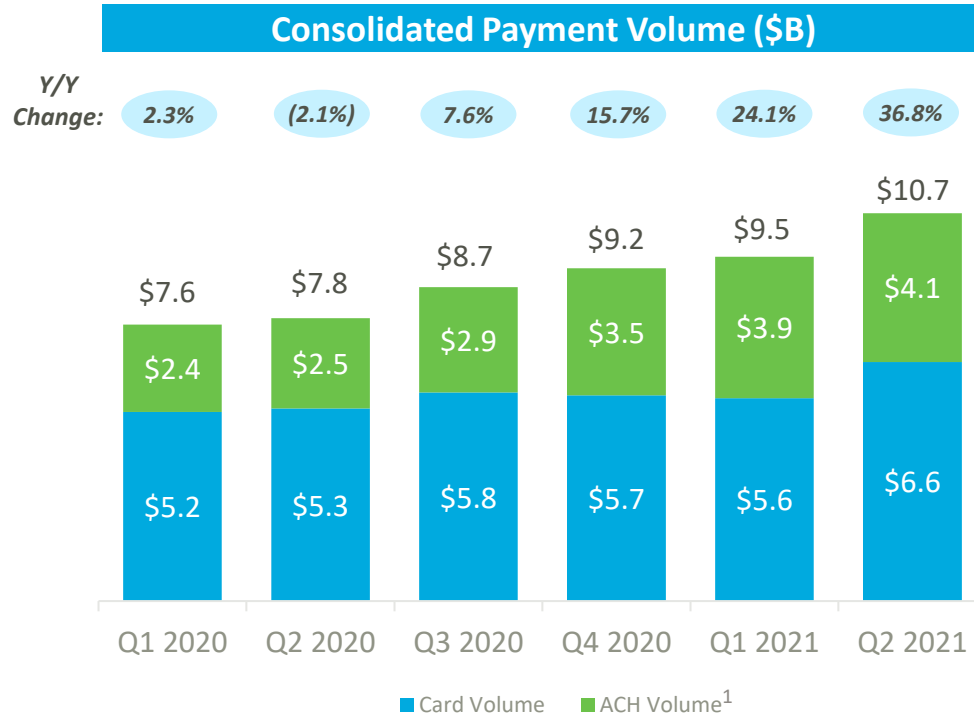
Attractive End Markets: High-Growth, Underpenetrated, Non-Cyclical

1. Q2 2021A, excludes ACH

2. 2020A, includes ACH

Payment Volume

Continued strength in volume growth due to execution across the business



- Total volume growth +37% y/y
- Card volume growth +24% y/y
- ACH volume growth +64% y/y
 - ACH transaction growth +31% y/y
- Continued strength in B2B and Government verticals

1. ACH payments volume included in Payment Services

Q2 2021 Results

(\$ in millions, unless noted)

	Q2 2021	Q2 2020	Change	% Change
Payment Volume	\$10.7B	\$7.8B	\$2.9B	36.8%
Revenue	\$63.9	\$51.1	\$12.8	25.2%
Gross Profit¹ & Gross Profit Margin	\$33.8 52.8%	\$26.2 51.2%	\$7.6 1.6%	29.1%
Adj. EBITDA² & Adj. EBITDA Margin	\$16.8 26.3%	\$14.2 27.8%	\$2.6 (1.5%)	18.3%

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

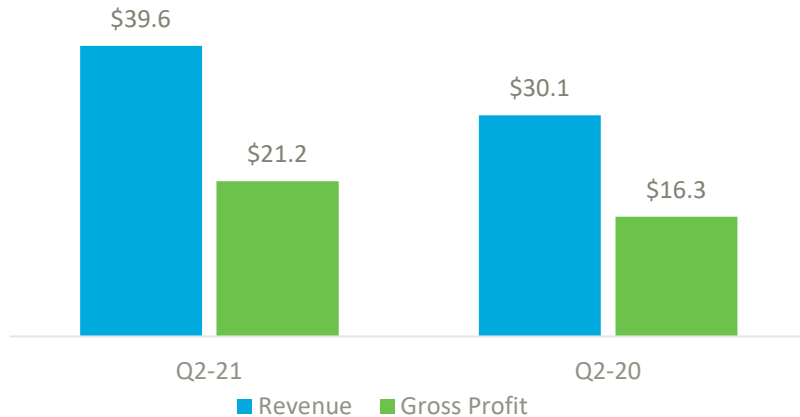
Q2 2021 Segment Results

Integrated Solutions

Gross Profit Margin:

53.5%

54.1%



Key Business Highlights

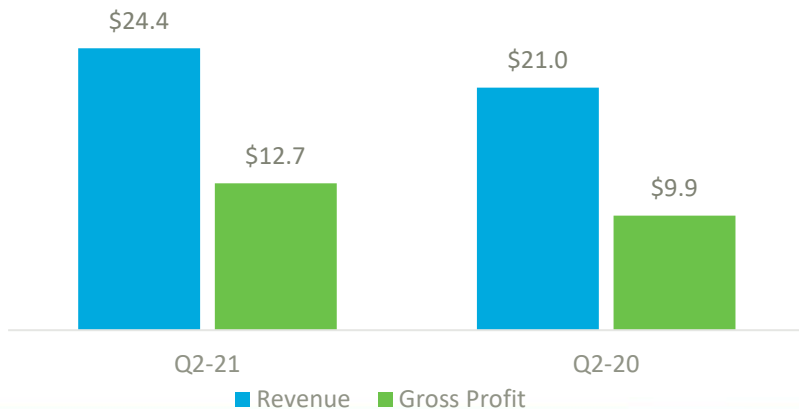
- Integrated Solutions revenue +31% y/y
- Continued growth in Government and B2B verticals
- Gross Margin down 60 bps y/y primarily due to recent acquisition of Paragon Payment Solutions

Payment Services

Gross Profit Margin:

52.0%

47.1%



Key Business Highlights

- Payment Services revenue +17% y/y
- Strong ACH transaction and revenue growth; ACH revenue +34% y/y
- Gross Margin expanded 490 bps primarily due to ACH growth and mix shift

Note: Numbers may not tie due to rounding

2021 Outlook

Continued execution against our growth initiatives

(\$ in millions, unless noted)

	2021
Revenue	\$244 - \$248
Gross Profit Margin	52.0% - 53.0%
Adj. EBITDA ¹	\$64 - \$68

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

1. Use of Non-GAAP financial measures



Appendix

Balance Sheet Highlights

Paya's recent debt refinancing provides further balance sheet flexibility to accelerate growth

- **Cash Balance (Q2 2021):** \$135.6M
- **Post-debt refinancing:**
 - **Revolver**
 - \$45M Capacity, currently undrawn
 - **Term Loan**
 - Balance Outstanding (Q2 2021): \$250.0M
 - Interest Rate: L + 3.25%, 75bps floor
 - Annual Principal Payments (paid quarterly through June 2028): \$2.5M
 - Maturity: June 2028
 - Expect ~\$5M annual interest expense savings due to lower interest rate (previously L + 5.25%, 100 bps floor)
 - Added \$15M cash to balance sheet at closing from upsized Term Loan

Note: Paya entered into an interest rate cap derivative in 1Q21 that expires on March 31, 2023, capping LIBOR at 1% on \$171.5M of debt principal. This derivative continues to be effective post refinancing.

Share Count - Illustrative

Category	Shares as of 6/30/21	Shares @ \$15.00	Shares @ \$17.50	Notes
Public Shares	77.2	77.2	77.2	<ul style="list-style-type: none"> Shares held by public shareholders, together with shares issued related to warrant exercises
Paya Rollover Shares	44.5	44.5	44.5	<ul style="list-style-type: none"> Held by pre-Business Combination Paya equity holders, including company management
Shares Outstanding	121.7	121.7	121.7	
Sponsor Earnout	5.7	5.7	5.7	<ul style="list-style-type: none"> As of 6/30/21, no sponsor earnout shares have been issued; full amount is included per SEC reporting requirements 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
Shares Outstanding, Inclusive of Sponsor Earnout	127.4	127.4	127.4	
Warrants	-	4.1	6.1	<ul style="list-style-type: none"> 17.7M warrants each exercisable for one Paya share with an exercise price of \$11.50; redeemable for \$0.01 per warrant if the closing price of Paya shares is greater than or equal to \$18.00 for 20 out of any 30 consecutive trading days during the first five years following the close of the Business Combination
Seller Earnout	-	7.0	14.0	<ul style="list-style-type: none"> 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
Fully Diluted Share Count	127.4	138.5	147.5	

Income Statement

Unaudited (in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 63.9	\$ 51.1	\$ 119.2	\$ 100.2
Cost of services exclusive of depreciation and amortization	(30.2)	(24.9)	(56.3)	(49.4)
Selling, general & administrative expenses	(20.8)	(14.1)	(37.8)	(29.6)
Depreciation and amortization	(7.5)	(6.0)	(14.5)	(12.0)
Income from operations	5.4	6.1	10.6	9.2
Other income (expense)				
Interest expense	(3.8)	(4.7)	(7.8)	(9.3)
Other income (expense)	(8.4)	-	(8.0)	-
Total other expense	(12.2)	(4.7)	(15.8)	(9.3)
Income (loss) before income taxes	(6.8)	1.4	(5.2)	(0.1)
Income tax (expense) benefit	3.7	(0.8)	3.1	0.1
Net income (loss)	\$ (3.1)	\$ 0.6	\$ (2.1)	\$ -

Reconciliation of Non-GAAP Financial Measures

Unaudited (in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (3.1)	\$ 0.6	\$ (2.1)	\$ -
Depreciation & amortization	7.5	6.0	14.5	12.0
Income Tax expense (benefit)	(3.7)	0.8	(3.1)	(0.1)
Interest and other expense	12.2	4.7	15.8	9.3 (a)
EBITDA	12.9	12.1	25.1	21.2
Transaction-related expenses	0.7	0.4	1.5	0.4 (b)
Stock based compensation	0.9	0.3	1.6	0.7 (c)
Restructuring costs	0.8	0.6	1.0	1.2 (d)
Discontinued service costs	-	-	0.2	- (e)
Management fees and expenses	-	0.4	-	0.6 (f)
Business combination costs	0.3	-	0.6	- (g)
Contingent non-income tax liability	0.8	-	0.8	- (h)
Other costs	0.4	0.4	0.8	0.7 (i)
Total adjustments	3.9	2.1	6.5	3.6
Adjusted EBITDA	\$ 16.8	\$ 14.2	\$ 31.6	\$ 24.8

(a) Represents ordinary interest expense as well as one-time fees including the write-off of debt issuance costs and an early termination penalty

(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) Costs associated with restructuring plans designed to streamline operations and reduce costs including costs associated with the relocation of headquarters from Reston, VA to Atlanta, GA, certain staff restructuring charges, including severance, and acquisition related restructuring charges in connection with the Paragon transaction

(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 business combination costs

(h) Represents non recurring contingent non-income tax liability

(i) 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)

Unaudited (in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (3.1)	\$ 0.6	\$ (2.1)	\$ -
Amortization add back	6.4	5.1	12.4	10.1
Loss on debt extinguishment	8.5	-	8.5	- (a)
Transaction-related expenses	0.7	0.4	1.5	0.4 (b)
Stock based compensation	0.9	0.3	1.6	0.7 (c)
Restructuring costs	0.8	0.6	1.0	1.2 (d)
Discontinued service costs	-	-	0.2	- (e)
Management fees and expenses	-	0.4	-	0.6 (f)
Business combination costs	0.3	-	0.6	- (g)
Contingent non-income tax liability	0.8	-	0.8	- (h)
Other costs	0.4	0.4	0.8	0.7 (i)
Total adjustments	18.8	7.2	27.4	13.7
Tax effect of adjustments	(2.0)	-	(2.4)	- (j)
Adjusted Net Income	\$ 13.7	\$ 7.8	\$ 22.9	\$ 13.7

(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

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(h) Represents non recurring contingent non-income tax liability

(i) Represents non-operational gains or losses, non-standard project expense, non-operational legal expense and legal debt refinancing expense

(j) 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 due to the different ownership structure.

Balance Sheet

Unaudited (in millions)	June 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 135.6	\$ 23.6
Trade receivables, net	24.2	17.5
Other current assets	7.1	3.2
Funds held for clients	83.5	78.5
Total current assets	<u>\$ 250.4</u>	<u>\$ 122.8</u>
Noncurrent assets:		
Property and equipment, net and Other long-term assets	15.7	13.6
Goodwill and Intangibles, net	361.1	338.9
Total Assets	<u>\$ 627.2</u>	<u>\$ 475.3</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade payables	4.5	4.0
Accrued and Other current liabilities	16.1	13.5
Accrued revenue share	9.4	7.5
Client funds obligations	83.2	78.7
Total current liabilities	<u>\$ 113.2</u>	<u>\$ 103.7</u>
Noncurrent liabilities:		
Deferred tax liability, net and Other long-term liabilities	31.5	35.4
Long-term debt	242.7	220.2
Total liabilities	<u>\$ 387.4</u>	<u>\$ 359.3</u>
Stockholders' equity:		
Additional paid-in capital	255.3	129.4
Accumulated deficit	(15.5)	(13.4)
Total stockholders' equity	<u>239.8</u>	<u>116.0</u>
Total liabilities and stockholders' equity	<u>\$ 627.2</u>	<u>\$ 475.3</u>

Statement of Cash Flows

Unaudited (in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Cash and cash equivalents, beginning of period	\$ 133.8	\$ 46.2	\$ 23.6	\$ 26.0
CASH FLOW FROM OPERATING ACTIVITIES				
Net income (loss)	(3.1)	0.6	(2.1)	(0.1)
<i>Adjustments</i>				
Depreciation & amortization expense	7.6	6.0	14.6	12.0
Deferred taxes	(3.2)	(0.8)	(3.4)	0.1
Other non-cash items	7.6	0.9	8.4	2.1
Changes in operating assets and liabilities	(1.0)	(0.9)	(6.6)	(10.9)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7.9	5.8	10.9	3.2
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(1.3)	(1.4)	(3.6)	(2.4)
Purchases of customer lists	(1.8)	-	(8.7)	(0.1)
Acquisition of business, net of cash received	(18.3)	-	(18.3)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(21.4)	(1.4)	(30.6)	(2.5)
CASH FLOWS FROM FINANCING ACTIVITIES				
Other financing activities	15.3	(25.7)	131.7	(1.8)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	15.3	(25.7)	131.7	(1.8)
Net change in cash and cash equivalents	1.8	(21.3)	112.0	(1.1)
Cash and cash equivalents, end of period	\$ 135.6	\$ 24.9	\$ 135.6	\$ 24.9