



# Fourth Quarter 2020 Presentation

March 8<sup>th</sup>, 2020

# 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, 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.



# Company Overview

# 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



~270 Employees

## Key Business Highlights

**>100K**

Customers  
(Merchants)

**87%+**

Card Not Present  
(CNP) Volume<sup>1</sup>

**93%**

Net Volume  
Retention

**~70%**

Integrated Solutions  
Revenue<sup>2</sup>

**\$200+**

Average  
Transaction Size<sup>3</sup>

Enterprise

**Middle Market**

SMB



B2B Goods and Services



Healthcare



Non-Profit



Government & Utilities



Education

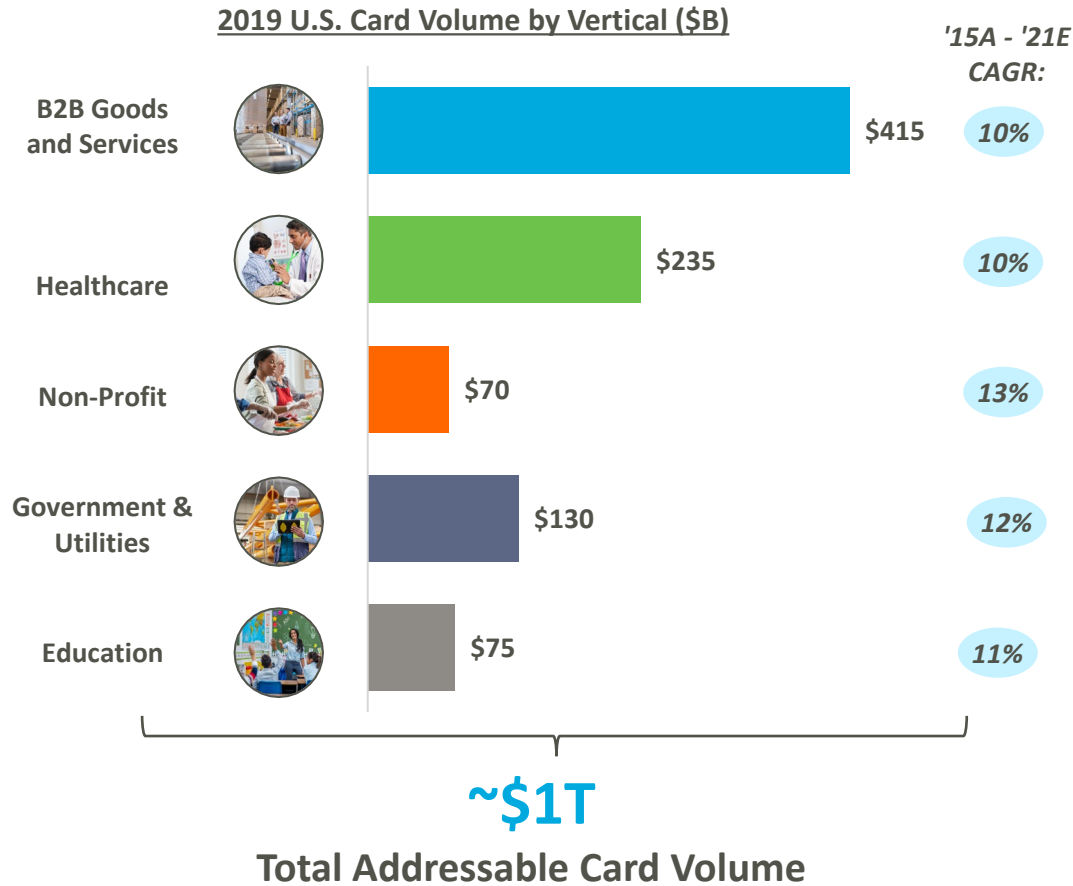
**Attractive End Markets: High-Growth, Underpenetrated, Non-Cyclical**

1. Nilson Report (in process)  
2. Q4 2020A, excludes ACH 3. 2020A, includes ACH

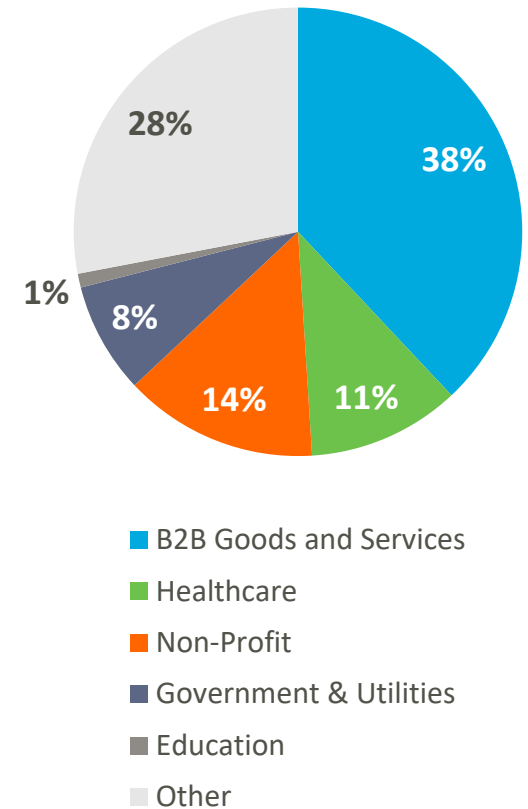
# Large and Rapidly-Growing TAM in Key Verticals

*Paya end markets defined by strong secular growth, low penetration of electronic payments, and non-cyclical nature*

## Total Market Opportunity in Paya's Core Verticals



## Paya End Market Revenue Composition<sup>1</sup>



Source: Third-party market study (2019)

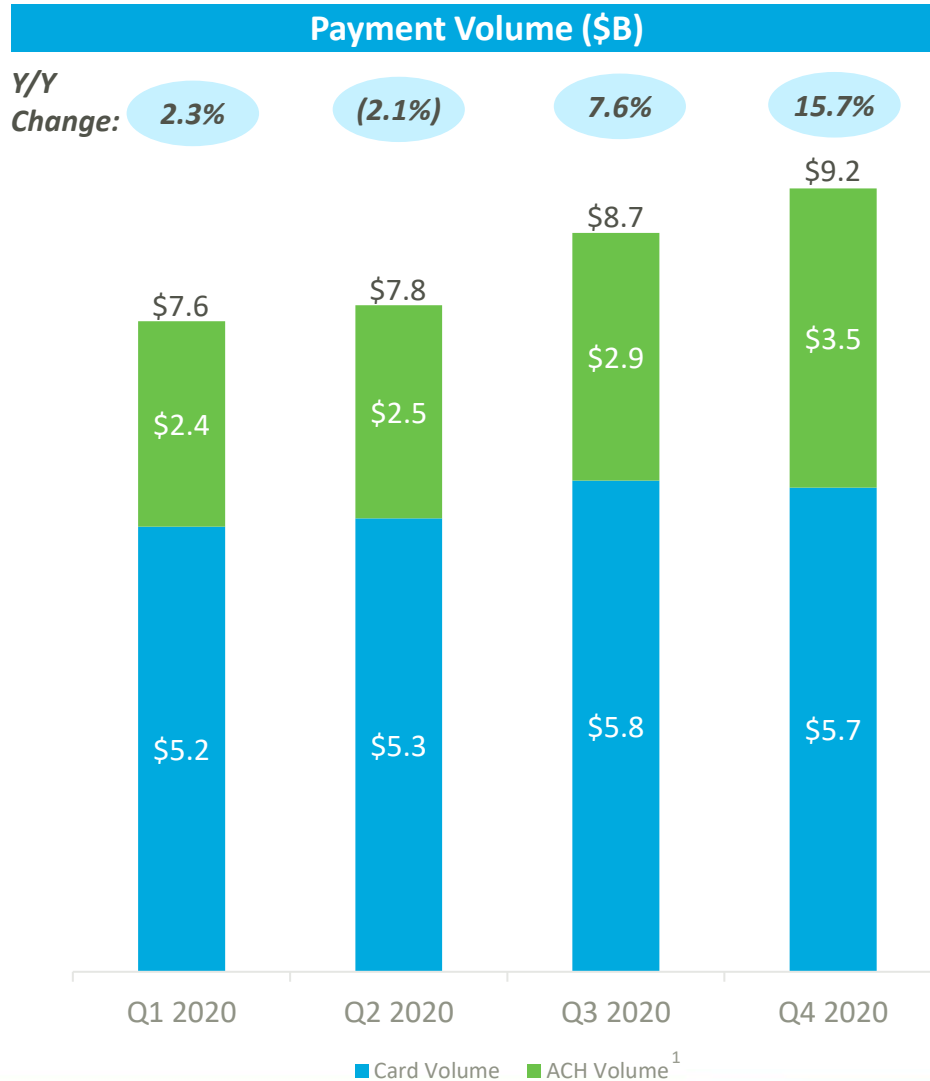
1. Excludes ACH



# Financial Update

# 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



- Rebounding Card growth - up 4% y/y; Card typically down sequentially in Q4 due to fewer business days vs. Q3
- Q4 2020 ACH volume growth of 41% y/y; ACH transaction growth of 19% y/y
- Continued strength in B2B and Government verticals

1. ACH payments volume included in Payment Services

# Q4 2020 Results

(\$ in millions, unless noted)

	Q4 2020	Q4 2019	Change	% Change
<b>Payment Volume</b>	\$9.2B	\$7.9B	\$1.3B	15.7%
<b>Revenue</b>	\$54.0	\$51.2	\$2.8	5.5%
<b>Gross Profit<sup>1</sup> &amp; Gross Profit Margin</b>	\$27.2 50.4%	\$25.7 50.2%	\$1.5 0.2%	5.8%
<b>Adj. EBITDA<sup>2</sup> &amp; Adj. EBITDA Margin</b>	\$14.7 27.2%	\$12.5 24.4%	\$2.2 2.8%	17.6%

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



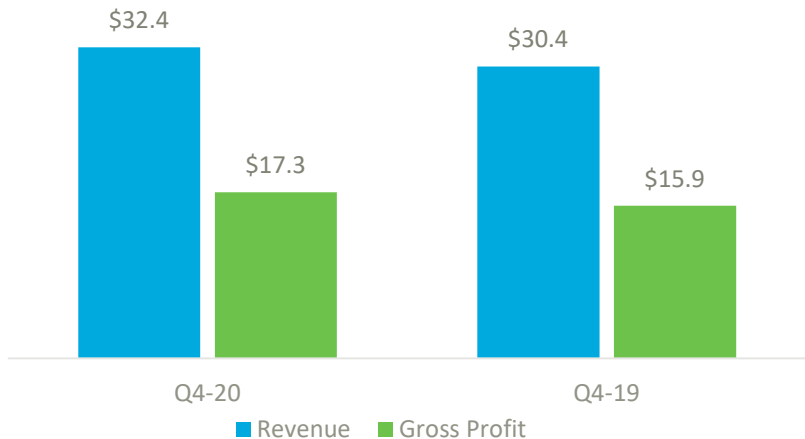
# Q4 2020 Segment Results

## Integrated Solutions

Gross Profit Margin:

53.4%

52.3%



## Key Business Highlights

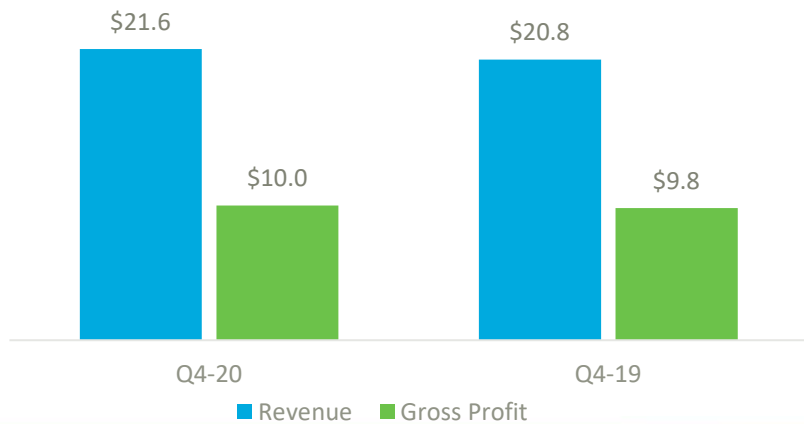
- Card volume accelerating from Covid-19 lows; Integrated Solutions revenue up 7% y/y
- Strong revenue growth in Government and B2B verticals

## Payment Services

Gross Profit Margin:

46.3%

47.1%



## Key Business Highlights

- Strong ACH transaction and revenue growth; ACH revenue up 13% y/y
- Large ACH win conversion completed in December

Note: Numbers may not tie due to rounding

# Full Year 2020 Results

(\$ in millions, unless noted)

	2020	2019	Change	% Change
<b>Payment Volume</b>	\$33.3B	\$31.4B	\$1.9B	5.9%
<b>Revenue</b>	\$206.0	\$203.4	\$2.6	1.3%
<b>Gross Profit<sup>1</sup> &amp; Gross Profit Margin</b>	\$103.9 50.4%	\$101.8 50.0%	\$2.1 0.4%	2.1%
<b>Adj. EBITDA<sup>2</sup> &amp; Adj. EBITDA Margin</b>	\$53.0 25.7%	\$50.3 24.7%	\$2.7 1.0%	5.4%

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

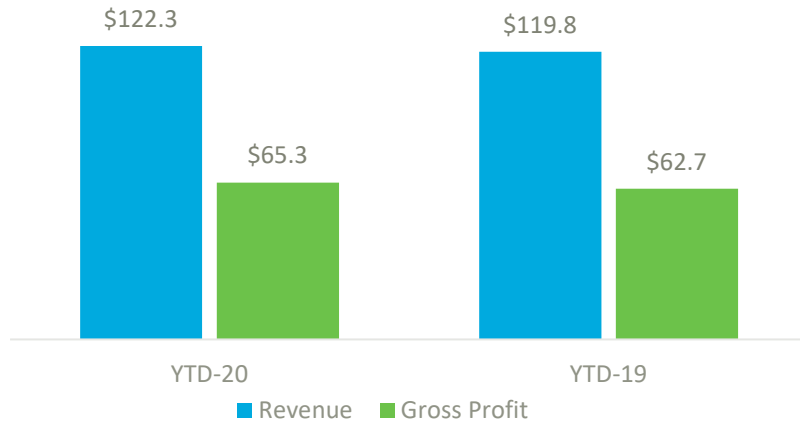
# Full Year 2020 Segment Results

## Integrated Solutions

Gross Profit Margin:

53.4%

52.3%



## Key Business Highlights

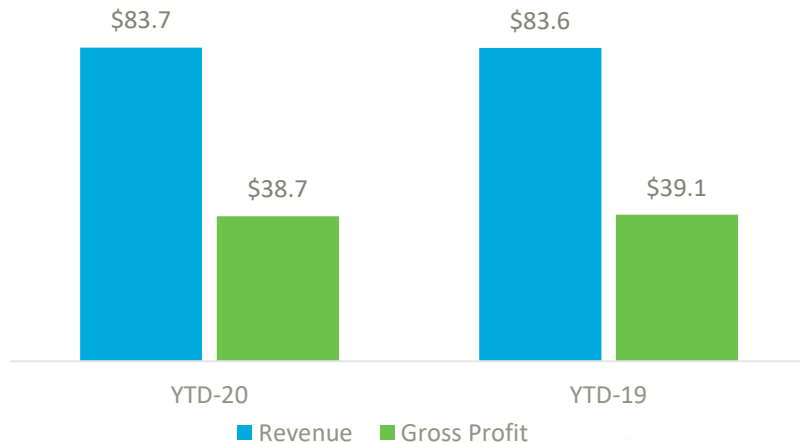
- Integrated Solutions revenue up 2% y/y driven by Government, B2B, and Non-Profit
- Full Year gross profit of 53.4%, up 110bps driven by mix shift to lower revenue share partners

## Payment Services

Gross Profit Margin:

46.2%

46.8%



## Key Business Highlights

- ACH revenue up 5% y/y; completed large ACH win conversion in late Q4 2020
- Full Year gross profit 46.2%, down 60bps driven by mix shift to higher revenue share partners partially offset by growth in ACH

Note: Numbers may not tie due to rounding

# 2021 Outlook

*Continued execution against our growth initiatives*

*(\$ in millions, unless noted)*

	2021
Revenue	\$234 - \$242
Gross Profit Margin	50.5% - 52.0%
Adj. EBITDA	\$64 - \$68

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

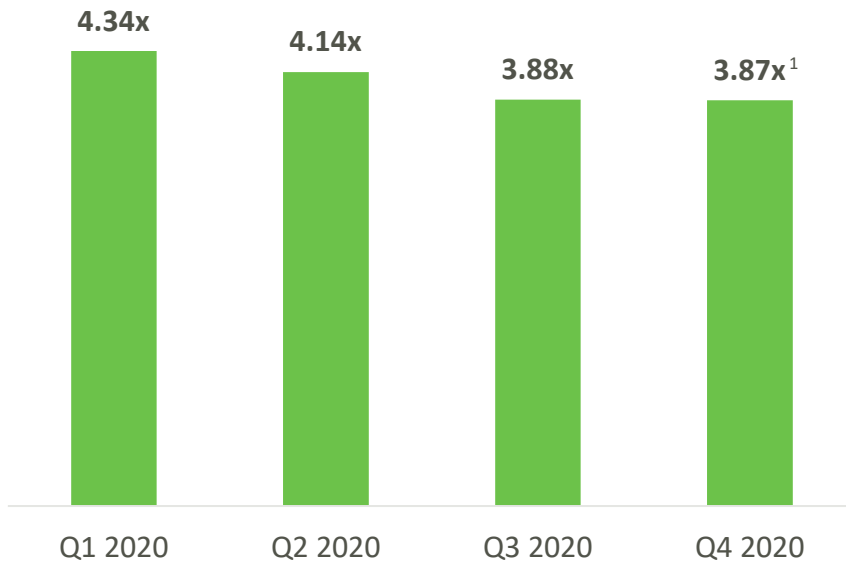


# Appendix

# Consistent Track Record of De-Leveraging

*Paya's conservative capital structure provides significant financial flexibility*

## Net 1<sup>st</sup> Lien Leverage



1. Includes TPG acquisition

## Key Balance Sheet Information

- **Cash Balance (Q4 2020):** \$24M
- **Revolver:**
  - \$25M Capacity, currently undrawn
- **Term Loan**
  - Balance Outstanding (Q4 2020): \$229M
  - Interest Rate: L + 5.25%
  - Annual Principal Payments (paid quarterly through June 2027): \$2.4M
  - Maturity: August 2027

# Share Count

Shares	Number (M)	Notes
Pre-Paya Public Shares	28.8	▪ Shares held by public shareholders, together with shares issued related to warrant exercises
Paya Rollover Shares	54.5	▪ Held by pre-Business Combination Paya equity holders, including company management who own ~10% of rollover shares
PIPE Shares	25.0	▪ Issued to PIPE investors in connection with the Business Combination
Sponsor Shares	2.7	▪ Not subject to forfeiture; not in escrow
<b>Shares Currently Outstanding</b>	<b>111.0</b>	
Sponsor Earnout	5.7	▪ 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 follow the close of the Business Combination
<b>Shares Currently Outstanding, Inclusive of Sponsor Earnout</b>	<b>116.7</b>	

## Additional Information

### Warrants

- 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 follow the close of the Business Combination

### Earnout to Pre-Business Combination Paya Equity Holders

- 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 follow the close of the Business Combination

# Income Statement

## Unaudited (\$ in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Revenue	\$ 54.0	\$ 51.2	\$ 206.0	\$ 203.4
Cost of services exclusive of depreciation and amortization	(26.8)	(25.5)	(102.1)	(101.6)
Selling, general & administrative expenses	(19.4)	(19.5)	(63.0)	(69.9)
Depreciation and amortization	(6.6)	(5.8)	(24.6)	(22.4)
Income from operations	1.2	0.4	16.3	9.5
Other income (expense)				
Interest expense	(4.2)	(4.7)	(17.6)	(20.1)
Other income (expense)	1.2	(1.4)	1.2	(0.8)
Total other expense	(3.0)	(6.1)	(16.4)	(20.9)
Loss before income taxes	(1.8)	(5.7)	(0.1)	(11.4)
Income tax benefit (expense)	(0.3)	0.6	(0.4)	2.4
Net loss	\$ (2.1)	\$ (5.1)	\$ (0.5)	\$ (9.0)



# Reconciliation of Non-GAAP Financial Measures

Unaudited (\$ in millions)	Three Months Ended				Twelve Months Ended			
	December 31,				December 31,			
	2020		2019		2020		2019	
Net loss	\$	(2.1)	\$	(5.1)	\$	(0.5)	\$	(9.0)
Depreciation & amortization		6.6		5.8		24.6		22.4
Income tax benefit (expense)		0.3		(0.6)		0.4		(2.4)
Interest and other expense		3.0		6.1		16.4		20.9
EBITDA	\$	7.8	\$	6.2	\$	40.9	\$	31.9
Transaction-related expenses		3.7		2.8		4.6		6.9 (a)
Stock based compensation		0.8		1.2		1.9		2.3 (b)
Restructuring costs		0.7		1.0		2.0		4.0 (c)
Discontinued service costs		0.3		0.3		0.3		2.3 (d)
Management fees and expenses		-		0.3		0.9		1.1 (e)
Sage carve-out expenses		-		0.1		-		1.0 (f)
Business combination costs		0.9		-		0.9		- (g)
Other costs		0.5		0.6		1.5		0.8 (h)
Total adjustments		6.9		6.3		12.1		18.4
Adjusted EBITDA	\$	14.7	\$	12.5	\$	53.0	\$	50.3

- (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) Expenses related to carving out the entity from former Corporate owner Sage PLC including rebranding, technology implementation, consulting and transitional service agreement expenses
- (g) Represents business combination costs
- (h) 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				Twelve Months Ended			
	December 31,				December 31,			
	2020		2019		2020		2019	
Net loss	\$	(2.1)	\$	(5.1)	\$	(0.5)	\$	(9.0)
Amortization add back	\$	5.6	\$	5.0	\$	20.7	\$	19.7 (a)
Transaction-related expenses		3.7		2.8		4.6		6.9 (b)
Stock based compensation		0.8		1.2		1.9		2.3 (c)
Restructuring costs		0.7		1.0		2.0		4.0 (d)
Discontinued service costs		0.3		0.3		0.3		2.3 (e)
Management fees and expenses		-		0.3		0.9		1.1 (f)
Sage carve-out expenses		-		0.1		-		1.0 (g)
Business combination costs		0.9		-		0.9		- (h)
Other costs		0.5		0.6		1.5		0.8 (i)
Total adjustments		12.5		11.3		32.8		38.1
Adjusted Net Income	\$	10.4	\$	6.2	\$	32.3	\$	29.1

(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) Expenses related to carving out the entity from former Corporate owner Sage PLC including rebranding, technology implementation, consulting and transitional service agreement expenses

(h) Represents business combination costs

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

# Balance Sheet

Unaudited (\$ in millions)	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 23.6	\$ 26.0
Trade receivables, net	17.5	15.4
Receivable from affiliate	-	24.3
Other current assets	3.2	3.2
Funds held for clients	78.5	73.6
Total current assets	<u>\$ 122.8</u>	<u>\$ 142.5</u>
Noncurrent assets:		
Property and equipment, net and Other long-term assets	13.6	10.9
Goodwill and Intangible assets, net	338.9	330.3
Total Assets	<u>\$ 475.3</u>	<u>\$ 483.7</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade payables	4.0	2.7
Accrued liabilities	13.5	15.4
Accrued revenue share	7.5	7.6
Client funds obligations	78.7	73.7
Total current liabilities	<u>\$ 103.7</u>	<u>\$ 99.4</u>
Noncurrent liabilities:		
Deferred tax liability, net and Other long-term liabilities	15.8	25.7
Long-term debt	220.2	224.2
Tax receivable agreement liability	19.6	-
Total liabilities	<u>\$ 359.3</u>	<u>\$ 349.3</u>
Stockholders' equity:		
Additional paid-in capital	129.4	147.3
Accumulated deficit	(13.4)	(12.9)
Total stockholders' equity	<u>116.0</u>	<u>134.4</u>
Total liabilities and stockholders' equity	<u>\$ 475.3</u>	<u>\$ 483.7</u>

# Statement of Cash Flows

Unaudited (\$ in millions)	Twelve Months Ended	
	December 31,	December 31,
	2020	2019
Cash and cash equivalents, beginning of period	\$ 26.0	\$ 14.2
CASH FLOW FROM OPERATING ACTIVITIES		
Net income, (loss)	(0.5)	(9.0)
<i>Adjustments</i>		
Depreciation & amortization expense	24.6	22.4
Deferred tax benefit	(1.8)	(5.1)
Other non-cash items	3.5	3.4
Changes in operating assets and liabilities	(4.5)	12.2
NET CASH PROVIDED BY OPERATING ACTIVITIES	21.3	23.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and purchases of customer lists	(13.2)	(8.1)
Acquisition of business, net of cash received	(19.9)	-
NET CASH USED IN INVESTING ACTIVITIES	(33.1)	(8.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other financing activities	9.4	(4.0)
NET CASH USED IN FINANCING ACTIVITIES	9.4	(4.0)
Net change in cash and cash equivalents	(2.4)	11.8
Cash and cash equivalents, end of period	\$ 23.6	\$ 26.0