



2nd Quarter 2022 Presentation

August 5th, 2022

Disclaimer

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; including those related to the way in Ukraine, heightened inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates, currency fluctuations and challenges in the supply chain, 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 Non-GAAP Gross Profit and Adjusted EBITDA, 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 Paya's earnings press release.

Paya Overview

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

Q2 2022 Financial Highlights

\$12.3B
Payment Volume

\$72.5M
Total Revenue

\$36.7M
Non-GAAP Gross Profit¹

\$19.2M
Adj. EBITDA¹

Key Performance Indicators (KPIs)

>100K
Customers & Merchants

~85%
Card Not Present (CNP) Volume

\$275+
Average Transaction Size

~100%
Net Volume Retention

Enterprise

Middle Market

Small Business



B2B Goods and Services

% of Total Revenue: ²

35%



Non-Profit & Education

14%



Healthcare

11%



Government & Utilities

10%

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

1. See reconciliation of non-GAAP measures in appendix
2. 2021A; includes both card and ACH

Paya Provides Mission Critical Payment Functionality

Paya enables businesses across key verticals to integrate payment acceptance into their core business management or accounting software

Enables B2B and B2B2C Commerce With Robust Suite of Solutions Tailored to Core Growth Verticals

B2B

Wholesalers, distributors, durable goods manufacturers



Non-Profit

Charitable organizations, church denominations, education



Healthcare

Acute & ambulatory care providers, dermatologists, chiropractors



Government & Utilities

City and county water, tax, permitting, fines and licensing departments



Partner & Direct Sales Across Verticals

Combining partner & owned software



Commerce Suite Deeply Integrated Into Core Business Software

Streamline workflow through connectivity between invoicing, receivables, vendor payments, and reconciliation



Automate and reduce friction for omni-channel commerce to optimize working capital



Decrease time consuming reconciliation processes from legacy paper payment methods



Enable multiple methods of payment acceptance and disbursement



Enhance business management efforts with detailed transaction-level data



Attractive end markets: high-growth, under-penetrated, non-cyclical

Robust payment solutions replacing physical invoices and checks, driving automation and efficiency for our end customers

Paya's Differentiated Value Proposition

Leader in Integrated Payments



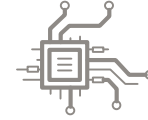
Long history of offering integrated payment solutions within software

Middle-Market Scale Solutions



Middle-market grade engagement for technical integration, sales coordination and end-to-end client experience

Leading Edge Technology



Modern tech stack provides faster development, scalability, reliability, and security for software partners and customers



Holistic Solutions Unique to Each Vertical



Vertically tailored products, functionality and support

Unified Payments Capabilities



Credit, Debit, ACH and Check all on one platform to capture maximum TAM opportunity in a single integration

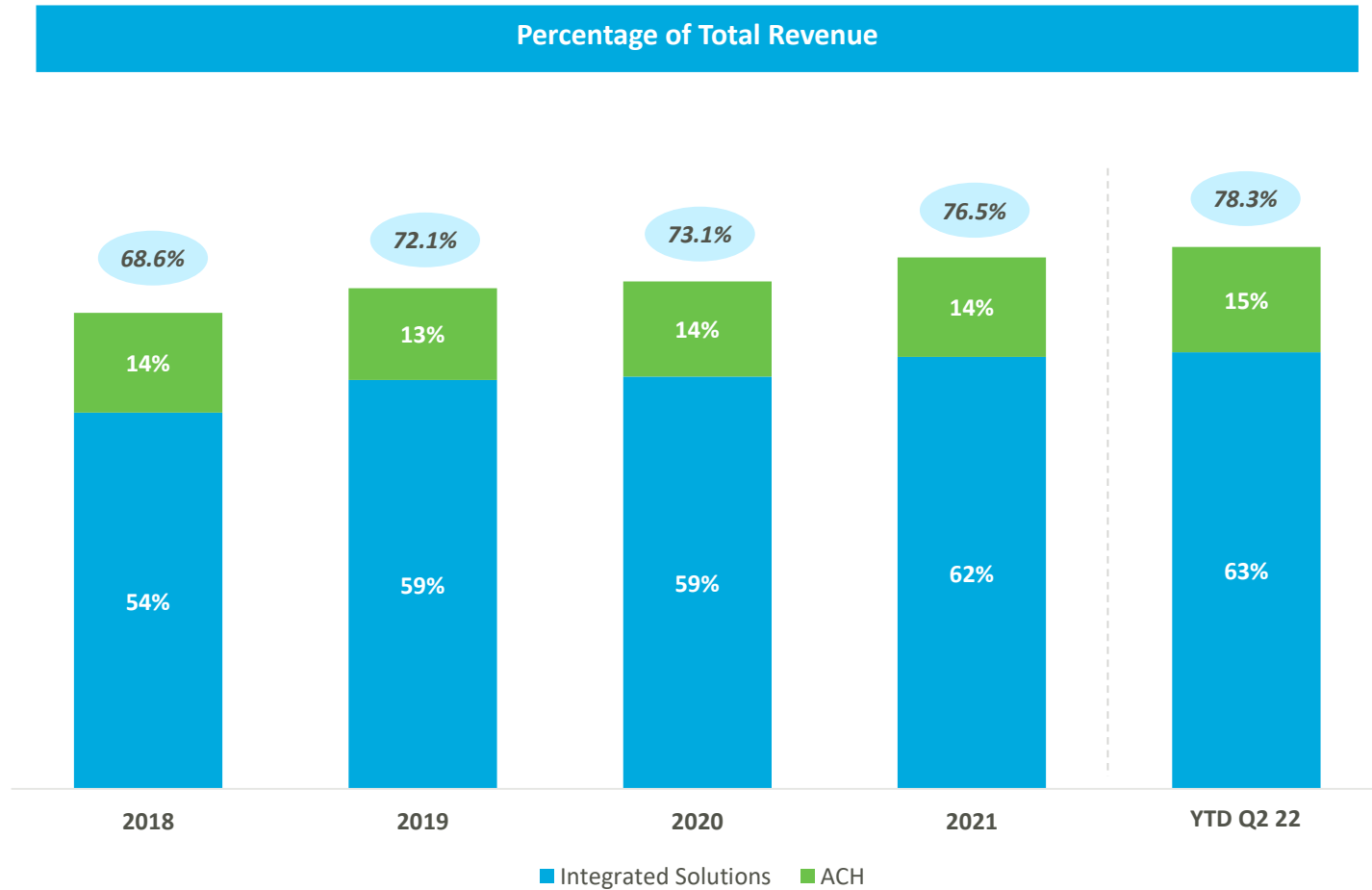
Software Partnership Driven



Track record of signing and driving penetration in software partner customer base

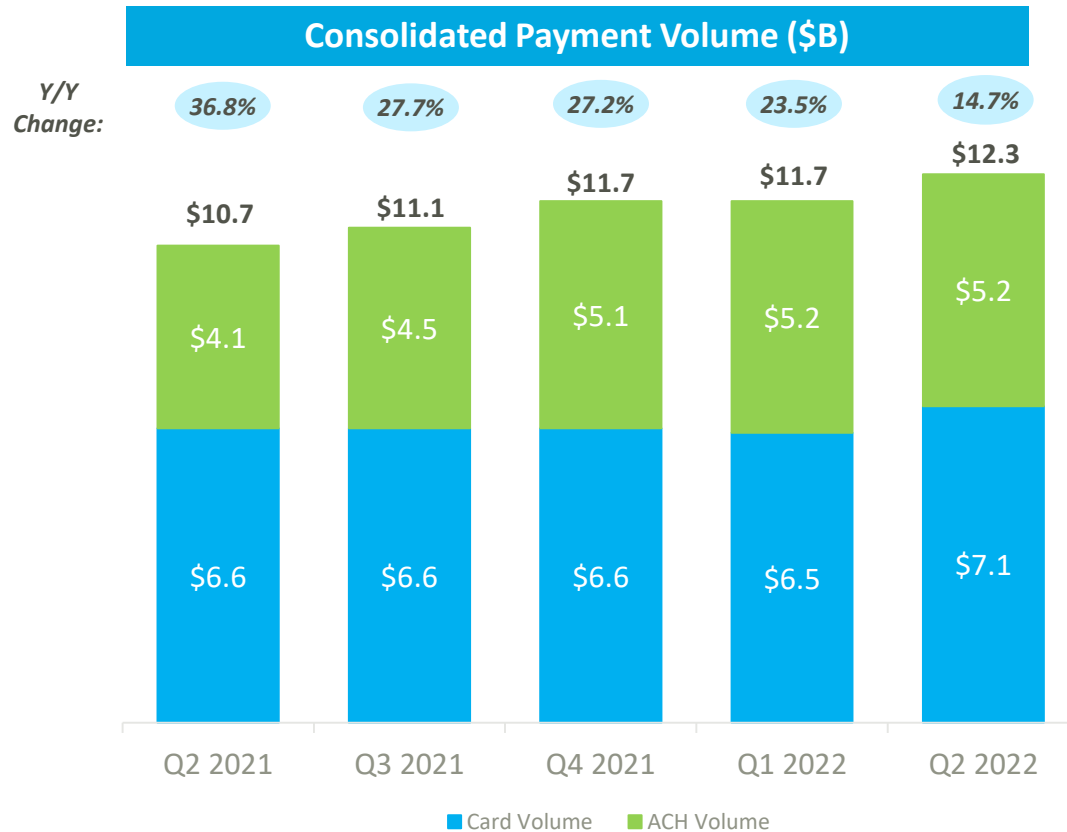
Integrated Solutions and ACH

*Integrated Solutions and ACH combined represent nearly **80%** of total revenue as of June 30, 2022*



Payment Volume

Strong volume growth led by Integrated Solutions and ACH



- Total volume growth +15% y/y
- Card volume growth +7% y/y
- ACH volume growth +27% y/y
- Strong performance in Integrated Solutions and ACH

Q2 2022 Results

(\$ in millions, unless noted)

	Q2 2022	Q2 2021	Change	% Change
Payment Volume	\$12.3B	\$10.7B	\$1.6B	14.7%
Revenue	\$72.5	\$63.9	\$8.5	13.5%
Non-GAAP Gross Profit ¹ & Gross Profit Margin ¹	\$36.7 50.6%	\$33.8 52.8%	\$2.9 -2.2%	8.6%
Adj. EBITDA ¹ & Adj. EBITDA Margin ¹	\$19.2 26.5%	\$16.8 26.3%	\$2.4 0.2%	14.3%

Numbers may not tie due to rounding

1. See reconciliation of non-GAAP measures in appendix; Gross profit does not include any allocation for depreciation or amortization

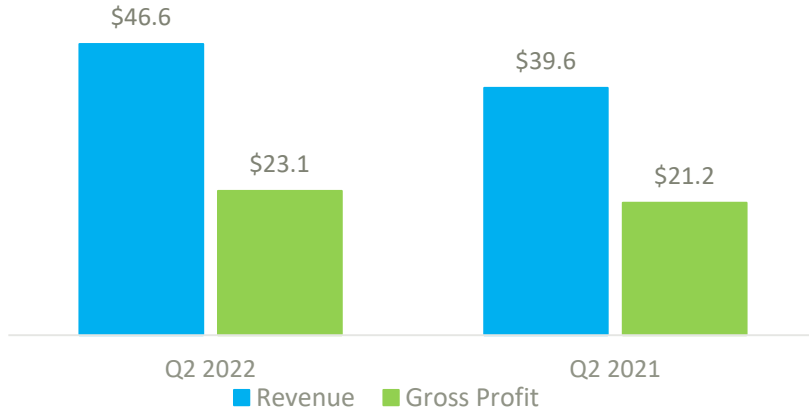
Q2 2022 Segment Results

Integrated Solutions

Gross Profit Margin:

49.6%

53.5%



Key Business Highlights

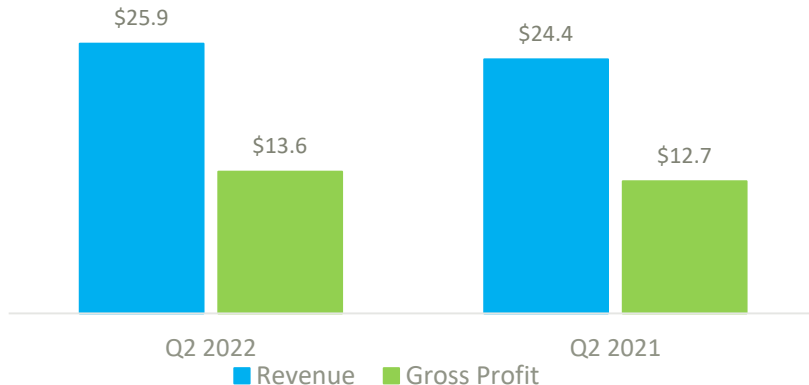
- Integrated Solutions revenue +18% y/y
- Growth led by B2B and Paragon
- Gross Profit +9% y/y
- Gross Margin down 380 bps y/y primarily due to partner mix and Paragon

Payment Services

Gross Profit Margin:

52.6%

51.7%



Key Business Highlights

- Payment Services revenue +6% y/y
- Growth led by ACH revenue +18% y/y
- Gross Profit +8% y/y
- Gross Margin expanded 90 bps primarily due to ACH growth

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

2022 Outlook

(\$ in millions, unless noted)

	2022
Revenue	\$279 - \$283
Non-GAAP Gross Profit Margin ¹	51.0% - 51.5%
Adj. EBITDA ¹	\$73 - \$74

This outlook assumes no further unanticipated impacts from the current macro-economic conditions

1. See use of Non-GAAP financial measures



Appendix

Share Count – Illustrative

Category	Shares as of 6/30/22	Shares at \$17.50	Notes
Basic Shares Outstanding	126.4	126.4	<ul style="list-style-type: none"> Publicly held shares
Basic Shares Outstanding	126.4	126.4	
Sponsor Earnout	5.7	5.7	<ul style="list-style-type: none"> As of 6/30/22, no sponsor earnout shares have been earned; full amount is included per SEC reporting requirements and subject to forfeiture as the trading thresholds have not been met. 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	132.1	132.1	
Seller Earnout	-	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
Shares, Inclusive of Sponsor & Seller Earnout		146.1	

Note: Shares in millions; Fully diluted impact of any future vested RSUs and Options not shown

Income Statement

Unaudited (\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 72.5	\$ 63.9	\$ 138.5	\$ 119.2
Cost of services exclusive of depreciation and amortization	(35.8)	(30.2)	(67.0)	(56.3)
Selling, general & administrative expenses	(22.8)	(20.8)	(45.2)	(37.8)
Depreciation and amortization	(7.9)	(7.5)	(15.7)	(14.5)
Income from operations	6.0	5.4	10.6	10.6
Other income (expense)				
Interest expense	(3.2)	(3.8)	(6.2)	(7.8)
Other income (expense)	(0.2)	(8.4)	1.6	(8.0)
Total other expense	(3.4)	(12.2)	(4.6)	(15.8)
Income (loss) before income taxes	2.6	(6.8)	5.9	(5.2)
Income tax (expense) benefit	(0.9)	3.7	(2.0)	3.1
Net income (loss)	\$ 1.7	\$ (3.1)	\$ 3.9	\$ (2.1)
Weighted average common shares - basic	126,389,325	127,213,455	126,387,058	122,511,009
Basic earnings per share	\$ 0.01	\$ (0.02)	\$ 0.03	\$ (0.02)
Weighted average common shares - diluted	126,616,114	127,213,455	126,549,753	122,511,009
Diluted earnings per share	\$ 0.01	\$ (0.02)	\$ 0.03	\$ (0.02)

Balance Sheet

Unaudited (\$ in millions)	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 147.3	\$ 146.8
Trade receivables, net	28.5	23.2
Other current assets	6.5	3.8
Funds held for clients	92.5	99.8
Total current assets	<u>\$ 274.8</u>	<u>\$ 273.6</u>
Noncurrent assets:		
Property and equipment, net and Other long-term assets	18.5	19.6
Goodwill and Intangibles, net	356.9	357.8
Total Assets	<u>\$ 650.2</u>	<u>\$ 651.0</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade payables	2.8	3.1
Accrued and Other current liabilities	21.5	18.5
Accrued revenue share	11.6	11.0
Client funds obligations	91.2	99.1
Total current liabilities	<u>\$ 127.1</u>	<u>\$ 131.7</u>
Noncurrent liabilities:		
Deferred tax liability, net and Other long-term liabilities	32.8	35.5
Long-term debt	241.0	241.9
Total liabilities	<u>\$ 400.9</u>	<u>\$ 409.1</u>
Stockholders' Equity:		
Additional Paid-in-Capital	259.6	256.1
Accumulated deficit	(10.3)	(14.2)
Total stockholders' equity	<u>249.3</u>	<u>241.9</u>
Total liabilities and stockholders' equity	<u>\$ 650.2</u>	<u>\$ 651.0</u>

Statement of Cash Flows

Unaudited (\$ in millions)	Six Months Ended June 30,	
	2022	2021
Cash and cash equivalents, beginning of period	\$ 198.4	\$ 63.4
Cash flow from operating activities		
Net income, (loss)	3.9	(2.1)
<i>Adjustments</i>		
Depreciation & amortization expense	15.7	14.6
Deferred taxes	(1.6)	(3.4)
Other non-cash items	3.5	9.1
Changes in operating assets and liabilities	(4.6)	(6.4)
Net cash provided by operating activities	<u>16.9</u>	<u>11.8</u>
Cash flows from investing activities		
Purchases of property and equipment	(2.7)	(3.6)
Purchases of customer lists	(5.3)	(8.7)
Acquisition of business, net of cash received	(6.0)	(18.3)
Net cash (used in) investing activities	<u>(14.0)</u>	<u>(30.6)</u>
Cash flows from financing activities		
Other financing activities	(5.1)	141.1
Net cash provided by (used in) financing activities	<u>(5.1)</u>	<u>141.1</u>
Net change in cash and cash equivalents	(2.2)	122.3
Cash and cash equivalents, end of period	<u>\$ 196.2</u>	<u>\$ 185.7</u>
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	147.3	135.6
Restricted cash included in funds held for clients	48.9	50.1
Total cash, cash equivalents, and restricted cash	<u>\$ 196.2</u>	<u>\$ 185.7</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 2021 presentation for comparable purposes.

Reconciliation of Non-GAAP Financial Measures

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 1.7	\$ (3.1)	\$ 3.9	\$ (2.1)
Depreciation & amortization	7.9	7.5	15.7	14.5
Income tax expense (benefit)	0.9	(3.7)	2.0	(3.1)
Interest and other expense	3.4	12.2	4.6	15.8
EBITDA	13.9	12.9	26.2	25.1
Transaction-related expenses ^(a)	2.5	0.7	3.0	1.5
Stock based compensation ^(b)	2.0	0.9	3.5	1.6
Restructuring costs ^(c)	0.3	0.8	1.2	1.0
Discontinued service costs ^(d)	0.1	-	0.2	0.2
Non-recurring public company start-up costs	-	0.3	0.4	0.6
Contingent non-income tax liability	-	0.8	0.1	0.8
Other costs ^(e)	0.4	0.4	1.0	0.8
Total adjustments	5.3	3.9	9.4	6.5
Adjusted EBITDA	\$ 19.2	\$ 16.8	\$ 35.6	\$ 31.6
Adjusted EBITDA margin	26.5 %	26.3 %	25.7 %	26.5 %

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

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

<i>(in millions)</i>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income (loss)	\$ 1.7	\$ (3.1)	\$ 3.9	\$ (2.1)
Amortization add back	6.6	6.4	13.2	12.4
Debt refinancing interest expense ^(a)	-	8.5	-	8.5
Transaction-related expenses ^(b)	2.5	0.7	3.0	1.5
Stock based compensation ^(c)	2.0	0.9	3.5	1.6
Restructuring costs ^(d)	0.3	0.8	1.2	1.0
Discontinued IT service costs ^(e)	0.1	-	0.2	0.2
Non-recurring public company start-up costs	-	0.3	0.4	0.6
Contingent non-income tax liability	-	0.8	0.1	0.8
Other costs ^(f)	0.4	0.4	1.0	0.8
Total adjustments	<u>11.9</u>	<u>18.8</u>	<u>22.6</u>	<u>27.4</u>
Tax effect of adjustments ^(g)	<u>(1.4)</u>	<u>(2.0)</u>	<u>(2.3)</u>	<u>(2.4)</u>
Adjusted Net Income	<u>\$ 12.2</u>	<u>\$ 13.7</u>	<u>\$ 24.2</u>	<u>\$ 22.9</u>
Weighted average common shares assuming dilution	126,616,114	127,213,455	126,549,753	122,511,009
Adjusted earnings per share	\$ 0.10	\$ 0.11	\$ 0.19	\$ 0.19

- a) Represents one-time debt refinancing expenses for prepayment penalty and write-off of debt issuance costs in connection with our Prior Credit Agreement.
- 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 non-operational gains or losses, non-standard project expense, non-operational legal expense and legal debt refinancing expense.
- g) 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.

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

<i>(in millions)</i>	Three Months Ended June	
	30,	
	2022	2021
GAAP Gross Profit	\$ 34.1	\$ 30.9
Depreciation, amortization and other costs	2.6	2.9
Non-GAAP Gross Profit	<u>36.7</u>	<u>33.8</u>
Total Revenue	\$ 72.5	\$ 63.9
Gross Profit Margin	47.0 %	48.4 %
Non-GAAP Gross Profit Margin	50.6 %	52.8 %