



First Quarter 2021 Presentation

May 7th, 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.

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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, to the extent that forward-looking non-GAAP financial measures are provided, they are presented on a non-GAAP basis without reconciliations of such forward-looking non-GAAP measures due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation.

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



~280 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. Q1 2021A, excludes ACH

2. 2020A, includes ACH

Acquisition of Paragon Payment Solutions

On April 23, 2021, Paya acquired Paragon for \$27.5M, consisting of \$20M in cash and \$7.5M in stock

Paragon Payment Solutions Strategic Rationale

- ✓ Expands Paya's strong presence in the Non-Profit and Healthcare verticals through an established, growing distribution partner
- ✓ Highly additive to Paya's existing omnichannel solutions offering, partner-centric distribution model, payment-method agnostic platform and high card not present (CNP) mix
- ✓ Adds a roster of high-quality, growing ISV partners to Paya's existing partnership base
- ✓ Opportunity to accelerate Paragon's organic growth leveraging Paya's infrastructure & capabilities
- ✓ For 2021, expect high single digit, million-dollar revenue contribution; net neutral to Adj. EBITDA
- ✓ For 2022, expect approximately \$2.5M fully synergized Adj. EBITDA contribution

Paragon Payment Solutions Overview

- Paragon provides integrated payment solutions to the Non-Profit, Healthcare, and B2B verticals
- Paya distribution partner since 2011
- Based in Tempe, AZ



Non-Profit

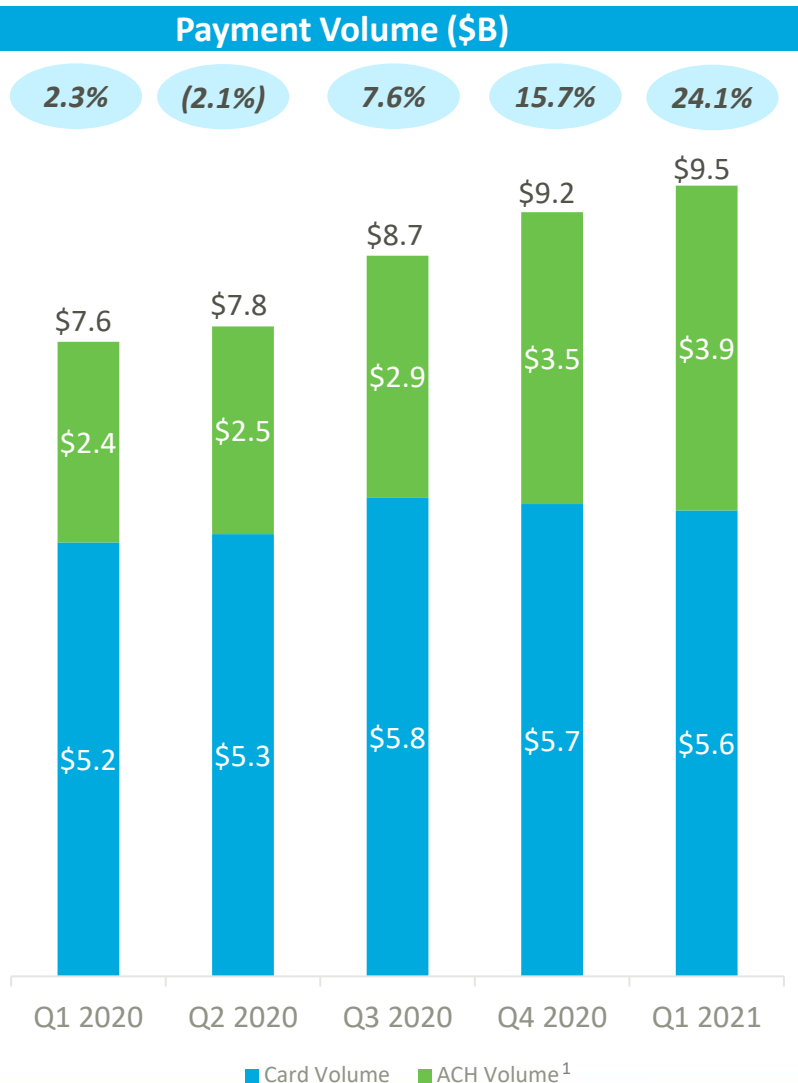


Healthcare

Up to an additional \$5M payable, subject to the achievement of certain future performance metrics

Payment Volume

Volume rebounding from COVID-19 lows combined with strong ACH growth due to Paya's position in attractive, integrated and less-cyclical end markets



- Card growth +6% y/y; one less business day compared to Q1 2020
- ACH volume growth +62% y/y; ACH transaction growth +34% y/y
- Continued strength in B2B and Government verticals
- Q1 typically lowest volume quarter

1. ACH payments volume included in Payment Services

Q1 2021 Results

(\$ in millions, unless noted)

	Q1 2021	Q1 2020	Change	% Change
Payment Volume	\$9.5B	\$7.6B	\$1.9B	24.1%
Revenue	\$55.3	\$49.1	\$6.2	12.4%
Gross Profit¹ & Gross Profit Margin	\$29.1 52.7%	\$24.6 50.1%	\$4.5 2.6%	18.2%
Adj. EBITDA² & Adj. EBITDA Margin	\$14.8 26.8%	\$10.6 21.6%	\$4.2 5.2%	39.6%

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

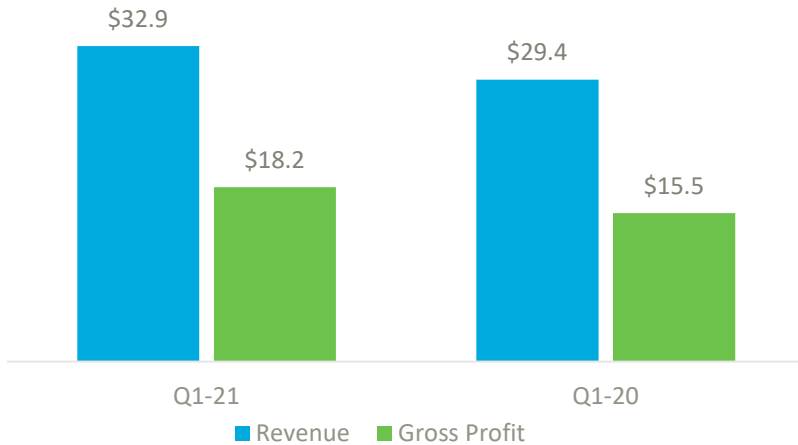
Q1 2021 Segment Results

Integrated Solutions

Gross Profit Margin:

55.3%

52.7%



Key Business Highlights

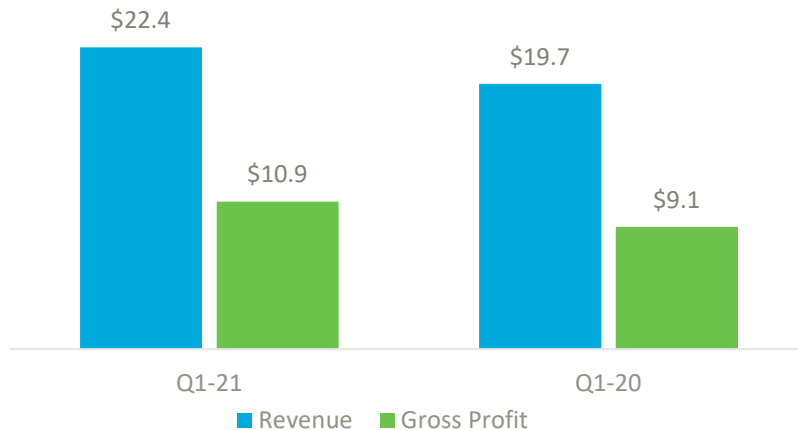
- Integrated Solutions revenue +12% y/y
- Strong revenue growth in Government and B2B verticals
- Gross Margin expanded 260 bps primarily due to TPG and favorable mix

Payment Services

Gross Profit Margin:

48.8%

46.4%



Key Business Highlights

- Payment Services revenue +13% y/y
- Strong ACH transaction and revenue growth; ACH revenue +29% y/y
- Large ACH win conversion completed in December
- Gross Margin expanded 240 bps primarily due to ACH growth

Note: Numbers may not tie due to rounding

2021 Outlook

Continued execution against our growth initiatives and incremental Paragon contribution

(\$ in millions, unless noted)

	2021
Revenue	\$242 - \$248
Gross Profit Margin	50.5% - 52.0%
Adj. EBITDA	\$64 - \$68

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

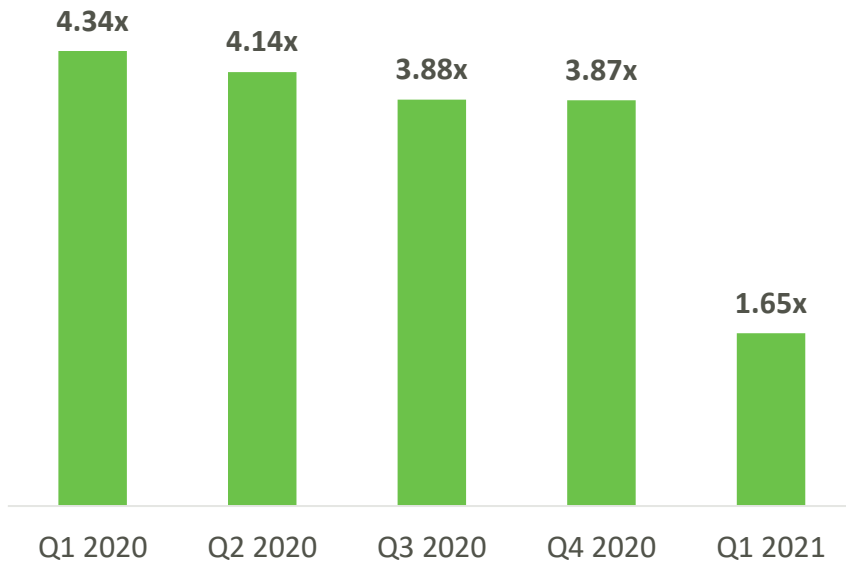


Appendix

Consistent Track Record of De-Leveraging

Paya's conservative capital structure provides significant financial flexibility

Net 1st Lien Leverage



Key Balance Sheet Information

- **Cash Balance (Q1 2021):** \$133.8M
- **Revolver:**
 - \$25M Capacity, currently undrawn
- **Term Loan**
 - Balance Outstanding (Q1 2021): \$228M
 - Interest Rate: L + 5.25%
 - Annual Principal Payments (paid quarterly through June 2027): \$2.4M
 - Maturity: August 2027

Share Count - Illustrative

Category	Shares as of 3/31/21	Shares @ \$15.00	Shares @ \$17.50	Notes
Public Shares	48.8	48.8	48.8	<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 who own ~10% of rollover shares
PIPE Shares	25.0	25.0	25.0	<ul style="list-style-type: none"> Issued to PIPE investors in connection with the Business Combination
Sponsor Shares	2.7	2.7	2.7	<ul style="list-style-type: none"> Not subject to forfeiture; not in escrow
Shares Outstanding	121.0	121.0	121.0	
Sponsor Earnout	5.7	5.7	5.7	<ul style="list-style-type: none"> As of 3/31/21, 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	126.7	126.7	126.7	
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	126.7	137.8	146.8	

Income Statement

Unaudited (in millions)	Three Months Ended	
	March 31,	
	2021	2020
Revenue	\$ 55.3	\$ 49.1
Cost of services exclusive of depreciation and amortization	(26.1)	(24.5)
Selling, general & administrative expenses	(17.0)	(15.5)
Depreciation and amortization	(7.0)	(6.0)
Income from operations	5.2	3.1
Other income (expense)		
Interest expense	(4.0)	(4.6)
Other income (expense)	0.4	-
Total other expense	(3.6)	(4.6)
Net income (loss) before income taxes	1.6	(1.5)
Income tax (expense) benefit	(0.6)	0.9
Net income (loss)	\$ 1.0	\$ (0.6)

Reconciliation of Non-GAAP Financial Measures

Unaudited (in millions)	Three Months Ended			
	March 31,			
	2021		2020	
Net income (loss)	\$	1.0	\$	(0.6)
Depreciation & amortization		7.0		6.0
Income tax expense (benefit)		0.6		(0.9)
Interest and other expense		3.6		4.6
EBITDA	\$	12.2	\$	9.1
Transaction-related expenses		0.8	-	(a)
Stock based compensation		0.7	0.4	(b)
Restructuring costs		0.2	0.6	(c)
Discontinued service costs		0.2	-	(d)
Management fees and expenses		-	0.2	(e)
Business combination costs		0.3	-	(f)
Other costs		0.4	0.3	(g)
Total adjustments		2.6	1.5	
Adjusted EBITDA	\$	14.8	\$	10.6

- (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 headquarters from Reston, VA to Atlanta, GA and certain staff restructuring charges, including severance
- (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 business combination costs
- (g) Represents non-operational gains or losses, non-standard project expense, non-operational legal expense and other

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

Unaudited (in millions)	Three Months Ended			
	March 31,			
	2021		2020	
Net income (loss)	\$	1.0	\$	(0.6)
Amortization add back		6.0		5.0 (a)
Transaction-related expenses		0.8		- (b)
Stock based compensation		0.7		0.4 (c)
Restructuring costs		0.2		0.6 (d)
Discontinued service costs		0.2		- (e)
Management fees and expenses		-		0.2 (f)
Business combination costs		0.3		- (g)
Other costs		0.4		0.3 (h)
Pro forma taxes at effective rate		(0.4)		- (i)
Total adjustments		8.2		6.5
Adjusted Net Income	\$	9.2	\$	5.9

(a) Represents acquisition related amortization expense

(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 headquarters from Reston, VA to Atlanta, GA and certain staff restructuring charges, including severance

(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-operational gains or losses, non-standard project expense, non-operational legal expense and other

(i) Represents pro forma income tax adjustment effect associated with items adjusted above. As the accounting predecessor was not subject to income taxes, the tax effect above was calculated on the adjustments effective 01/01/2021.

Balance Sheet

Unaudited (in millions)	March 31,	December 31,
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 133.8	\$ 23.6
Trade receivables, net	22.1	17.5
Other current assets	4.0	3.2
Funds held for clients	69.4	78.5
Total current assets	<u>\$ 229.3</u>	<u>\$ 122.8</u>
Noncurrent assets:		
Property and equipment, net and Other long-term assets	14.8	13.6
Goodwill and Intangibles, net	339.6	338.9
Total Assets	<u>\$ 583.7</u>	<u>\$ 475.3</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade payables	2.9	4.0
Accrued and Other current liabilities	14.1	13.5
Accrued revenue share	8.4	7.5
Client funds obligations	69.0	78.7
Total current liabilities	<u>\$ 94.4</u>	<u>\$ 103.7</u>
Noncurrent liabilities:		
Deferred tax liability, net and Other long-term liabilities	34.7	35.4
Long-term debt	219.8	220.2
Total liabilities	<u>\$ 348.9</u>	<u>\$ 359.3</u>
Stockholders' equity:		
Additional paid-in capital	247.2	129.4
Accumulated deficit	(12.4)	(13.4)
Total stockholders' equity	<u>234.8</u>	<u>116.0</u>
Total liabilities and stockholders' equity	<u>\$ 583.7</u>	<u>\$ 475.3</u>

Statement of Cash Flows

Unaudited (in millions)	Three Months Ended	
	March 31, 2021	March 31, 2020
Cash and cash equivalents, beginning of period	\$ 23.6	\$ 26.0
CASH FLOW FROM OPERATING ACTIVITIES		
Net income (loss)	1.0	(0.7)
<i>Adjustments</i>		
Depreciation & amortization expense	7.0	6.0
Deferred taxes	(0.2)	0.9
Other non-cash items	0.8	1.2
Changes in operating assets and liabilities	(5.6)	(10.0)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3.0	(2.6)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(2.3)	(1.0)
Purchases of customer lists	(6.9)	(0.1)
NET CASH (USED IN) INVESTING ACTIVITIES	(9.2)	(1.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other financing activities	116.4	23.9
NET CASH PROVIDED BY FINANCING ACTIVITIES	116.4	23.9
Net change in cash and cash equivalents	110.2	20.2
Cash and cash equivalents, end of period	\$ 133.8	\$ 46.2